

Governor Brian Sandoval
Chairman



State of Nevada
STATE BOARD OF FINANCE

Members
Treasurer Dan Schwartz
Controller Ron Knecht
David Funk
Steven Martin

PUBLIC NOTICE

AGENDA

MEETING OF THE STATE BOARD OF FINANCE
Tuesday, November 8, 2016
8:30 A.M.

Locations:

Via videoconference at the following locations:

Old Assembly Chambers
Capitol Building, Second Floor
101 N. Carson Street
Carson City, NV 89701

Grant Sawyer State Office Building
555 E. Washington Avenue, Suite 5100
Las Vegas, NV 89101

Agenda Items:

1. **Public Comment**

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(c)(7), the Board reserves the right to impose a reasonable limit on the amount of time that will be allowed for each individual to speak and reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.

2. **For discussion and possible action:** Approval of the Board of Finance minutes from the meeting held on August 9, 2016.

Presenter: Tara Hagan, Chief Deputy Treasurer

3. **For discussion and possible action:** – A resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Carson City School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2017A, to be guaranteed in the maximum principal amount of \$23,850,000.

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

101 N. Carson Street, Suite 4
Carson City, Nevada 89701
775-684-5600
Website: NevadaTreasurer.gov/BoF

4. **For discussion and possible action:** A resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Lyon County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2017A, to be guaranteed in the maximum principal amount of \$18,260,000.

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

5. **For discussion and possible action:** Discussion and possible action on a resolution designated by the short title "2016 Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State Of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2017 in the maximum aggregate principal amount of \$190,000,000; providing the form, terms and conditions of the bonds; providing for the continued imposition and collection of certain fuel taxes deposited in the State Highway Fund; pledging the proceeds of excise taxes and any appropriate federal highway aid payable to the state to the payment of the bonds; ratifying action previously taken and pertaining thereto; and providing other related matters.

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

6. Receive report on the sale of the State of Nevada General Obligation Bonds, Series 2016D and the Aggregate Refunding Savings Summary.

Presenter: Lori Chatwood, Deputy Treasurer – Debt Management

7. **For discussion and possible action:** Discussion and possible action on the Nevada Housing Division's request to approve the Findings of Fact pertaining to the issuance of up to \$22,000,000 of Multi-Unit Housing Revenue Bonds (Baltimore Gardens and Cleveland Gardens Apartments), for the purpose of acquiring and renovating 165-unit and 36-unit, respectively, affordable housing rental projects in Las Vegas, Nevada. The project owner/developer will be a limited partnership, which will consist of Community Development Partners, BLVD Capital and Enterprise Community Development will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: C.J. Manthe, Administrator, Housing Division

8. **For discussion and possible action:** Discussion and possible action on the Nevada Housing Division's request to approve the Findings of Fact pertaining to the issuance of up to \$6,000,000 of Multi-Unit Housing Revenue Bonds (Sierra Pines Senior Apartments), for the purpose of acquiring and renovating a 90-unit senior affordable housing rental project in Las Vegas, Nevada. The project owner/developer will be a limited partnership, which will consist of Sierra Pines Apartments, LLC (owned by Nevada H.A.N.D.) and Raymond James Tax Credit Fund will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Presenter: C.J. Manthe, Administrator, Housing Division

9. **For discussion and possible action:** Discussion and possible action on a request to approve an outside bank account with Wells Fargo for the Nevada Gaming Control Board. Approval of the Board of Finance is required pursuant to NRS 356.005-356.011.

Presenter: Tara Hagan, Chief Deputy Treasurer

10. **For discussion and possible action:** Discussion and possible action (a) regarding the State Treasurer's quarterly investment report for the quarter ended September 30, 2016 and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Presenter: Tara Hagan, Chief Deputy Treasurer

11. Board Members' Comments, including discussion of future agenda items and status of past, present and future projects or other matters within the Board's jurisdiction.

12. **Public Comment**

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(c)(7), the Board reserves the right to impose a reasonable limit on the amount of time that will be allowed for each individual to speak and reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.

ADJOURNMENT

Notes:

Items may be taken out of order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time.

Prior to the commencement and conclusion of a quasi judicial proceeding that may affect the due process rights of an individual, the Board may refuse to consider public comment. See NRS 233B.126.

The State Board of Finance is pleased to make reasonable accommodations for persons with physical disabilities. Please call (775) 684-7109 if assistance is needed.

Tara Hagan, Secretary to the Board may be contacted at (775) 684-5600 to obtain copies of supporting materials, which are available to the public at 101 N. Carson St., Carson City, NV 89701.

THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:

- **Capitol Building, 1st & 2nd Floors, Carson City, Nevada**
- **Legislative Building, Carson City, Nevada**
- **Nevada State Library, Carson City, Nevada**
- **Blasdel Building, Carson City, Nevada**
- **Grant Sawyer Building, Las Vegas, Nevada**
- **City Halls in Reno, Elko and Henderson, Nevada**

Also online at: http://www.nevadatreasurer.gov/Finances/Board/BOF_Home/ and <https://notice.nv.gov/>

STATE BOARD OF FINANCE
August 8, 2016 – 8:30 AM
Summary Minutes

Location:

Via videoconference at the following locations:

Laxalt Building
401 N. Carson Street
Carson City, NV 89701

Governor's Office Conference Room
555 E Washington Avenue, Suite 5100
Las Vegas, NV 89101

Governor Sandoval called the meeting to order at 8:30 a.m.

Board members present:

Governor Brian Sandoval – Carson City
Treasurer Dan Schwartz – Carson City
Controller Ron Knecht – Carson City
Dave Funk – Carson City
Steve Martin – Las Vegas

Others present:

Tara Hagan – Nevada Treasurer's Office
Budd Milazzo – Nevada Treasurer's Office
Lori Chatwood – Nevada Treasurer's Office
Kimberly Arnett – Nevada Treasurer's Office
Dennis Belcourt – Deputy Attorney General
CJ Manthe – Nevada Housing Division
Michael Holliday – Nevada Housing Division
Fred Eoff – Nevada Housing Division
David Paull – Nevada H.A.N.D.

Agenda Item 1 – Public Comment.

There were no public comments in Carson City or Las Vegas.

Agenda Item 2 – Approval of the Board of Finance minutes from the meeting held on June 7, 2016.

Dave Funk motioned to approve Agenda Item 2. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 3 – Presentation, discussion, and possible action on a resolution approving a Lease Purchase Agreement and related documents, for the purpose of refunding the Lease Revenue Certificates of Participation Series 2006 in the approximate amount of \$4,153,000.

Lori Chatwood presented the resolution approving a Lease Purchase Agreement that would refund approximately \$4,153,000. The winning proposal was submitted by Capitol One Public

Funding LLC resulting in a True Interest Cost of 2.22% with gross savings of \$679,918 and present value savings of \$440,562.

Controller Knecht motioned to approve Agenda Item 3. Dave Funk seconded the motion. Motion passed unanimously.

Agenda Item 4 – Presentation, discussion, and possible action on a resolution designated the “2016B Open Space, Parks and Natural Resources Bond Resolution”.

Lori Chatwood presented the “2016B Open Space, Parks and Natural Resources Bond Resolution” which is being issued for the Q1 program to provide property acquisition, facility development and renovation, or wildlife habitat improvements by the Division of Wildlife.

Ms. Chatwood explained that this resolution is different from prior ones. The difference is the element of the Consolidated Bond Interest and Redemption Fund purchasing the bond as an investment rather than the bond being sold through a public competitive sale or a bank private placement. This would allow an additional overall return of approximately \$43,000 or just over 4% to the Bond Fund.

Governor Sandoval asked if this would contribute to the exhaustion of previous issuances. Ms. Chatwood explained that the Department of Wildlife has committed the previous funds, and they will expend them within the next 6 months.

Steve Martin motioned to approve Agenda Item 4. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 5 – Presentation, discussion and possible action on the issuance of the general obligation bonds by the State of Nevada.

Lori Chatwood explained that the State’s fall proposed general obligation bond issuance is comprised of two series of bonds: “2016C Capital Improvement and Cultural Centers Bond Resolution” and “2016D Natural Resources and Refunding Bond Resolution”.

The 2016C Capital Improvement and Cultural Centers Bond Resolution is being issued to provide approximately \$39 million in proceeds for the purpose of financing various capital improvement projects authorized in the 2015 legislative session by Assembly Bill 491 and \$1 million pursuant to Section 26 for awarding financial assistance to pay actual expenses of preserving or protecting historical building.

The 2016D Natural Resources and Refunding Bond Resolution is comprised of both a “New Money” component not to exceed \$1.5 million and a “Refunding” component of outstanding State bonds in an amount necessary to effect the refunding of all or a portion of the 2008D and 2009C bonds which is approximately \$23.5 million. Ms. Chatwood explained that the savings are currently at 8%. Marty Johnson, financial advisor for the State, added that the current savings

are significant, and it is best to take advantage of these rates. Controller Knecht commented that he agreed with the analysis provided in this agenda item.

Dave Funk motioned to approve Agenda Item 5. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 6 – Discussion and possible action regarding revisions to the State’s debt management policy last amended on June 12, 2014.

Lori Chatwood presented the revisions to the State’s debt management policy and explained that the purpose of the revision was to set an interest rate for the refinancing of State Revolving Fund (SRF) loans and municipal debt incurred for qualified SRF projects. The revisions also align the policy with the creation of the Governor’s Office of Finance implemented by the 2015 Legislature.

Controller Knecht asked for an explanation as to how they reached a consensus of 0.25%. Ms. Chatwood responded that this the competitive rate in the market.

Dave Funk motioned to approve Agenda Item 6. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 7 – Discussion and possible action on the Nevada Housing Division’s request to approve the Findings of Fact pertaining to the issuance of up to \$15,000,000 of Multi-Unit Housing Revenue Bonds (Rose Gardens Senior Apartments).

CJ Manthe requested approval of the Findings of Facts pertaining to the issuance of up to \$15,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of a 120 unit senior apartment complex in North Las Vegas. The bonds will be structured in two phases, Construction Phase and Permanent Phase. The project will be a newly constructed senior housing development on a 2.75 acre site that will consist of one or two four story residential elevator building with unit configuration, and it will be restricted to households with incomes at or below 60% AMI. Tenants will pay rent equal to 30% of their adjusted gross income. Fred Eoff explained that the Rose Garden Senior Apartments currently has a building there.

Governor Sandoval asked if the existing apartments are currently occupied. David Paull explained that while the existing apartments are currently occupied, there is a relocation plan. He added that the project is expected to begin in February 2017, and it will take approximately 12 months to complete.

Dave Funk motioned to approve Agenda Item 7. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 8 – Discussion and possible action on the Nevada Housing Division’s request to approve the Findings of Fact pertaining to the issuance of up to \$12,550,000 of Multi-Unit Housing Revenue Bonds (Arroyo Pines Apartments).

CJ Manthe requested approval of the Findings of Facts pertaining to the issuance of up to \$12,550,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for construction of 77 unit family unit apartment complex in Henderson, Nevada. The bonds will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$10,100,000. The project borrower/developer is through a partnership between Nevada H.A.N.D and Raymond James Tax Credit Fund.

The project will consist of 3 multi-story garden apartment style buildings consisting of unit configuration and rent restrictions. Washers, dryers and garbage disposals will be included in each apartment. The project will also have a recreation and exercise facility.

Governor Sandoval asked what the process will be for choosing who will reside in these apartments. David Paull, Nevada H.A.N.D. explained that there will be an announcements when the apartments start leasing and if the demand exceeds the supply, then there will be a lottery. Mr. Paull added that the apartments are in close proximity to Green Valley High School, a DMV office and shopping centers.

Steve Martin motioned to approve Agenda Item 8. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 9 – Discussion and possible action on the Nevada Housing Division’s request to approve the Findings of Fact pertaining to the issuance of up to \$17,000,000 of Multi-Unit Housing Revenue Bonds (Sierra Pointe and Granada Apartments).

CJ Manthe requested approval of the Findings of Facts pertaining to the issuance of up to \$17,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and renovation of a 159 unit family apartment complex and a 16 unit family apartment complex both located in Las Vegas. The project is an acquisition and rehabilitation of two existing multifamily properties. The rehabilitation will be performed by Precision General Commercial Contractor, and it will be managed by Eugene Burger Management Corporation. Fred Eoff added that the rents will be subsidized.

Governor Sandoval asked if the current tenants will have a priority for leasing the new apartments. Mr. Eoff responded that they will have first pick at the new apartments.

Dave Funk motioned to approve Agenda Item 9. Steve Martin seconded the motion.

Agenda Item 10 – Discussion and possible action regarding the State Treasurer’s quarterly investment report for the quarter ended June 30, 2016 and to approve or disapprove the Treasurer’s investment policies for the General Portfolio and the Local Government Investment Pool.

Tara Hagan reported that there have been strong performances despite the uncertainty in the financial markets brought by Brexit. The Local Government Investment Pool (LGIP) performance was 0.59% which is 0.40% in excess of the benchmark return of 0.19%. Ms. Hagan added that municipalities are seeing the LGIP as an attractive investment and depositing more monies into the Fund as a result.

The portion of the General Portfolio that is managed internally performed at 0.66% which is 0.25% in excess of the custom blended benchmark return of 0.41%. The portion managed by Chicago Equity Partners has year to date performance net of fees of 3.50% and realized gains to date amounting to \$1,097,410. Meanwhile, MacKay Shields has year to date performance net of fees of 3.60%, and they estimate its annual investment income to be \$4.35 million.

Controller Knecht congratulated the Treasurer’s Office for achieving such low fees. Treasurer Schwartz asked for the return of the previous administration. Ms. Hagan responded that the previous administration had returns of ~0.09% for LGIP and ~0.44% for the General Portfolio.

Controller Knecht motioned to approve Agenda Item 10. Treasurer Schwartz seconded the motion approving the investment report as well as the investment policies.

Agenda Item 11 – Public Comment

There were no comments in Carson City or Las Vegas.

Dave Funk motioned to adjourn the meeting. Treasurer Schwartz seconded the motion.

Meeting was adjourned at 9:43 a.m.

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: November 8, 2016 Agenda Item #3- Department of Taxation Carson City School District Permanent School Fund Report

DATE: October 19, 2016

Agenda Item #3

For discussion and possible action – A resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Carson City School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2017A, to be guaranteed in the maximum principal amount of \$23,850,000.

BACKGROUND:

Chapter 387 of Nevada Revised Statutes (NRS) governs authorization for a guarantee from the Permanent School Fund (PSF). The Permanent School Fund Guarantee (PSFG) program provides an opportunity for school districts around the state to reap the benefits of a “AAA” rating in the issuance of debt, resulting in interest cost savings and marketability of their bonds.

The 1956 special session of the legislature enacted Chapter 32, which provided for the creation of the State Permanent School Fund to account for the money accruing to the State of Nevada under Article 11, Section 3 of the State Constitution. The 1997 legislature added NRS. 387.513 - 387.528, inclusive, which created the PSFG program. The 2007 legislature again amended these statutes to increase the maximum amount of the guarantee for outstanding bonds of a school district from \$25 million to \$40 million.

These statutes allow school districts to enter into guarantee agreements with the State Treasurer whereby the money in the PSF is used to guarantee the debt service payments on certain bonds issued by the school districts subject to the following conditions: (1) the amount

CARSON CITY OFFICE

101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS

Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE

555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax

of the guarantee for bonds of each school district, outstanding at any one time, must not exceed \$40 million; (2) the Department of Taxation must review and recommend approval; and (3) the school district must enter into an agreement with the State.

Agenda item #3 requests approval of a resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Carson City School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2017A, to be guaranteed in the maximum principal amount of \$23,850,000.

The proposed 2017A school improvement and refunding bonds will be issued to make improvements to facilities throughout the District and refunding of existing bonds. Three series of bonds being considered for refunding in this transaction are currently guaranteed by the PSF.

As of November 8, 2016 the District has \$28,425,000 of outstanding principal guaranteed by the PSF. With the approval of this resolution and after the issuance of the proposed school improvement and refunding bonds, the District will be utilizing all of their \$40,000,000 authorization under the PSFG program.

It is anticipated the District will realize approximately \$250,000 in cost savings over the life of the bonds by utilizing the PSFG.

The report submitted by the Executive Director of the Department of Taxation concluded the school district has the ability to make timely payment of the debt service of the bonds and does not anticipate the need to increase its current tax rate in order to fund re-payment.

Accordingly, the Department of Taxation recommends approval by the Board of Finance.

The bonds are scheduled to sell on or around January 18, 2017 and close on or around February 8, 2017.

RESOLUTION

A RESOLUTION APPROVING THE REPORT SUBMITTED BY THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF TAXATION AND THE STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT PERTAINING TO THE CARSON CITY SCHOOL DISTRICT, NEVADA, GENERAL OBLIGATION (LIMITED TAX) SCHOOL IMPROVEMENT AND REFUNDING BONDS, SERIES 2017A.

WHEREAS, the provisions of NRS 387.513 to 387.528, inclusive (the “Guarantee Act”) authorizes the use of money in the State Permanent School Fund to guarantee certain bonds (the “Guarantee”) issued by the school districts in the State of Nevada (the “State”); and

WHEREAS, Carson City School District, Nevada (the “District”) has submitted its application to the State Treasurer for a Guarantee of its Carson City School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2017A (the “Bonds”) to be guaranteed in the maximum principal amount of \$23,850,000; and

WHEREAS, the State Treasurer has provided a copy of the District’s application to the Executive Director of the Department of Taxation (the “Executive Director”) for investigation of the District’s ability to make timely payments on the debt service of the Bonds; and

WHEREAS, the State Board of Finance (the “Board”) has received a written report of the investigation by the Executive Director indicating his opinion that the District has the ability to make timely payments on the debt service of the Bonds (the “Report”); and

WHEREAS, the State Treasurer has determined that the amount of the Bonds subject to the Guarantee under the State Permanent School Fund Guarantee Agreement (the “Guarantee Agreement”) to be entered into between the State Treasurer and the District, in addition to any other outstanding bonds of the District guaranteed pursuant to the Guarantee Act, does not exceed the limitations established by the Guarantee Act; and

WHEREAS, the Guarantee Act requires that the Report and the Guarantee Agreement be approved by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF FINANCE OF THE STATE OF NEVADA:

Section 1. All action previously taken by the Board, the Treasurer, the Executive Director and other officers of the State directed toward the Guarantee of the Bonds pursuant to the Guarantee Act are hereby ratified, approved and confirmed.

Section 2. The Report is hereby approved, and the Guarantee Agreement in substantially the form currently on file with the Secretary to the Board with such changes, modifications or amendments deemed necessary by the State Treasurer is hereby approved pursuant to the Guarantee Act.

Section 3. The Board, the Treasurer and other officers of the State and the Board are hereby authorized and directed to take all action necessary and appropriate to effectuate the provisions of this resolution, including without limitation, the execution and delivery of the Guarantee Agreement and Continuing Disclosure Agreement relating to the Bonds.

Section 4. The State covenants for the benefit of the District to comply with the provisions of the final Continuing Disclosure Agreement relating to the Bonds in substantially the form now on file with the Secretary to the Board, to be executed and delivered in connection with the Bonds.

PASSED, ADOPTED AND APPROVED on November 8, 2016.

Attest:

Chairman, State Board of Finance

Secretary, State Board of Finance

STATE OF NEVADA)
)
CARSON CITY) ss.

I am the secretary of the State of Nevada ("the State") Board of Finance (the "Board") and do hereby certify that:

1. The foregoing pages constitute a true, correct, complete and compared copy of a resolution passed and adopted by the Board at its duly held meeting of November 8, 2016, in the Old Assembly Chambers of the Capitol Building in Carson City, Nevada and the Governor's Office in Las Vegas, Nevada (the "Resolution").

2. The original of the Resolution was signed by the Chairman of the Board and authenticated by me as ex officio secretary of the Board and was recorded in the minute book of the Board kept for that purpose in my office.

3. Members of the Board, i.e.,

Governor:	Brian Sandoval
Treasurer:	Dan Schwartz
Controller:	Ron Knecht
Other Members:	David Funk
	Steven Martin

attended such meeting and voted in favor of the passage of the Resolution.

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

5. Pursuant to NRS 241.020, written notice of such meeting was given at least three working days before the meeting:

(a) By giving a copy of the notice to each member of the Board;

(b) By posting a copy of the notice on the State's website; at the principal office of the Board, or if there is no principal office, at the building in which the meeting was held; and at least three other separate, prominent places within the jurisdiction of the Board, to wit:

- (i) Capitol Building, Carson City, Nevada
- (ii) Blasdel Building, Carson City, Nevada
- (iii) Legislative Building, Carson City, Nevada
- (iv) Nevada State Library, Carson City, Nevada
- (v) Grant Sawyer Building, Las Vegas, Nevada

- (vi) City Hall, Reno, Nevada
- (vii) City Hall, Elko, Nevada
- (viii) City Hall, Henderson, Nevada

(c) By giving a copy of the notice to each person, if any, who had requested notice of the meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. A copy of the notice so given is attached to this certificate as Exhibit A; a copy of the report of the Executive Director of the Department of Taxation is attached to this certificate as Exhibit B; the Certificate of the State Treasurer making the determinations required by subsection 1 of NRS 387.522 is attached to this certificate as Exhibit C; and the form of the Guarantee Agreement referred to in the Resolution is attached to this certificate as Exhibit D.

7. No other proceedings were adopted and no other action was taken or considered at such meeting relating to the subject matter of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand on November 8, 2016.

Secretary
State Board of Finance

EXHIBIT A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Report of Executive Director)



STATE OF NEVADA
DEPARTMENT OF TAXATION

Web Site: <http://tax.nv.gov>
1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

RENO OFFICE
4600 Kietzke Lane
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Reno, Nevada 89502
Phone: (775) 687-1295
Fax: (775) 688-1303

BRIAN SANDOVAL
Governor
JAMES DEVOLLD
Chair, Nevada Tax Commission
DEONNE E. CONTINE
Executive Director

LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite 1300
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Phone: (702) 486-2300 Fax: (702) 486-2373

HENDERSON OFFICE
2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

October 20, 2016

Lori Chatwood
Deputy Treasurer of Debt Management
State of Nevada
101 North Carson Street, #4
Carson City, NV 89701-4786

Re: Guaranty Request – Carson City School District

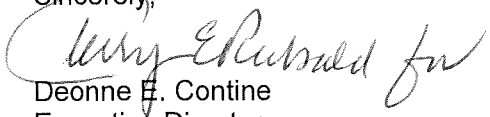
Dear Ms. Chatwood:

The Department of Taxation has reviewed the materials submitted on behalf of the Carson City School District pursuant to NRS 387.516. The documents are requesting authorization for a guaranty from the Permanent School Fund for a proposed bond issue. At the November 2, 2010 election, the District received approval from the voters to issue general obligation bonds to finance the acquisition, construction, improvement and equipping of school facilities as long as the issuance will not result in an increase of the existing school bond property tax rate of \$0.4300. The District proposes to issue bonds in the amount of \$23,850,000 in February 2017.

The Department has concluded its analysis of the documents contained in the guaranty application and financial information submitted to the Local Government Finance Section. It appears that the school district has the ability to make timely payment of the debt service of the bonds and does not anticipate the need to increase its current tax rate in order to fund re-payment.

The Department of Taxation recommends that approval be rendered by the Board of Finance to facilitate the issuance of the Carson City School District School Improvement and Refunding Bonds, in an amount not to exceed \$23,850,000.

Sincerely,


Deonne E. Contine
Executive Director

DEC:ph

cc: Jean Oliver
Richard Stokes
Andrew Fueling
Jennifer Stern
Marty Johnson
Jami Goudy

EXHIBIT C

(Attach Certificate of State Treasurer)

CERTIFICATE OF STATE TREASURER

IT IS HEREBY CERTIFIED and determined by the undersigned, State Treasurer of the State of Nevada (the "Treasurer") that:

1. The Carson City School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2017A (the "Bonds") to be guaranteed by the State of Nevada under the Guarantee Agreement between the Carson City School District and the Treasurer will not exceed the aggregate principal amount of \$23,850,000.

2. The maximum principal amount of the Bonds to be guaranteed (i.e., \$23,850,000), plus the total amount of outstanding bonds guaranteed pursuant to NRS 387.513 to 387.528, inclusive, as of the date of issuance of the Bonds will not exceed the limitation established by subsection 1 of NRS 387.522.

WITNESS my hand on November 8, 2016.

STATE OF NEVADA


By _____
State Treasurer

EXHIBIT D

(Attach Form of Guarantee Agreement)

FORM OF STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT

DATED as of _____, 2017, by and between CARSON CITY SCHOOL DISTRICT, NEVADA (the "District"), a school district duly organized and created under the laws of the State of Nevada and THE STATE TREASURER OF THE STATE OF NEVADA (the "Treasurer").

WHEREAS, the District is duly organized, created and existing under the laws of the State of Nevada (the "State"); and

WHEREAS, the District, as of the date hereof, will be issuing its General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed), Series 2017A (the "Bonds"), in the aggregate principal amount of \$_____ to finance the acquisition, construction, improvement and equipping of school facilities and refund certain outstanding bonds of the District; and

WHEREAS, pursuant to Chapter 387, Nevada Revised Statutes (the "Act"), the Board of Trustees of the District (the "Board") may apply to the Treasurer for a guarantee agreement whereby money in the State Permanent School Fund (the "Permanent Fund") is used to guarantee the payment of debt service on the Bonds; and

WHEREAS, the Board has applied to the Treasurer for a guarantee agreement; and

WHEREAS, pursuant to the Act, the Treasurer has provided a copy of the application and the supporting documentation to the Executive Director of the State Department of Taxation (the "Executive Director") and the Executive Director has submitted a report to the State Board of Finance indicating that the District has the ability to make timely payment of the debt service on the Bonds; and

WHEREAS, the Treasurer has determined that the total principal amount of the Bonds, together with the total amount of outstanding bonds guaranteed by the Permanent Fund, does not exceed the limitations established by the Act; and

WHEREAS, on November 8, 2016, the State Board of Finance adopted a resolution approving the report submitted by the Executive Director and the form of this guarantee agreement (the "Guarantee Agreement"); and

WHEREAS, the Bonds are authorized to be issued by a resolution of the Board (the “Bond Resolution”) adopted on _____, 2016; and

WHEREAS, the District and the Treasurer wish to enter into this Guarantee Agreement in order to set forth the respective responsibilities of each party with respect to the Permanent Fund guarantee of the payment of debt service on the Bonds.

NOW, THEREFORE, the District and the Treasurer, in consideration of the mutual covenants herein contained, agree as follows:

Section 1. The Board hereby appoints the Treasurer, or Wells Fargo Bank, N.A., a commercial bank hereby designated by the Treasurer, as the paying agent (the “Paying Agent”) for the Bonds. The Paying Agent may be replaced on the terms set forth in the Bond Resolution with the prior written approval of the Treasurer.

Section 2. No later than 5 business days prior to each date scheduled for the payment of principal and/or interest on the Bonds as set forth in the Bond Resolution, the District shall transfer to the Paying Agent sufficient moneys to pay the debt service coming due on the Bonds. The Board hereby agrees to deposit the amount of money due for each scheduled debt service payment with the Paying Agent no later than 5 business days prior to each scheduled debt service payment date, as set forth in the Bond Resolution. The District shall provide in the Bond Resolution that:

A. the Paying Agent must immediately notify the Treasurer if the Paying Agent has not received from the District the debt service payment on the fifth business day prior to the scheduled debt service payment date; and

B. the Paying Agent must give notice to the Treasurer of any optional redemption or defeasance of the Bonds.

Section 3. In the event the District determines that it will be unable to make a deposit with the Paying Agent as required in Section 2 hereof, the Superintendent of the District shall provide written notice to the Treasurer and the Paying Agent at least 60 days before such payment is due.

Section 4. In the event the District for any reason fails to make a timely payment of debt service on the Bonds as required by Section 2 hereof, the Treasurer shall withdraw a sufficient amount of money from the Permanent Fund to make the debt service payment on the

Bonds, transfer to the Paying Agent no later than 1 business day prior to the scheduled debt service payment date a sufficient amount of money to make the debt service payment when due, and promptly notify the Executive Director of the payment. Such payment shall be made by the Treasurer regardless of whether the District provides written notice to the Treasurer pursuant to Section 3 hereof. Such withdrawal from the Permanent Fund and payment of debt service on the Bonds shall constitute a loan to the District in the amount of the debt service paid on the Bonds. The loan shall be a special obligation of the District payable only from the sources set forth in Section 5 below. The loan shall bear interest at a rate determined by the Treasurer, which rate shall not exceed 1% above the average rate of interest yielded on investments in the Permanent Fund on the date the loan is made.

Section 5. In the event the Treasurer makes a loan to the District pursuant to Section 4 hereof, the District agrees to repay the loan from the following sources and in the following order of priority:

A. As soon as they are available, from District moneys available to pay debt service on the Bonds, unless payment from that money would cause the District to default on other outstanding bonds or medium-term obligations entered into pursuant to the provisions of Sections 350.087 to 350.095, inclusive, Nevada Revised Statutes (“NRS”); and

B. Immediately, until the loan is fully repaid (including any accrued interest on the loan), the Treasurer shall withhold payments of money that would otherwise be distributed to the District from:

(a) the interest earned on the Permanent Fund that is distributed among the various school districts pursuant to State law;

(b) distributions of the Local School Support Tax, which must be transferred by the State Controller upon notification by the Treasurer; and

(c) distributions from the State Distributive School Account.

C. The Treasurer shall apply the moneys received or withheld from the District pursuant to paragraphs (A) and (B) above first to the interest due on the loan and, when the interest is paid in full, then to the principal balance. When the interest and balance on the loan are repaid, the Treasurer shall resume making the distributions set forth in (a) through (c) above that would otherwise be due to the District.

D. The Treasurer shall notify the District of amounts withheld pursuant to paragraph (B) above and also shall notify the District when the loan is paid in full.

Section 6. The District shall not enter into any medium-term obligations pursuant to the provisions of NRS 350.087 to 350.095, inclusive, or otherwise borrow money during the period in which the loan remains unpaid unless the District obtains the prior written approval of the Executive Director.

Section 7. This Guarantee Agreement shall be effective upon issuance of the Bonds and shall remain in effect until the Bonds are retired and all amounts owed by the District hereunder have been paid in full or otherwise discharged. Any amount owed by the District hereunder shall not be deemed paid in full or otherwise discharged if such amount has been recovered from the State or a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Section 8. The holders of the Bonds are third party beneficiaries of this Guarantee Agreement and are entitled to enforce the provisions of this Guarantee Agreement. Nothing in this Guarantee Agreement is intended or shall be construed to confer upon, or give to any person or entity, other than the District, the State of Nevada, acting by and through the State Board of Finance or the State Treasurer, and the holders of the Bonds, any right, remedy or claim under or by reason of this Guarantee Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations and agreements in this Guarantee Agreement shall be for the sole and exclusive benefit of the District, the State of Nevada and the holders of the Bonds.

Section 9. This Guarantee Agreement may not be modified or amended in any manner after the Bonds are issued if the amendment or modification would materially or adversely affect the holders of the Bonds. This Guarantee Agreement may only be amended or modified by a written amendment signed by the parties and approved by the State Board of Finance and the Board of the District. Notice of any such amendment must be sent to: Moody's Investors Services and Standard & Poor's Rating Services.

Section 10. It is mutually understood and agreed that this Guarantee Agreement shall be governed by the laws of the State of Nevada.

Section 11. If any section, paragraph, clause or provision of this Guarantee Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or enforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Guarantee Agreement.

Section 12. Nothing in this Agreement prohibits or otherwise limits or inhibits the reasonable exercise in the future by the State and its governmental bodies of the police powers and powers of taxation inherent in the sovereignty of the State or the exercise by the United States of the powers delegated to it by the United States Constitution.

Section 13. Notices sent pursuant to the provisions of this Guarantee Agreement shall be sent to:

The District:

Carson City School District
1402 W. King Street
Carson City, Nevada 89703
Attn: Superintendent

The State:

Office of the State Treasurer
Capitol Building
101 N. Carson St., Suite 4
Carson City, Nevada 89701
Attn: Chief Deputy State Treasurer

The Paying Agent:

Wells Fargo Bank, N.A.
Corporate Trust Services - CMES
707 Wilshire Blvd., MAC E2818-176, 17th Floor
Los Angeles, CA 90017

Moody's:

Moody's Investors Service
99 Church Street
New York, New York 10007
Attn: Public Finance Rating Desk

Standard & Poor's:

Standard and Poor's Rating Services
25 Broadway, 21st Floor
New York, New York 10004
Attn: Public Finance Rating Desk

IN WITNESS WHEREOF, the Treasurer and the District have caused this Guarantee Agreement to be duly executed and delivered as of the day and year first above written.

CARSON CITY SCHOOL DISTRICT,
NEVADA

By: _____
President, Board of Trustees

STATE OF NEVADA

By: _____
State Treasurer

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: November 8, 2016 Agenda Item #4- Department of Taxation Lyon County School District Permanent School Fund Report

DATE: October 19, 2016

Agenda Item #4

For discussion and possible action – A resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Lyon County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2017A, to be guaranteed in the maximum principal amount of \$18,260,000.

BACKGROUND:

Chapter 387 of Nevada Revised Statutes (NRS) governs authorization for a guarantee from the Permanent School Fund (PSF). The Permanent School Fund Guarantee (PSFG) program provides an opportunity for school districts around the state to reap the benefits of a “AAA” rating in the issuance of debt, resulting in interest cost savings and marketability of their bonds.

The 1956 special session of the legislature enacted Chapter 32, which provided for the creation of the State Permanent School Fund to account for the money accruing to the State of Nevada under Article 11, Section 3 of the State Constitution. The 1997 legislature added NRS. 387.513 - 387.528, inclusive, which created the PSFG program. The 2007 legislature again amended these statutes to increase the maximum amount of the guarantee for outstanding bonds of a school district from \$25 million to \$40 million.

These statutes allow school districts to enter into guarantee agreements with the State Treasurer whereby the money in the PSF is used to guarantee the debt service payments on certain bonds issued by the school districts subject to the following conditions: (1) the amount

CARSON CITY OFFICE

101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS

Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE

555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax

of the guarantee for bonds of each school district, outstanding at any one time, must not exceed \$40 million; (2) the Department of Taxation must review and recommend approval; and (3) the school district must enter into an agreement with the State.

Agenda item #4 requests approval of a resolution approving the report submitted by the Executive Director of the Department of Taxation and the State Permanent School Fund Guarantee Agreement pertaining to the Lyon County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2017A, to be guaranteed in the maximum principal amount of \$18,260,000.

The proposed 2017A refunding bonds will be issued to refund outstanding bonds for debt service savings. One of the series of bonds being considered for refunding in this transaction is currently guaranteed by the PSF.

As of November 8, 2016 the District has \$37,430,000 of outstanding principal guaranteed by the PSF. With the approval of this resolution and after the issuance of the refunding bonds, the District will be utilizing all of their \$40,000,000 authorization under the PSFG program.

It is anticipated the District will realize approximately \$225,000 in cost savings over the life of the bonds by utilizing the PSFG.

The report submitted by the Executive Director of the Department of Taxation concluded the school district has the ability to make timely payment of the debt service of the bonds and does not anticipate the need to increase its current tax rate in order to fund re-payment.

Accordingly, the Department of Taxation recommends approval by the Board of Finance.

The bonds are scheduled to sell on or around January 25, 2017 and close on or around February 14, 2017.

RESOLUTION

A RESOLUTION APPROVING THE REPORT SUBMITTED BY THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF TAXATION AND THE STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT PERTAINING TO THE LYON COUNTY SCHOOL DISTRICT, NEVADA, GENERAL OBLIGATION (LIMITED TAX) REFUNDING BONDS, SERIES 2017A.

WHEREAS, the provisions of NRS 387.513 to 387.528, inclusive (the “Guarantee Act”) authorizes the use of money in the State Permanent School Fund to guarantee certain bonds (the “Guarantee”) issued by the school districts in the State of Nevada (the “State”); and

WHEREAS, Lyon County School District, Nevada (the “District”) has submitted its application to the State Treasurer for a Guarantee of its Lyon County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2017A (the “Bonds”) to be guaranteed in the maximum principal amount of \$18,260,000; and

WHEREAS, the State Treasurer has provided a copy of the District’s application to the Executive Director of the Department of Taxation (the “Executive Director”) for investigation of the District’s ability to make timely payments on the debt service of the Bonds; and

WHEREAS, the State Board of Finance (the “Board”) has received a written report of the investigation by the Executive Director indicating his opinion that the District has the ability to make timely payments on the debt service of the Bonds (the “Report”); and

WHEREAS, the State Treasurer has determined that the amount of the Bonds subject to the Guarantee under the State Permanent School Fund Guarantee Agreement (the “Guarantee Agreement”) to be entered into between the State Treasurer and the District, in addition to any other outstanding bonds of the District guaranteed pursuant to the Guarantee Act, does not exceed the limitations established by the Guarantee Act; and

WHEREAS, the Guarantee Act requires that the Report and the Guarantee Agreement be approved by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF FINANCE OF THE STATE OF NEVADA:

Section 1. All action previously taken by the Board, the Treasurer, the Executive Director and other officers of the State directed toward the Guarantee of the Bonds pursuant to the Guarantee Act are hereby ratified, approved and confirmed.

Section 2. The Report is hereby approved, and the Guarantee Agreement in substantially the form currently on file with the Secretary to the Board with such changes, modifications or amendments deemed necessary by the State Treasurer is hereby approved pursuant to the Guarantee Act.

Section 3. The Board, the Treasurer and other officers of the State and the Board are hereby authorized and directed to take all action necessary and appropriate to effectuate the provisions of this resolution, including without limitation, the execution and delivery of the Guarantee Agreement and Continuing Disclosure Agreement relating to the Bonds.

Section 4. The State covenants for the benefit of the District to comply with the provisions of the final Continuing Disclosure Agreement relating to the Bonds in substantially the form now on file with the Secretary to the Board, to be executed and delivered in connection with the Bonds.

PASSED, ADOPTED AND APPROVED on November 8, 2016.

Attest:

Chairman, State Board of Finance

Secretary, State Board of Finance

STATE OF NEVADA)
)
CARSON CITY) ss.

I am the secretary of the State of Nevada (“the State”) Board of Finance (the “Board”) and do hereby certify that:

1. The foregoing pages constitute a true, correct, complete and compared copy of a resolution passed and adopted by the Board at its duly held meeting of November 8, 2016, in the Old Assembly Chambers of the Capitol Building in Carson City, Nevada and the Governor’s Office in Las Vegas, Nevada (the “Resolution”).

2. The original of the Resolution was signed by the Chairman of the Board and authenticated by me as ex officio secretary of the Board and was recorded in the minute book of the Board kept for that purpose in my office.

3. Members of the Board, i.e.,

Governor:	Brian Sandoval
Treasurer:	Dan Schwartz
Controller:	Ron Knecht
Other Members:	David Funk
	Steven Martin

attended such meeting and voted in favor of the passage of the Resolution.

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

5. Pursuant to NRS 241.020, written notice of such meeting was given at least three working days before the meeting:

(a) By giving a copy of the notice to each member of the Board;

(b) By posting a copy of the notice on the State’s website; at the principal office of the Board, or if there is no principal office, at the building in which the meeting was held; and at least three other separate, prominent places within the jurisdiction of the Board, to wit:

- (i) Capitol Building, Carson City, Nevada
- (ii) Blasdel Building, Carson City, Nevada
- (iii) Legislative Building, Carson City, Nevada
- (iv) Nevada State Library, Carson City, Nevada
- (v) Grant Sawyer Building, Las Vegas, Nevada

- (vi) City Hall, Reno, Nevada
- (vii) City Hall, Elko, Nevada
- (viii) City Hall, Henderson, Nevada

(c) By giving a copy of the notice to each person, if any, who had requested notice of the meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. A copy of the notice so given is attached to this certificate as Exhibit A; a copy of the report of the Executive Director of the Department of Taxation is attached to this certificate as Exhibit B; the Certificate of the State Treasurer making the determinations required by subsection 1 of NRS 387.522 is attached to this certificate as Exhibit C; and the form of the Guarantee Agreement referred to in the Resolution is attached to this certificate as Exhibit D.

7. No other proceedings were adopted and no other action was taken or considered at such meeting relating to the subject matter of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand on November 8, 2016.

Secretary
State Board of Finance

EXHIBIT A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Report of Executive Director)



BRIAN SANDOVAL
Governor
JAMES DEVOLLD.
Chair, Nevada Tax Commission
DEONNE E. CONTINE
Executive Director

STATE OF NEVADA
DEPARTMENT OF TAXATION

Web Site: <http://tax.nv.gov>
1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

RENO OFFICE
4600 Kietzke Lane
Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite 1300
555 E. Washington Avenue
Las Vegas, Nevada 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

HENDERSON OFFICE
2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

October 17, 2016

Lori Chatwood
Deputy Treasurer
Nevada State Treasurer's Office
101 North Carson Street, #4
Carson City, NV 89701-4786

Re: Guaranty Request – Lyon County School District


Dear Ms. Chatwood:

The Department of Taxation has reviewed the materials submitted on behalf of the Lyon County School District pursuant to NRS 387.516. The documents are requesting authorization for a guaranty from the Permanent School Fund for a proposed bond issue. At the November 7, 2006 election, the District received approval from the voters to issue general obligation bonds to finance the acquisition, construction, improvement and equipping of school facilities as long as the issuance will not result in an increase of the existing school bond property tax rate of \$0.5867. The District proposes to issue refunded bonds not to exceed the amount of \$18,260,000 in January 2017.

The Department has concluded its analysis of the documents contained in the guaranty application and financial information submitted to the Local Government Finance Section. It appears that the school district has the ability to make timely payment of the debt service of the bonds and does not anticipate the need to increase its current tax rate in order to fund re-payment.

The Department of Taxation recommends that approval be rendered by the Board of Finance to facilitate the issuance of the Lyon County School District Refunded General Obligation Bonds, in an amount not to exceed \$18,260,000.

Sincerely,


Deonne E. Contine, Executive Director

DEC:sml

cc: Jean Oliver
Wayne Workman
Shawn Heusser
Marty Johnson
Jennifer Stern

EXHIBIT C

(Attach Certificate of State Treasurer)

CERTIFICATE OF STATE TREASURER

IT IS HEREBY CERTIFIED and determined by the undersigned, State Treasurer of the State of Nevada (the "Treasurer") that:

1. The Lyon County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2017A (the "Bonds") to be guaranteed by the State of Nevada under the Guarantee Agreement between the Lyon County School District and the Treasurer will not exceed the aggregate principal amount of \$18,260,000.

2. The maximum principal amount of the Bonds to be guaranteed (i.e., \$18,260,000), plus the total amount of outstanding bonds guaranteed pursuant to NRS 387.513 to 387.528, inclusive, as of the date of issuance of the Bonds will not exceed the limitation established by subsection 1 of NRS 387.522.

WITNESS my hand on November 8, 2016.

STATE OF NEVADA

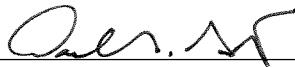
By _____
State Treasurer

EXHIBIT D

(Attach Form of Guarantee Agreement)

FORM OF STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT

DATED as of _____, 2017, by and between LYON COUNTY SCHOOL DISTRICT, NEVADA (the "District"), a school district duly organized and created under the laws of the State of Nevada and THE STATE TREASURER OF THE STATE OF NEVADA (the "Treasurer").

WHEREAS, the District is duly organized, created and existing under the laws of the State of Nevada (the "State"); and

WHEREAS, the District, as of the date hereof, will be issuing its General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed), Series 2017A (the "Bonds"), in the aggregate principal amount of \$_____ to refund certain outstanding bonds of the District; and

WHEREAS, pursuant to Chapter 387, Nevada Revised Statutes (the "Act"), the Board of Trustees of the District (the "Board") may apply to the Treasurer for a guarantee agreement whereby money in the State Permanent School Fund (the "Permanent Fund") is used to guarantee the payment of debt service on the Bonds; and

WHEREAS, the Board has applied to the Treasurer for a guarantee agreement; and

WHEREAS, pursuant to the Act, the Treasurer has provided a copy of the application and the supporting documentation to the Executive Director of the State Department of Taxation (the "Executive Director") and the Executive Director has submitted a report to the State Board of Finance indicating that the District has the ability to make timely payment of the debt service on the Bonds; and

WHEREAS, the Treasurer has determined that the total principal amount of the Bonds, together with the total amount of outstanding bonds guaranteed by the Permanent Fund, does not exceed the limitations established by the Act; and

WHEREAS, on November 8, 2016, the State Board of Finance adopted a resolution approving the report submitted by the Executive Director and the form of this guarantee agreement (the "Guarantee Agreement"); and

WHEREAS, the Bonds are authorized to be issued by a resolution of the Board (the "Bond Resolution") adopted on _____, 2016; and

WHEREAS, the District and the Treasurer wish to enter into this Guarantee Agreement in order to set forth the respective responsibilities of each party with respect to the Permanent Fund guarantee of the payment of debt service on the Bonds.

NOW, THEREFORE, the District and the Treasurer, in consideration of the mutual covenants herein contained, agree as follows:

Section 1. The Board hereby appoints the Treasurer, or Wells Fargo Bank, N.A., a commercial bank hereby designated by the Treasurer, as the paying agent (the "Paying Agent") for the Bonds. The Paying Agent may be replaced on the terms set forth in the Bond Resolution with the prior written approval of the Treasurer.

Section 2. No later than 5 business days prior to each date scheduled for the payment of principal and/or interest on the Bonds as set forth in the Bond Resolution, the District shall transfer to the Paying Agent sufficient moneys to pay the debt service coming due on the Bonds. The Board hereby agrees to deposit the amount of money due for each scheduled debt service payment with the Paying Agent no later than 5 business days prior to each scheduled debt service payment date, as set forth in the Bond Resolution. The District shall provide in the Bond Resolution that:

A. the Paying Agent must immediately notify the Treasurer if the Paying Agent has not received from the District the debt service payment on the fifth business day prior to the scheduled debt service payment date; and

B. the Paying Agent must give notice to the Treasurer of any optional redemption or defeasance of the Bonds.

Section 3. In the event the District determines that it will be unable to make a deposit with the Paying Agent as required in Section 2 hereof, the Superintendent of the District shall provide written notice to the Treasurer and the Paying Agent at least 60 days before such payment is due.

Section 4. In the event the District for any reason fails to make a timely payment of debt service on the Bonds as required by Section 2 hereof, the Treasurer shall withdraw a sufficient amount of money from the Permanent Fund to make the debt service payment on the Bonds, transfer to the Paying Agent no later than 1 business day prior to the scheduled debt service payment date a sufficient amount of money to make the debt service payment when due, and

promptly notify the Executive Director of the payment. Such payment shall be made by the Treasurer regardless of whether the District provides written notice to the Treasurer pursuant to Section 3 hereof. Such withdrawal from the Permanent Fund and payment of debt service on the Bonds shall constitute a loan to the District in the amount of the debt service paid on the Bonds. The loan shall be a special obligation of the District payable only from the sources set forth in Section 5 below. The loan shall bear interest at a rate determined by the Treasurer, which rate shall not exceed 1% above the average rate of interest yielded on investments in the Permanent Fund on the date the loan is made.

Section 5. In the event the Treasurer makes a loan to the District pursuant to Section 4 hereof, the District agrees to repay the loan from the following sources and in the following order of priority:

A. As soon as they are available, from District moneys available to pay debt service on the Bonds, unless payment from that money would cause the District to default on other outstanding bonds or medium-term obligations entered into pursuant to the provisions of Sections 350.087 to 350.095, inclusive, Nevada Revised Statutes ("NRS"); and

B. Immediately, until the loan is fully repaid (including any accrued interest on the loan), the Treasurer shall withhold payments of money that would otherwise be distributed to the District from:

(a) the interest earned on the Permanent Fund that is distributed among the various school districts pursuant to State law;

(b) distributions of the Local School Support Tax, which must be transferred by the State Controller upon notification by the Treasurer; and

(c) distributions from the State Distributive School Account.

C. The Treasurer shall apply the moneys received or withheld from the District pursuant to paragraphs (A) and (B) above first to the interest due on the loan and, when the interest is paid in full, then to the principal balance. When the interest and balance on the loan are repaid, the Treasurer shall resume making the distributions set forth in (a) through (c) above that would otherwise be due to the District.

D. The Treasurer shall notify the District of amounts withheld pursuant to paragraph (B) above and also shall notify the District when the loan is paid in full.

Section 6. The District shall not enter into any medium-term obligations pursuant to the provisions of NRS 350.087 to 350.095, inclusive, or otherwise borrow money during the period in which the loan remains unpaid unless the District obtains the prior written approval of the Executive Director.

Section 7. This Guarantee Agreement shall be effective upon issuance of the Bonds and shall remain in effect until the Bonds are retired and all amounts owed by the District hereunder have been paid in full or otherwise discharged. Any amount owed by the District hereunder shall not be deemed paid in full or otherwise discharged if such amount has been recovered from the State or a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Section 8. The holders of the Bonds are third party beneficiaries of this Guarantee Agreement and are entitled to enforce the provisions of this Guarantee Agreement. Nothing in this Guarantee Agreement is intended or shall be construed to confer upon, or give to any person or entity, other than the District, the State of Nevada, acting by and through the State Board of Finance or the State Treasurer, and the holders of the Bonds, any right, remedy or claim under or by reason of this Guarantee Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations and agreements in this Guarantee Agreement shall be for the sole and exclusive benefit of the District, the State of Nevada and the holders of the Bonds.

Section 9. This Guarantee Agreement may not be modified or amended in any manner after the Bonds are issued if the amendment or modification would materially or adversely affect the holders of the Bonds. This Guarantee Agreement may only be amended or modified by a written amendment signed by the parties and approved by the State Board of Finance and the Board of the District. Notice of any such amendment must be sent to: Moody's Investors Services and Standard & Poor's Rating Services.

Section 10. It is mutually understood and agreed that this Guarantee Agreement shall be governed by the laws of the State of Nevada.

Section 11. If any section, paragraph, clause or provision of this Guarantee Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or enforceability

of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Guarantee Agreement.

Section 12. Nothing in this Agreement prohibits or otherwise limits or inhibits the reasonable exercise in the future by the State and its governmental bodies of the police powers and powers of taxation inherent in the sovereignty of the State or the exercise by the United States of the powers delegated to it by the United States Constitution.

Section 13. Notices sent pursuant to the provisions of this Guarantee Agreement shall be sent to:

The District:

Lyon County School District
25 E. Goldfield Avenue
Yerington, Nevada 89447
Attn: Superintendent

The State:

Office of the State Treasurer
Capitol Building
101 N. Carson St., Suite 4
Carson City, Nevada 89701
Attn: Chief Deputy State Treasurer

The Paying Agent:

Wells Fargo Bank, N.A.
Corporate Trust Services - CMES
707 Wilshire Blvd., MAC E2818-176, 17th Floor
Los Angeles, CA 90017

Moody's:

Moody's Investors Service
99 Church Street
New York, New York 10007
Attn: Public Finance Rating Desk

Standard & Poor's:

Standard and Poor's Rating Services
25 Broadway, 21st Floor
New York, New York 10004
Attn: Public Finance Rating Desk

IN WITNESS WHEREOF, the Treasurer and the District have caused this Guarantee Agreement to be duly executed and delivered as of the day and year first above written.

LYON COUNTY SCHOOL DISTRICT,
NEVADA

By: _____
President, Board of Trustees

STATE OF NEVADA

By: _____
State Treasurer

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: November 8, 2016 Agenda Item #5-2016 Highway Revenue Bond Resolution

DATE: October 19, 2016

Agenda Item #5

For possible action – Discussion and possible action on a resolution designated by the short title "2016 Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State Of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2017 in the maximum aggregate principal amount of \$190,000,000; providing the form, terms and conditions of the bonds; providing for the continued imposition and collection of certain fuel taxes deposited in the State Highway Fund; pledging the proceeds of excise taxes and any appropriate federal highway aid payable to the state to the payment of the bonds; ratifying action previously taken and pertaining thereto; and providing other related matters.

BACKGROUND:

NRS 408.273 states the State Board of Finance (the "Board") shall, when so requested by the Board of Transportation, issue special obligation bonds of the State to provide money to enable the Nevada Department of Transportation (NDOT) to complete pending and currently projected highway construction projects, in an amount specified in the request. The bonds may be issued at one time or from time to time, and must be issued in accordance with the State Securities Law and mature within not more than 30 years from their issuance date.

The State Treasurers Office, in cooperation with other state agencies which have authority to implement projects, coordinates the timing, rating agency presentations, and professional services necessary to issue securities on behalf of the State. Prior to the issuance of securities by the State Treasurer, a resolution describing the authority to issue must be approved by the Board.

CARSON CITY OFFICE
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS
Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE
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The Nevada Board of Transportation approved a resolution requesting the State Board of Finance to issue Highway Revenue Bonds in the aggregate principal amount not to exceed \$190,000,000 at its October 10, 2016 meeting.

A copy of that resolution is included as Attachment A to this memo.

Highway Revenue Bonds are special obligation bonds of the State paid by the Motor Vehicle Fuel Tax and appropriate federal highway grants payable to the State which are credited to the State Highway Fund. The Bonds are not general obligation bonds of the State and therefore are not counted against the States debt limit nor included in the affordability model.

The issuance of these bonds fit within the long term plan for the funding of Project Neon and the requirement of 3X coverage for senior lien bonds. The preliminary Pro-Forma is attached as Attachment B to this memo.

The State's Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds are currently rated AAA, AA+, Aa2 by Standard and Poor's, Fitch, and Moody's respectively.

ATTACHMENT A

October 10, 2016

Nevada Board of Transportation Resolution

**RESOLUTION REQUESTING THE STATE BOARD OF
FINANCE TO ISSUE HIGHWAY REVENUE BONDS OF THE
STATE OF NEVADA AND PROVIDING OTHER MATTERS
PROPERLY RELATED THERETO**

WHEREAS, pursuant to Nevada Revised Statutes ("NRS") 408.273, the Board of Directors of the Nevada Department of Transportation (the "Board of Directors") of the State of Nevada (the "State") is authorized to request the State Board of Finance (the "Finance Board") to issue the State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement Bonds, Series 2017 (the "2017 Bonds") to provide money to enable the State Department of Transportation ("NDOT") to complete pending and currently projected highway projects (the "Improvement Project").

NOW THEREFORE, be it resolved by the Board of Directors that:

Section 1. The Board of Directors hereby requests the Finance Board to issue the 2017 Bonds in the aggregate principal amount not to exceed \$190,000,000.

Section 2. The Secretary of the Board of Directors is authorized and directed to forward a signed copy of this resolution to the Finance Board.

Section 3. In order to permit NDOT to reimburse itself for prior expenditures relating to the Improvement Project with the proceeds of the 2017 Bonds, the Board of Directors determines and declares as follows:

(i) NDOT reasonably expects to incur expenditures with respect to the Improvement Project prior to the issuance of the 2017 Bonds and to reimburse those expenditures from the issuance of the 2017 Bonds; and

(ii) The maximum principal amount of the 2017 Bonds expected to be issued for the Improvement Project and used to reimburse such expenditures is \$190,000,000.

PASSED, ADOPTED AND APPROVED on October 10, 2016.

State of Nevada, Department of Transportation
Board of Directors


Chairman
Secretary to the Board of Directors

Approved to Legality and Form:


Chief Deputy Attorney General

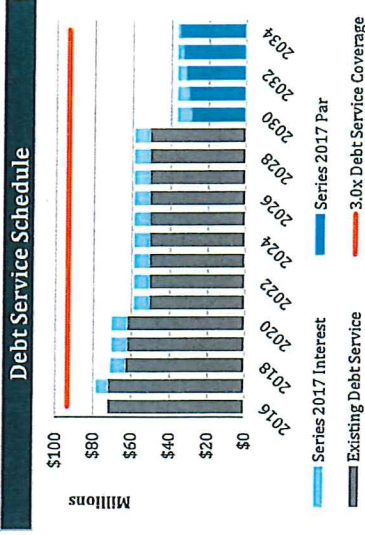
ATTACHMENT B

Pro-Forma Debt Service With Series 2017 Proposed Structure

Pro-Forma Debt Service with Series 2017 Proposed Structure

Sources & Uses	
Series	Series 2017
Par Amount	\$ 157,420,000
Premium	28,852,030
Total Sources	\$ 186,272,030
Project Fund	\$ 184,998,446
Cost of Issuance	643,904
Underwriters' Discount	629,680
Total Uses	\$ 186,272,030

Projected MADS Coverage	
Aggregate Maximum Annual Debt Service (after Series 2017)	78,213,092
Occurring Bond Year	2017
MADS Coverage (1)	3.58x



Senior Lien Highway Revenue Bonds						
Bond Year	Existing Debt Service	Series 2017 Interest	Par	Debt Service	Aggregate Debt Service	FY2016 Estimated Pledged Revenue Coverage (1)
12/1/2016	\$ 72,264,147	\$ -	\$ -	\$ -	\$ 72,264,147	3.87
12/1/2017	72,244,250	5,968,842	-	5,968,842	78,213,092	3.58
12/1/2018	62,856,500	7,871,000	-	7,871,000	70,727,500	3.96
12/1/2019	62,074,950	7,871,000	-	7,871,000	69,945,950	4.00
12/1/2020	62,073,200	7,871,000	-	7,871,000	69,944,200	4.00
12/1/2021	50,599,450	7,871,000	-	7,871,000	58,470,450	4.79
12/1/2022	50,602,200	7,871,000	-	7,871,000	58,473,200	4.79
12/1/2023	50,599,650	7,871,000	-	7,871,000	58,470,650	4.79
12/1/2024	50,602,400	7,871,000	-	7,871,000	58,473,400	4.79
12/1/2025	50,598,650	7,871,000	-	7,871,000	58,469,650	4.79
12/1/2026	50,598,400	7,871,000	-	7,871,000	58,469,400	4.79
12/1/2027	50,601,250	7,871,000	-	7,871,000	58,472,250	4.79
12/1/2028	50,603,250	7,871,000	-	7,871,000	58,474,250	4.79
12/1/2029	50,598,750	7,871,000	-	7,871,000	58,469,750	4.79
12/1/2030	-	28,490,000	28,490,000	36,361,000	36,361,000	7.70
12/1/2031	-	29,915,000	29,915,000	36,361,500	36,361,500	7.70
12/1/2032	-	31,410,000	31,410,000	36,360,750	36,360,750	7.70
12/1/2033	-	32,980,000	32,980,000	36,360,250	36,360,250	7.70
12/1/2034	-	34,625,000	34,625,000	36,356,250	36,356,250	7.70
Total	\$ 786,917,047	\$ 157,420,000	\$ 124,800,592	\$ 282,220,592	\$ 1,069,137,639	7.70

(1) Using estimated FY2016 Net Pledged Revenue (\$280M)
Current rates as of 10/7/2016 + 50bps

RESOLUTION

A RESOLUTION DESIGNATED BY THE SHORT TITLE "2016 HIGHWAY IMPROVEMENT REVENUE BOND RESOLUTION"; AUTHORIZING THE SALE AND ISSUANCE OF THE STATE OF NEVADA, HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS, SERIES 2017 IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$190,000,000; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BONDS; PROVIDING FOR THE CONTINUED IMPOSITION AND COLLECTION OF CERTAIN FUEL TAXES DEPOSITED IN THE STATE HIGHWAY FUND; PLEDGING THE PROCEEDS OF EXCISE TAXES AND ANY APPROPRIATE FEDERAL HIGHWAY AID PAYABLE TO THE STATE TO THE PAYMENT OF THE BONDS; RATIFYING ACTION PREVIOUSLY TAKEN AND PERTAINING THERETO; AND PROVIDING OTHER RELATED MATTERS.

WHEREAS, the State of Nevada, acting by and through the State Board of Finance (the "State" and the "Board," respectively), pursuant to Nevada Revised Statutes ("NRS") 408.273, (the "Project Act"); chapter 365 and chapter 366, NRS, and all laws amendatory thereof (collectively, the "Fuel Tax Act"); and NRS 349.150 to 349.364, inclusive, and all laws amendatory thereof, and designated in NRS 349.150 thereof as the State Securities Law (the "Bond Act"); and all laws supplemental thereto, may issue highway revenue bonds, subject to conditions hereinafter as stated; and

WHEREAS, pursuant to the Project Act, the Board of Directors of the Department of Transportation requested the Board to issue highway revenue bonds to pay wholly or in part the cost of completing pending and currently projected highway construction projects (the "Project"); and

WHEREAS, 23 United States Code Annotated ("U.S.C.") Section 122 in effect in relevant part provides (i) that the State may claim payment from the Secretary of the Department of Transportation of the United States of any portion of the sums apportioned to it for expenditure on eligible projects to aid in the reimbursement of the State for expenses and costs incurred for the principal of, interest on, costs of issuance, costs of insurance, and any other costs incidental to the sale of bonds issued by the State the proceeds of which were used and actually expended in the construction of one or more such projects; and (ii) that such claim for payment may be made only when all of the provisions of title 23 of U.S.C. have been complied with to the same extent and with the same effect as though payment were to be made to the State under Section 121 of that title, and Section 122 further provides that the reimbursement shall not constitute a commitment, guarantee, or obligation on the part of the United States to provide for the payment of the principal or interest on the eligible debt financing instrument or create any right of a third party against the United States for payment under the eligible debt financing instrument; and

WHEREAS, the bonds herein authorized (the "Bonds") shall be payable from any such federal aid eligible for the payment of the principal of and interest on the Bonds and from the proceeds of the motor vehicle fuel taxes imposed and collected pursuant to the Fuel Tax Act and credited to the State Highway Fund (as herein defined) for the payment of principal of and interest on the Bonds (the "Gross Pledged Revenues"), but excluding:

A. Any tax proceeds not collected because of exempt sales and other exempt transactions provided in NRS 365.220 through 365.260 and NRS 366.200;

B. Any tax proceeds not collected because of the dealers' collection and handling fee provided in NRS 365.330 and 366.390;

C. Tax proceeds for making refunds provided in NRS 365.370 through 365.490 and NRS 366.650 through 366.680;

D. Motor vehicle fuel tax proceeds paid on fuel used in watercraft for recreational purposes as provided in NRS 365.535;

E. The tax proceeds imposed and collected as provided in NRS 365.180, 365.190 and 365.192 (but not NRS 365.170, 365.175, 365.185, 366.190 and 366.195) and distributed to the counties in the State as provided in NRS 365.550, 365.560 and 365.562, respectively;

F. The tax proceeds derived from motor vehicle fuel used in aircraft as provided in NRS 365.565 and 365.545; and

G. The costs of administration for the collection of any excise tax on gasoline or other motor vehicle fuel, as provided in NRS 365.150, subject to the limitation of not exceeding 1% of the total proceeds so collected as expressed in NRS 408.235(5);

such exclusions being herein the "Direct Distributions and Other Exclusions"; and

WHEREAS, other than to the Outstanding Parity Securities (as defined herein), the State has not pledged nor in any way hypothecated the Gross Pledged Revenues derived or to be derived from any federal aid and derived or to be derived (directly or indirectly) from certain excise taxes relating to motor vehicle and special fuel to the payment of any bonds now Outstanding (as hereinafter defined) or for any other purpose, excluding the Direct Distributions and Other Exclusions, with the result that the proceeds of the Gross Pledged Revenues may now be pledged lawfully and irrevocably to the payment of the Bonds, all as herein provided; and

WHEREAS, the Board, on the behalf and in the name of the State, has determined, and does hereby declare:

A. The State shall undertake the Project for the benefit and welfare of the people of the State;

B. The State shall borrow money by the issuance of the Bonds, pursuant to the Project Act, as supplemented by the Bond Act and the Fuel Tax Act, and all laws thereunto enabling, to defray the Cost of the Project (as hereinafter defined), except to the extent defrayed with any revenues other than the proceeds of the Bonds;

C. The total of all revenue bonds and any other securities payable from the Gross Pledged Revenues issued on the behalf and in the name of the State and now Outstanding and for these purposes, including the Bonds:

(1) will not be in an amount requiring a total debt service in excess of the receipts estimated by the Board to be derived from the excise taxes imposed pursuant to the provisions of NRS 365.170, 365.175, 366.190 and 366.195, but excluding any proceeds thereof included within the Direct Distributions and Other Exclusions; and

(2) will not be general obligations of the State;

(3) will be secured as to principal and interest by a pledge authorized by the Project Act and the Bond Act of the receipts from the motor vehicle and special fuel taxes herein designated and included as all or a part of the Gross Pledged Revenues, except such portion of such receipts as may be required for the Direct Distributions and Other Exclusions;

D. The net proceeds of the tax levied and collected pursuant to NRS 365.170, 365.175 and 366.190, and credited to the State Highway Fund are sufficient to pay the Bonds from the proceeds thereof;

E. The Board, on the behalf and in the name of the State, may additionally secure the payment of the Bonds by a pledge of, and the creation of a lien on, not only the proceeds of any motor vehicle and special fuel tax authorized at the time of the issuance of such securities payable from the Gross Pledged Revenues, and derived wholly or in part from the Fuel Taxes (as hereinafter defined) imposed by NRS 365.170, 365.175 and 366.190, and from any Fuel Taxes now conditionally imposed by NRS 365.185 and 366.195, but also the proceeds of any such tax hereafter imposed to be used or pledged or used and pledged for the payment of such securities, whether such tax be levied or collected by the State, or otherwise, or be levied in at least an equivalent value in lieu of any such taxes existing at the time of the issuance of such securities or be levied in supplementation thereof;

F. The pledges and liens authorized by NRS 365.170, 365.175, 365.185, 366.190 and 366.195, and by the Project Act will extend to the proceeds of any tax collected for use by the State on any motor vehicle fuel or special fuel (but not any such proceeds included in the Direct Distributions and Other Exclusions) so long as any bonds or other securities issued under the Project Act remain Outstanding; and the revenues pledged for the payment of the Bonds, as received by the State, will immediately be subject to the lien of each such pledge without any physical delivery thereof or any filing or further act, and the lien of each such pledge and the obligation to

perform the contractual provisions made in this Resolution will have priority over any or all other obligations and liabilities of the State, except the obligations and liabilities the State creates in a resolution authorizing the issuance of highway revenue bonds on a parity with those bonds previously issued or created hereunder, and except as may be otherwise provided in the Project Act or in this Resolution; and the lien of each such pledge will be valid and binding as against all Persons (as hereinafter defined) having claims of any kind in tort, contract or otherwise against the State, whether or not such Persons have notice thereof;

G. All action preliminary to the authorization of the issuance of the Bonds has been taken;

H. The State shall forthwith effect the Project with reasonable diligence, shall apply the proceeds of the Bonds to defray wholly or in part the Cost of the Project, subject to the limitations and other provisions in the Project Act and other laws supplemental thereto;

I. Each of the limitations and other conditions to the issuance of the Bonds in the Project Act, the Bond Act, the Fuel Tax Act and in any other relevant act of the State or the Federal Government has been met; and pursuant to NRS 349.352, 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 and gross abuse of discretion;

J. The Bonds shall otherwise be issued in strict compliance with the Project Act, the Bond Act, the Fuel Tax Act, any other relevant act supplemental thereto, and as may be otherwise provided by law;

K. The proceeds of the Bonds, indirectly constituting proceeds from the imposition of an excise tax on gasoline and other motor vehicle and special fuel, shall, except costs of administration, be used exclusively to pay the Cost of the Project, as herein delineated, pursuant to Article 9, Section 5, Nevada Constitution; and the Bonds shall constitute special obligations of the State payable from a constitutionally created special fund under that section and do not constitute a debt under Section 3, Article 9, Nevada Constitution; and

WHEREAS, pursuant to NRS 349.303, the Board delegates to the State Treasurer (the "Treasurer") or the Treasurer's designee the power to accept a binding bid for the Bonds, subject to certain requirements specified in this Resolution, to be set forth in a certificate signed by the Treasurer or the Treasurer's designee on or before the date of closing on the Bonds (the "Certificate of the Treasurer"); and

WHEREAS, the Board hereby elects to have the provisions of chapter 348 of NRS apply to the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOARD OF FINANCE OF THE STATE OF NEVADA:

ARTICLE A.

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

Section 101. Short Title. This resolution may be cited and designated by the short title "2016 Highway Improvement Revenue Bond Resolution" (this "Resolution").

Section 102. Meanings and Construction.

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

(1) "Board" means the State Board of Finance of the State of Nevada.

(2) "Bond Act" or "State Securities Law" means the supplemental act pertaining to the issuance of the Bonds cited as NRS 349.150 to 349.364, inclusive, and all laws amendatory thereof, which act is designated in NRS 349.150 as the State Securities Law.

(3) "Bond Fund" means the special and separate account designated as the "State of Nevada, Highway Parity Revenue Bonds, Gross Pledged Revenues Interest and Bond Retirement Fund" previously created and continued herein.

(4) "Bond Requirements" means the principal of, the interest on and any prior redemption premiums due in connection with the Bonds and any other additional bonds or other additional securities payable from the Gross Pledged Revenues, or such part of such other bonds or other securities pertaining to those revenues as may be designated, as such principal, any such premiums, and such interest become due.

(5) "Bond Year" means the 12 months commencing on the second day of December of any calendar year and ending on the first day of December of the next succeeding calendar year.

(6) "Bondholder" or "registered owner" or any similar term means any person who shall be the registered owner of any Bond or Bonds.

(7) "Bonds" means the securities herein authorized and designated as the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2017".

(8) "2016 Bonds" means the securities herein authorized and designated as the "State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2016".

(9) "2014 Bonds" means the securities issued and designated as the "State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2014".

(10) "2013 Bonds" means the securities issued and designated as the "State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2013".

(11) "2012 Bonds" means the securities issued and designated as the "State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2012".

(12) "2008 Bonds" means the securities issued and designated as the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2008".

(13) "2006 Bonds" means the securities issued and designated as the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2006".

(14) "Combined Maximum Annual Principal and Interest Requirements" means the maximum sum of the principal of and the interest on the Bonds and any other Parity Securities payable from the Gross Pledged Revenues and falling due (other than by an exercise of an option of prior redemption, except as hereinafter specifically provided) during any one succeeding Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any of such obligations last become due at their respective fixed maturity dates or on a Redemption Date on which any of such obligations thereafter maturing are called for prior redemption or on which the State has obligated itself to call such obligations for prior redemption, whichever time is earlier, if any, but not including as Outstanding any Bonds which are no longer Outstanding under the defeasance provisions of Section 901 hereof, subject to the following provisions:

(a) In any computation of the Combined Maximum Annual Principal and Interest Requirements under the historic earnings test in Section 703 B hereof, the computation pertains to the Outstanding Bonds and any other Outstanding Parity Securities; and the calculations pertaining to such computations with respect to any Parity Securities proposed to be issued shall be

adjusted as provided by Section 703 C and D hereof and shall be made as provided by Section 704 hereof; and

(b) In any computation of the Combined Maximum Annual Principal and Interest Requirements hereunder, if all or any part of the Bonds, any Outstanding Parity Securities, and, in the case of a computation of the historic earnings test in Section 703 B hereof, the Parity Securities proposed to be issued, of any issue hereafter issued or to be issued, as the case may be, is a term issue, rather than a serial issue, and if in the bond resolution or other proceedings authorizing or otherwise pertaining to the issuance of such securities the State shall have obligated itself to call securities for prior redemption at any time or times in one or more designated Bond Years during the term of such issue prior to the fixed maturity date of such term securities, then the principal amount of such securities (but no prior redemption premiums, if any, then due) to be paid on such a call date or such call dates in each such Bond Year shall be included as a principal amount so becoming due on such date or dates in each such Bond Year, the amount of principal of the term securities stated to be due on their fixed maturity date shall be correspondingly reduced by the amounts of principal theretofore to be redeemed on such mandatory prior redemption date or dates, and the amount of interest becoming due in each Bond Year shall be correspondingly adjusted to reflect such payment of principal under the schedule of mandatory prior redemption of securities.

(15) "Commercial Bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System, which has a capital and surplus of \$10,000,000 or more and which is located within the United States; and such term includes without limitation, any "Trust Bank," as herein defined.

(16) "Comparable Bond Year" means, in connection with any Fiscal Year, the Bond Year which commences in such Fiscal Year. For example, for the Fiscal Year commencing on July 1, 2016 and ending on June 30, 2017, the Comparable Bond Year commences on December 2, 2016 and ends on December 1, 2017.

(17) "Construction Account" means the special and separate account designated as the "State of Nevada, Highway Improvement Revenue Bonds, Series 2017 Construction Account" created in Section 401 hereof.

(18) "Controller" means the de jure or de facto controller of the State, or his or her successor in functions, if any.

(19) "Cost of the Project," or any phrase of similar import, means all or any part designated by the Board as the cost of the Project, or an interest therein, which cost at the option of the Treasurer may include (except as limited by this Resolution or as otherwise limited by law) all or any part of the incidental costs pertaining to the Project, including, without limitation:

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

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

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

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

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

(f) The cost of contingencies;

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

(h) The costs of amending any resolution or other instrument authorizing the issuance of or otherwise pertaining to Outstanding Bonds or other securities of the State;

(i) The costs of funding any short-term financing, construction loans and other temporary loans of not exceeding five years pertaining 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 land to which such buildings, structures or other facilities may be moved or relocated; and

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

(20) "Department" means the State's Department of Transportation.

(21) "Direct Distributions and Other Exclusions" means the distributions and other exclusions of revenues from the Gross Pledged Proceeds resulting from exempt sales and other exempt transactions, allowances for the dealers' collections and handling fee, refunds, exemption of proceeds pertaining to fuel used in watercraft for recreational purposes or in aircraft, Fuel Taxes imposed and collected for the benefit of counties and certain political subdivisions therein, and administration costs of collecting certain Fuel Taxes, as more specifically delineated in the preambles hereof.

(22) "Director" means the de jure or de facto director of the Department, or his or her successor in functions, if any.

(23) "Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., as the disclosure dissemination agent for the State with respect to the Bonds, or any successor disclosure dissemination agent appointed by the State.

(24) "Events of Default" means the events stated in Section 1003 hereof.

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

(26) "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, or securities which are direct obligations of, or the principal and interest of which securities are conditionally or unconditionally guaranteed by the Federal Government, or other securities of the Federal Government, or other obligations the payment of which is fully secured by a pledge of any such securities.

(27) "Fiscal Year" for the purposes of this Resolution means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year.

(28) "Fuel Tax Act" means, collectively, chapter 365 and chapter 366 of NRS, by which act the State imposes and collects motor vehicle and special fuel taxes for credit in part to the State Highway Fund, or for credit in part to the State Motor Vehicle Fund and thereafter, subject to the requirements of NRS 482.180, for transfer to the State Highway Fund, and for inclusion in the Gross Pledged Revenues, but excluding therefrom the Direct Distributions and Other Exclusions.

(29) "Fuel Tax" or "Fuel Taxes" means the motor vehicle and special fuel tax or taxes imposed and collected or to be collected pursuant to NRS 365.170, 365.175, 365.185, 366.190 and 366.195, the proceeds of which are credited and are to be credited to the State Highway Fund or are credited and are to be credited to the State Motor Vehicle Fund and thereafter, subject to requirements of NRS 482.180, are to be transferred to the State Highway Fund, and in part comprise the Gross Pledged Revenues, but excluding therefrom the Direct Distributions and Other Exclusions. The Fuel Taxes, however, may be modified by the State as provided in the preambles hereof, but subject to the provisions of Section 214 hereof.

(30) "Governor" means the de facto or de jure governor of the State, or his or her successor in functions, if any.

(31) "Gross Pledged Revenues" means all the revenues derived from any federal aid made by the United States to the State for the reimbursement for expenses and costs incurred for the payment of the principal of, interest on, costs of issuance, costs of insurance, and any other costs incidental to the sale of the Bonds and from a portion of the State's Fuel Taxes, as more specifically designated in the 4th preamble hereof.

(32) "hereby," "herein," "hereinabove," "hereinafter," "hereinbefore," "hereof," "hereto," "hereunder" or any similar term refers to this Resolution and not solely to the particular portion thereof in which such word is used; "heretofore" means before the adoption of this Resolution; and "hereafter" means after the adoption of this Resolution.

(33) "Independent Accountant" means any certified public accountant or any firm of certified public accountants duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the Board on the behalf and in the name of the State:

(a) Who is, in fact, independent and not under the domination of the State;

(b) Who does not have any substantial interest, direct or indirect, with the State; and

(c) Who is not connected with the State as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the State.

(34) "NRS" means Nevada Revised Statutes, the State's code of general laws.

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

(a) Except any Bond or other security canceled by the State, or otherwise on the State'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 its maturity or any Redemption Date, whichever date is earlier, if any, shall have theretofore been deposited with a Trust Bank in escrow or in trust for that purpose, as provided in Section 901 hereof or any similar section of the resolution pursuant to which such other securities were issued; 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 pursuant to Sections 304, 312 or 1109 hereof or any similar sections of the resolution pursuant to which such other securities were issued.

(36) "Owner" or "Owners" means any person who shall be the registered owner of any Bond or Bonds.

(37) "Parity Securities" means bonds or securities pertaining to the State's public highway facilities and payable from the Gross Pledged Revenues on a parity with the Bonds, the 2016 Bonds, the 2014 Bonds, the 2013 Bonds, the 2012 Bonds, the 2008 Bonds and the 2006 Bonds.

(38) "Paying Agent" or "Registrar" means U.S. Bank, National Association, and its successor and assigns.

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

(40) "Purchaser" means the Purchaser of the Bonds set forth in the Certificate of the Treasurer.

(41) "Rebate Account" means the special and separate account designated as the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds Series 2017 Rebate Account" created in Section 505 hereof.

(42) "Redemption Date" means the date fixed for the redemption prior to their respective maturities of any designated securities payable from the Gross Pledged Revenues or other moneys pertaining to the State highway system or the State in any notice of prior redemption, or otherwise fixed and designated by the State.

(43) "Regular Record Date" means the fifteenth day of the calendar month next preceding each interest payment date (other than a special interest payment date fixed for payment of defaulted interest) for the Bonds.

(44) "Resolution" means this Resolution, cited in Section 101 hereof by the short title "2016 Highway Improvement Revenue Bond Resolution"; and the term "resolution of the State," "resolution of the Board," "amendatory resolution," "supplemental resolution" or any phrase of similar import, means any resolution adopted by the Board on behalf of the State.

(45) "Secretary" or "Secretary of State" means the de facto or de jure secretary of state of the State or his or her successor in functions, if any.

(46) "Special Record Date" means a date fixed by the Registrar pursuant to Section 302 hereof in connection with the payment of defaulted interest on the Bonds.

(47) "State" means the State of Nevada, in the United States; and where the context so indicates, "State" means the geographical area comprising the State of Nevada.

(48) "State Highway Fund" means the accounting entity created by NRS 408.235, and to which are credited in part proceeds from the imposition and collection of the Fuel Taxes, among other revenues, and to which fund the Gross Pledged Revenues pertain.

(49) "State Motor Vehicle Fund" means the accounting entity created by NRS 482.180, and to which are credited in part proceeds from the imposition and collection of certain Fuel Taxes, among other revenues, and from which certain transfers are made to the State Highway Fund.

(50) "State Treasurer" or "Treasurer" means the de facto or de jure state treasurer of the State or the Treasurer's successor in functions, if any.

(51) "Subordinate Securities" means bonds or securities pertaining to the State highway system and payable from the Gross Pledged Revenues subordinate and junior to the lien thereon of the Bonds and any other Parity Securities.

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

(53) "Trust Bank" means a Commercial Bank which is authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

(54) "United States" means the United States of America; and where the context so indicates, "United States" means the geographical area comprising the United States of America.

B. Construction. This Resolution, except where the context by clear implication herein otherwise requires, shall be construed as follows:

(1) Words in the singular number include the plural, and words in the plural include the singular.

(2) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates words of the neuter gender refer to any gender.

(3) Articles, sections, subsections, paragraphs and subparagraphs mentioned by number, letter or otherwise, correspond to the respective

articles, sections, subsections, paragraphs and subparagraphs of this Resolution so numbered or otherwise so designated.

(4) The titles and leadlines applied to articles, sections and subsections of this Resolution are inserted only as a matter of convenience and ease in reference and in no way define, limit or describe the scope or intent of any provisions of this Resolution.

(5) Any Bonds held by the State shall not be deemed to be Outstanding for the purpose of consents hereunder or for any other purpose provided herein.

Section 103. Successors. All of the covenants, stipulations, obligations and agreements by or on behalf of and other provisions for the benefit of the State or the Board contained herein shall bind and inure to the benefit of any successors thereof and shall bind and inure to the benefit of any officer, board, district, commission, authority, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the State or the Board or of their respective successors, if any, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions hereof.

Section 104. Parties Interested Herein. Except as herein otherwise expressly provided, nothing herein expressed or implied is intended or shall be construed to confer upon or to give to any Person, other than the State, the Board, the Registrar, the Paying Agent and the Owners from time to time of the Bonds, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the State shall be for the sole and exclusive benefit of the State, the Board, the Registrar, the Paying Agent and any Owner of any Bonds.

Section 105. Ratification; Approval of Official Statement. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board, the officers of the State and otherwise by the State directed toward the Project and the sale and delivery of the Bonds for that purpose be, and the same hereby is, ratified, approved and confirmed. The Treasurer and other officers of the State are hereby authorized to publicly sell Bonds; prepare and distribute an Official Notice of Bond Sale; prepare, distribute and execute the Preliminary Official Statement; and complete, distribute and execute the Final Official Statement with such amendments, additions and deletions as are consistent with the facts and not inconsistent herewith, as may be approved by the Treasurer or designee by such officer's execution of the Final Official Statement. The designation of the Preliminary Official Statement as a "nearly final Official Statement" for purposes of Rule 15c2-12 of the Securities and Exchange Commission is hereby authorized, approved and confirmed.

Section 106. Resolution Irrepealable. In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, after any of the Bonds are issued, this Resolution shall constitute an irrevocable contract between the State and the Owner or Owners of the Bonds; and this Resolution (subject to the provisions of Section 901 and of Article

XI hereof) shall, if any Bonds are in fact issued, be and remain irrevocable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, except as herein otherwise expressly provided.

Section 107. Repealer. All bylaws, orders and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order or other instrument, or part thereof, heretofore repealed.

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

Section 109. Effective Date. This Resolution immediately upon its final passage and adoption shall be in full force and effect.

ARTICLE B.

BOARD'S DETERMINATIONS, AUTHORITY FOR AND AUTHORIZATION OF PROJECT, PROJECT COST AND OBLIGATION OF STATE

Section 201. Authority of this Resolution. This Resolution is adopted by virtue of the Project Act, the Fuel Tax Act and the Bond Act and pursuant to their provisions; and the State has ascertained and hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effectuate the purposes of the State in accordance with the Project Act, the Fuel Tax Act and the Bond Act have been and hereby are approved.

Section 202. Life of Project. The Board, on behalf of the State, has determined and does hereby declare that the estimated life or estimated period of usefulness of the Project financed with the proceeds of the Bonds is not less than the average maturity of the Bonds.

Section 203. Necessity of Project and Bonds. It is necessary and for the best interest of the Board, the State and the officers and the inhabitants of the State that the State effect the Project and defray wholly or in part the cost thereof by issuing the Bonds therefor; and it is hereby so determined and declared.

Section 204. Authorization of Project. The Board, on behalf of the State, does hereby determine to proceed with the Project, and the Project is hereby so authorized.

Section 205. Estimated Cost of Project. The Cost of the Project is estimated not to exceed the aggregate principal amount of the Bonds, excluding any such cost defrayed or to be defrayed by any source other than the proceeds of the principal amount of the Bonds.

Section 206. Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute contracts between the State and the Owners from time to time of the Bonds.

Section 207. Bonds Equally Secured. The covenants and agreements of the State herein set forth shall be for the equal benefit, protection and security of the Owners of any and all of the Outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction, except as otherwise expressly provided in or pursuant to this Resolution.

Section 208. Special Obligations. All of the Bonds, as to all Bond Requirements, shall be payable and collectible solely out of the Gross Pledged Revenues, which revenues are so pledged; the Owner or Owners thereof may not look to any general or other fund for the payment of such Bond Requirements, except the special funds herein pledged; the Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation;

and the Bonds shall not be considered or held to be general obligations of the State but shall constitute its special obligations.

Section 209. Exempt Debt. If the Bonds should be held to constitute "debts" as that term is used in Article 9, Section 3, Nevada Constitution, by any final decree of a Nevada court with appropriate jurisdiction, the issuance of the Bonds pursuant to the Project Act, the Fuel Tax Act and the Bond Act is for the protection and preservation of any of the property within the State or the natural resources therein, or for the purposes of obtaining the benefits thereof, and constitutes an exercise of the authority conferred by the second paragraph of Section 3, Article 9, Nevada Constitution. Thus, the issuance of the Bonds is not restricted in such case by the limitations stated in the first paragraph of such Section, and the Bonds, while they remain Outstanding and unpaid, do not diminish the State's debt-incurring power under the 2% limitation stated in the first paragraph in such Section.

Section 210. Character of Agreement. None of the covenants, agreements, representations and warranties contained herein or in the Bonds, in the absence of any breach thereof, shall ever impose or be construed as imposing any liability, obligation or charge against the State (except the special funds pledged) or its general credit, payable out of its general fund or out of any funds derived from taxation other than the Fuel Taxes.

Section 211. No Pledge of Property. Pursuant to NRS 349.250, the payment of the Bonds is not and shall not be secured by an encumbrance, mortgage or other pledge of property of the State, except the Gross Pledged Revenues and any other moneys pledged for the payment of the Bonds. No property of the State, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

Section 212. No Recourse Against Officers and Agents. Pursuant to NRS 349.252, 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 other instrument pertaining thereto, against any individual member of the Board, or any other officer or other agent of the State, past, present or future, either directly or indirectly through the Board, the State or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released.

Section 213. No Bond Election. The Bonds shall be issued without their being authorized at any election by any electors of the State and, other than the public sale of the Bonds, without any preliminaries being taken other than those heretofore taken as stated in the preambles hereof.

Section 214. Limitations Upon State. Pursuant to NRS 349.256, the faith of the State is pledged that the Project Act, the Fuel Tax Act, the Bond Act, any other law supplemental or otherwise pertaining to the Bond Act, and any other act concerning the Bonds or other State securities, Fuel Taxes or the Gross Pledged Revenues, or any combination of such securities, such taxes and such revenues, shall not be repealed nor amended or otherwise directly or indirectly

modified in such manner as to impair adversely the Bonds or any other outstanding State securities, until all such securities have been discharged in full or provision for their payment and redemption has been fully made, including, without limitation, the known minimum yield from the investment or reinvestment of moneys pledged therefor in Federal Securities pursuant to Section 901 hereof.

Section 215. Terms of Bond Sale. The bid submitted by the Purchaser for the purchase of the Bonds, bearing interest at the rates therein designated and otherwise upon the terms and conditions provided in such bid, as supplemented by the Official Notice of Bond Sale and by this Resolution, hereby is authorized to be accepted by the Treasurer or designee by executing the Certificate of the Treasurer.

Section 216. Acceptance of Bid. Pursuant to NRS 349.303, the Board hereby delegates to the Treasurer or designee the authority to accept a binding bid for the Bonds from the Purchaser subject to the following requirements:

A. the effective interest rate on the Bonds must not exceed by more than 3% the "25 Revenue Bond Index" which was most recently published in The Bond Buyer as of the date of acceptance of the Purchaser's bid;

B. the Treasurer, in the Treasurer's discretion, or designee will determine the dates on which, if any, and the prices at which the Bonds may be called for redemption prior to maturity, provided that any redemption price shall not exceed 102% of the aggregate principal amount of the Bonds called for redemption;

C. the purchase price for the Bonds will be equal to the amount of the aggregate principal amount of the bonds as set forth in the Certificate of the Treasurer (not to exceed \$190,000,000 for the Project) less a discount, if any, of not more than 9 percent of such aggregate principal amount, or plus a premium, if any, plus accrued interest, if any, all as set forth in the Certificate of the Treasurer; and

D. the aggregate principal amount of the Bonds maturing in any particular year must not exceed \$65,000,000.

ARTICLE C.

AUTHORIZATION, TERMS, EXECUTION, FORM AND ISSUANCE OF BONDS

Section 301. Authorization of Bonds. For the purpose of conserving the property and advancing the general welfare of the citizens of the State, the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2017" in the aggregate principal amount as set forth in the Certificate of the Treasurer (not to exceed \$190,000,000 for the Project) are hereby authorized to be issued pursuant to the Project Act, the Fuel Tax Act and the Bond Act; the Bonds are payable as to all Bond Requirements solely out of the Gross Pledged Revenues; and the State pledges irrevocably, but not necessarily exclusively, the Gross Pledged Revenues to the payment of the Bond Requirements of the Bonds.

Section 302. Bond Details.

A. Bond Payment. The Bonds shall be issued in fully registered form, i.e., registered as to both principal and interest. The Bonds shall be dated as of the date of delivery of the Bonds and shall be issued in denominations of \$5,000 or any integral multiple thereof. The Bonds shall bear interest from their date until their respective fixed maturity dates at the respective rates (calculated on the basis of a 360-day year of twelve 30-day months) as set forth in the Certificate of the Treasurer, payable on June 1 and December 1 in each year, commencing on June 1, 2017; provided that Bonds which are reissued upon transfer, exchange or other replacement shall bear interest at the rates specified in the Certificate of the Treasurer from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from the date of such Bonds. The Bonds shall mature on the dates and in each of the amounts of principal designated in the Certificate of the Treasurer.

The principal of any Bond shall be payable to the Owner thereof as shown on the registration records kept by the Registrar upon maturity thereof and upon presentation and surrender at the office of the Paying Agent or at such other office as designated by the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the Owner thereof by check mailed by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day) to the Owner thereof at such Owner's address shown on the registration records kept by the Registrar as of the close of business on the Regular Record Date; but any such interest not so timely paid shall cease to be payable to the Owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the Owner thereof at such Owner's address shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of Owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given by the Registrar to the Owners of the Bonds not less than 10 days prior thereto by first-class mail to each such Owner as shown on the

Registrar's registration records as of the date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

B. Optional Redemption. Bonds maturing on and after the date set forth in the Certificate of the Treasurer shall be subject to redemption prior to their respective maturities, at the option of the State, to be exercised by delivery of a written certificate of the Treasurer to the Registrar, on and after the date set forth in the Certificate of the Treasurer, in whole or in part at any time from any maturities selected by the Treasurer and by lot within a maturity, at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date, and a premium, if any, as set forth in the Certificate of the Treasurer.

C. Partial Redemption. In the case of Bonds of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed pursuant to subsection B of this section, in which case the Registrar, except as provided in Section 312 hereof, shall, without charge to the Owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof. In the case of a partial redemption of Bonds of a single maturity pursuant to subsection B of this section, the Registrar shall select the Bond to be redeemed by lot at such time as directed by the State.

D. Mandatory Redemption. The Bonds maturing on the dates, if any, and designated as term bonds as set forth in the Certificate of the Treasurer (the "Term Bonds"), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of Term Bonds, there shall be deposited into the "State of Nevada, Highway Parity Revenue Bonds, Gross Pledged Revenues Interest and Bond Retirement Fund," on or before the dates, if any, set forth in the Certificate of the Treasurer, a sum which is sufficient to redeem on the dates and in the principal amounts as set forth in the Certificate of the Treasurer.

Not more than 60 days nor less than 30 days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of Term Bonds redeemable with the required sinking fund payments, and shall call such Term Bonds or portions thereof for redemption from the sinking fund on the next principal payment date, and give notice of such call as provided in subsection E of this section of this Resolution.

At the option of the Board as directed by the Treasurer to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, the Treasurer may (i) deliver to the Registrar for cancellation Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the Board or, (ii) specify a principal amount of Term Bonds, or portions thereof (\$5,000 or any

integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portion thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Board on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the Board determines. In the event the Board as directed by the Treasurer shall avail of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be canceled, or in the event the Bonds are registered in the name of Cede & Co., the certificate required by the first sentence of this paragraph shall be accompanied by such direction and evidence of ownership as is satisfactory to the Depository Trust Company.

E. Redemption Notice. Unless waived by any Owner of a Bond to be redeemed, notice of redemption shall be given by the Registrar (on direction of the Treasurer or a deputy given not less than 60 days prior to the redemption date), by electronic mail as long as Cede & Co. or a nominee or a successor depository is the Owner of the Bonds, and otherwise by first-class, postage prepaid mail, at least 30 days but not more than 60 days prior to the redemption date, the Owner of any Bond all or a part of which is called for redemption at his address as it last appears on the registration records kept by the Registrar, and electronically to (Municipal Securities Rulemaking Board via its Electronic Municipal Market Access system ("MSRB")). The notice shall identify the Bonds or portions thereof to be redeemed, specify the redemption date and state that on such date the principal amount thereof, accrued interest and premium, if any, thereon will become due and payable at the principal office of the Paying Agent or such other office as may be designated by the Paying Agent, and that after such redemption date interest will cease to accrue.

After such notice and presentation of said Bonds, the Bonds called for redemption will be paid. Actual receipt of notice by the MSRB or the Owners of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the MSRB or the Owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for redemption of any other Bond. A certificate by the Registrar that notice of redemption has been given as provided in this section shall be conclusive as against all parties; and no Owner whose Bond is called for redemption or any other Owner of any Bond may object thereto or may object to the cessation of interest on the redemption date on the ground that he failed to actually receive such notice of redemption.

Notwithstanding the provisions of this section, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was given.

Section 303. Negotiability. Subject to the registration and payment provisions herein provided, the Bonds shall be fully negotiable within the meaning of and for the purpose of the

Uniform Commercial Code - Investment Securities and each Owner shall possess all rights enjoyed by holders of instruments under the Uniform Commercial Code-Investment Securities.

Section 304. Registration, Transfer and Exchange of Bonds. Except as otherwise provided in Section 312 hereof:

A. Records for the registration and transfer of the Bonds shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the Owner or his or her attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. Bonds in denominations other than \$5,000 may be exchanged at the Registrar for an equal aggregate principal amount of Bonds of the same maturity of other authorized denominations, as provided in Section 302 hereof. The Registrar shall authenticate and deliver a Bond or Bonds which the Owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. For every exchange or transfer of Bonds requested by the Owner thereof, the Registrar may make a sufficient charge to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and may charge a sum sufficient to pay the cost of preparing and authenticating a new Bond.

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

C. The Person in whose name any Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 302 hereof with respect to interest payments); and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the Owner thereof or his or her legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

D. 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 State may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond or Bonds of a like aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

E. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such Bond shall be promptly cancelled by the Paying Agent or Registrar.

Section 305. Execution of Bonds. The Bonds shall be executed as follows:

A. Filings with Secretary of State. If the Bonds will be executed with facsimile signatures, pursuant to NRS 349.284, Bond Act, and to the Uniform Facsimile Signatures of Public Officials Act, cited as chapter 351 of NRS, and prior to the execution of any Bonds, the Governor, the Controller, the Treasurer and the Secretary shall each file with the Secretary of State of the State of Nevada his or her manual signature certified by him or her under oath.

B. Manner of Execution. Pursuant to NRS 349.282, each Bond shall be approved, signed and executed in the name of and on behalf of the State with the engraved, imprinted, stamped or otherwise reproduced facsimile of the signature or the manual signature of the Governor, shall be countersigned and executed with such a facsimile of the signature or the manual signature of the Controller, and shall be countersigned, subscribed and executed by such a facsimile of the signature or the manual signature of the Treasurer; each Bond shall be authenticated with the manual impression or the printed, engraved, stamped or otherwise placed thereon facsimile of the official seal of the State; and each Bond shall be signed, executed and attested with such a facsimile signature or the manual signature of the Secretary.

C. Authentication. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. The Registrar's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized officer or employee of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. By authenticating any of the Bonds initially delivered pursuant to this Resolution, the Registrar shall be deemed to have assented to all of the provisions of this Resolution.

Section 306. Use of Predecessor's Signature. The Bonds bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligations of the State, notwithstanding that before the delivery thereof and the payment therefor any or all of the individuals whose signatures appear thereon shall have ceased to fill their respective offices. Each of the Governor, the Controller, the Treasurer and the Secretary at the time of the execution of the Bonds and a signature certificate pertaining thereto by the Governor, the Controller, the Treasurer and the Secretary, respectively, may adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office if such facsimile signature appears upon any of the Bonds.

Section 307. Incontestable Recital in Bonds. Pursuant to NRS 349.274, each Bond shall recite that it is issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bonds and the regularity of their issuance.

Section 308. Tax Exemption. Pursuant to NRS 349.354, 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 the provisions of chapter 375B of NRS.

Section 309. Bond Execution. The Governor, the Controller, the Treasurer and the Secretary are hereby authorized and directed to prepare and to execute the Bonds as herein provided.

Section 310. Registration. The Registrar shall maintain the registration records of the State for the Bonds, showing the name and address of the Owner of each Bond authenticated and delivered, the date of authentication, the maturity of the Bond, and the interest rate on, principal amount of and bond number of each such Bond.

Section 311. Bond Delivery. After such registration of the Bonds by the Registrar pursuant to Section 310 hereof and after their execution pursuant to Section 309 hereof, and other provisions herein supplemental thereto, the Registrar shall cause the Bonds to be delivered to the Purchaser, upon payment being made therefor on the terms of the sale of the Bonds.

Section 312. Custodial Deposit. A. Notwithstanding the foregoing provisions of Sections 302 to 304 hereof, the Bonds shall initially be evidenced by one or more Bonds for each year in which the Bonds mature in denominations which equal the aggregate principal amount which matures in each such year. Such initially delivered Bonds shall be registered in the name of "Cede & Co.," as nominee for The Depository Trust Company, the depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:

(1) To any successor of The Depository Trust Company or its nominee;

(2) Upon the resignation of The Depository Trust Company or a successor or new depository under clause (1) or this clause (2) of this Subsection A or a determination by the State that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions and the designation by the State, within 90 days thereafter, of another depository institution, acceptable to the State and to the depository then holding the Bonds to carry out the functions of The Depository Trust Company or such successor or new depository;

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

(4) Upon the determination by the Treasurer that it is not in the best interest of the State and/or the beneficial owners to continue the book-entry only system of transfers through The Depository Trust Company or a successor or new depository.

B. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of subsection A hereof or in the case of designation of a new depository pursuant to clause (2) of subsection A hereof, upon receipt of the outstanding Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, a new Bond for each then Outstanding maturity of the Bonds shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of subsection A hereof and the failure after reasonable investigation to locate another qualified depository institution for the Bonds as provided in clause (3) of subsection A hereof or in the case of a determination as described in clause (4) of subsection A hereof, and, in any case, upon receipt of outstanding Bonds by the Registrar together with written instructions for transfer satisfactory to the Registrar, new Bonds shall be issued in the denominations of \$5,000 or any integral multiple thereof, as provided in and subject to the limitations of Section 302 hereof, registered in the names of such Persons, and in such denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

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

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

Section 313. Bond Form. Subject to the provisions of this Resolution, each Bond shall be in substantially the following form, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Resolution, or be consistent with this Resolution or necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

STATE OF NEVADA
HIGHWAY IMPROVEMENT REVENUE
(MOTOR VEHICLE FUEL TAX) BOND
SERIES 2017

No. _____ \$ _____

Interest Rate Maturity Date Dated As Of CUSIP

% per annum _____ 1, _____ _____, 2017

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: _____ DOLLARS

The State of Nevada (the "State"), for value received, hereby promises to pay solely from the special funds described herein to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above, and to pay interest thereon on June 1 and December 1 of each year, commencing on June 1, 2017, at the interest rate per annum specified above, until the principal sum is paid or payment has been provided for. This bond shall bear interest from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from the date of this bond. The principal of this bond is payable upon presentation and surrender hereof at the office designated by the State's paying agent (the "Paying Agent"), presently U.S. Bank, National Association. Interest on this bond will be paid by check mailed on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day) to the person in whose name this bond is registered (the "registered owner") in the registration records of the State maintained by the State's registrar (the "Registrar"), presently U.S. Bank, National Association, and at the address appearing thereon as of the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid for shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner not less than 10 days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the resolution of the State Board of Finance (the "Board") authorizing the issuance of the bonds of the series of which this bond is one (the "Bonds") and designated in Section 101 thereof as the "2016 Highway Improvement Revenue Bond Resolution" (the "Resolution"), duly adopted by the Board on November 8, 2016. 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 the Registrar. The principal of and interest on the Bonds are herein referred to as the "Bond Requirements."

The Bonds are issuable solely as fully registered Bonds in denominations of \$5,000 each or any integral multiple thereof, and are exchangeable for fully registered Bonds of the same maturity in equivalent aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar but only in the manner, subject to the limitations and on payment of the charges provided in the Resolution.

This Bond is fully transferable by the registered owner in person or by his or her duly authorized attorney on the registration records kept by the Registrar upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Registrar. Upon such transfer a new fully registered Bond of authorized denomination or denominations of the same aggregate principal amount and maturity will be issued to the transferee in exchange for this Bond, subject to such terms and conditions and on payment of the charges as set forth in the Resolution.

This Bond must be registered in the name of the owner as to both principal and interest on the registration records kept by the Registrar in conformity with the provisions stated herein and endorsed hereon and subject to the terms and conditions set forth in the Resolution. The State, the Registrar and the Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of payment and for all other purposes, except to the extent otherwise provided hereinabove and in the Resolution with respect to Regular and Special Record Dates for the payment of interest.

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

The Bonds shall not be transferable or exchangeable, except as set forth in the Resolution.

No transfer of this Bond shall be valid unless made on the registration records maintained at the principal office of the Registrar by the registered owner hereof or his or her attorney duly authorized in writing.

[The Bonds are subject to redemption as set forth in the Resolution and the Certificate of the Treasurer.]

* Insert only if Bonds are delivered pursuant to Section 312(A)(3) or (4).

** Insert only if Bonds are initially delivered to DTC.

* Insert only if Bonds are delivered pursuant to Section 312(A)(3) or (4).

The Bonds do not constitute a debt or an indebtedness of the State within the meaning of any constitutional or statutory provision or limitation, shall not be considered or held to be general obligations of the State, and are payable and collectible solely out of income derived from certain federal aid described in the Resolution (which aid the United States is not committed or obligated to pay) and from certain excise taxes imposed upon motor vehicle fuel, as defined in NRS 365.060, and special fuel, as defined in NRS 366.060; the gross income of which federal aid and the net income of which motor vehicle fuel and special fuel taxes, subject to certain exceptions, is so pledged, as more specifically provided in the Resolution; and the owner hereof may not look to any general or other fund for the payment of the Bond Requirements of this Bond except the special funds pledged therefor. A copy of the Resolution is on file for public inspection in the office of the secretary of the State Board of Finance in Carson City, Nevada.

Payment of the Bond Requirements of the Bonds shall be made solely from, and as security for such payment there are irrevocably pledged, pursuant to the Resolution, a separate and special account identified as the "State of Nevada, Highway Parity Revenue Bonds, Gross Pledged Revenues Interest and Bond Retirement Fund," into which account the State covenants to pay from the revenues derived from such federal aid and from such motor vehicle fuel and special fuel taxes, including, without limitation, if hereafter authorized by law, any excise taxes pertaining to motor vehicle and special fuel of at least an equivalent value and pledged in lieu of such present taxes or any such excise taxes of any value pledged in supplementation of such present taxes (collectively, the "Gross Pledged Revenues"), after provision only for the payment of certain administration expenses and Direct Distributions and Other Exclusions (as defined in the Resolution), sums sufficient to pay when due the Bond Requirements of the Bonds, the Parity Securities and any Parity Securities hereafter issued in accordance with the Resolution and made payable from the Gross Pledged Revenues.

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

The State covenants and agrees with the registered owner of this Bond and with each and every person who may become the registered owner hereof that it will keep and will perform all of the covenants of the Resolution.

This Bond is one of an issue of Bonds of like tenor and date, except as to number, amount, interest rate and maturity, authorized for the purpose of defraying the costs of certain highway construction projects in the State.

Reference is made to the Resolution and any and all modifications and amendments thereof and supplements thereto; the Project Act (now cited as NRS 408.273); the State Securities Law, now cited as NRS 349.150 to 349.364, inclusive, and all laws amendatory thereof (the "Bond

Act"); chapter 365 and chapter 366, NRS, and all laws amendatory thereof (collectively, the "Fuel Tax Act"); the federal act pertaining to the above-designated federal aid (23 U.S.C.), and all laws amendatory thereof and supplemental thereto, for an additional description of the nature and extent of the security for the Bonds, the accounts, funds or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the registered owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued, and a statement of rights, duties, immunities and obligations of the State, and other rights and remedies of the registered owners of the Bonds.

The Bonds are issued pursuant to the Bond Act and other acts supplemental thereto; pursuant to NRS 349.274, this recital is conclusive evidence of the validity of the Bonds and the regularity of their issuance; and pursuant to NRS 349.354, 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 the provisions of Chapter 375B of NRS.

To the extent and in the respects permitted by the Resolution, the provisions of the Resolution or any instrument amendatory thereof or supplemental thereto may be amended or otherwise modified by action of the State taken in the manner and subject to the conditions and exceptions prescribed in the Resolution. The pledge of revenues and other obligations of the State under the Resolution may be discharged at or prior to the respective maturities of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

It is further certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the State in the issuance of this Bond; that it is issued pursuant to and in strict conformity with the Constitution and laws of the State, and particularly under the terms and provisions of the Project Act, the Fuel Tax Act, the Bond Act and all laws supplemental thereto, and with the Resolution; and that this Bond does not contravene any constitutional or statutory limitation.

No recourse shall be had for the payment of the Bond Requirements of this Bond, or for any claim based thereon or otherwise, upon the Resolution or other instrument pertaining thereto, against any member of the Board, or any officer or other agent of the State, past, present or future, either directly or indirectly through the Board or the State or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty, or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

This Bond shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

IN WITNESS WHEREOF, the State of Nevada, acting by and through the State Board of Finance, has caused this Bond to be approved, signed and executed in the name and upon the behalf of the State with the manual or facsimile signature of the Governor of the State, to be countersigned with the manual or facsimile signature of the Controller of the State, and to be

countersigned with the manual or facsimile signature of the Treasurer of the State; and has caused a manual impression or a facsimile of the seal of the State to be affixed hereon; has caused this Bond to be signed, executed and attested with the manual or facsimile signature of the Secretary of State; all as of _____, 2017.

STATE OF NEVADA
Approved and Signed:

(MANUAL OR FACSIMILE SEAL)

By (Manual or Facsimile Signature)
Governor of the State of Nevada

Attest:

By (Manual or Facsimile Signature)
Secretary of State

Countersigned:

By (Manual or Facsimile Signature)
State Controller

Countersigned:

By (Manual or Facsimile Signature)
State Treasurer

(End of Form of Bond)

(Form of Registrar's Certificate of Authentication for Bonds)

Date of authentication
and registration: _____

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

U.S. BANK, NATIONAL ASSOCIATION
as Registrar

By _____
Authorized Officer or Employee

(End of Form of Registrar's Certificate of Authentication for Bonds)

(Form of Prepayment Panel)

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

[illegible]

(End of Form of Prepayment Panel)

(Form of Assignment for Bonds)

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney to transfer the same on the records kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Address of Transferee:

Social Security or other tax
identification number of
transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

TRANSFER FEES MUST BE PAID WHEN THIS BOND IS TRANSFERRED OR EXCHANGED EXCEPT AS OTHERWISE PROVIDED IN THE RESOLUTION PURSUANT TO WHICH THIS BOND IS ISSUED.

(End of Form of Assignment for Bonds)

ARTICLE D.

USE OF BOND PROCEEDS

Section 401. Disposition of Bond Proceeds. The proceeds of the Bonds derived from the sale of the Bonds shall be credited to a separate account hereby created in the State treasury and known as the "State of Nevada, Highway Improvement Revenue Bonds, Series 2017 Construction Account" (the "Construction Account") to be used to pay the costs of the Project and the costs of issuance of the Bonds. After all expenses have been paid, any unexpended balance of Bond proceeds shall be deposited into the Bond Fund.

Section 402. Moneys for Project. All moneys received and held by the State for the Project from all sources, including, without limitation, any grants-in-aid from the Federal Government allocated to the State for that purpose (but not the federal aid for the payment of the Bond Requirements of the Bonds), shall be transferred to the Construction Account (except to the extent heretofore credited thereto or heretofore expended to defray in part the Cost of the Project). The money in the Construction Account, except as herein otherwise expressly provided, shall be used and paid out solely for the purpose of defraying the Cost of the Project, including, without limitation, the payment of all incidental expenses as may be necessary or otherwise pertain to the financing, including the costs of printing the Bonds, the fees and other charges of the financial advisors to the State, the State's bond counsel and any other charges pertaining to the sale and issuance of the Bonds.

Section 403. Application of Construction Account. Except as herein otherwise expressly provided, moneys shall be withdrawn from the Construction Account to defray the Cost of the Project only in payment of bills and charges certified by the Director, presented to and allowed by the Controller, who shall then draw a warrant therefor upon the Treasurer for payment in the manner provided for payment of bills and charges against the State Highway Fund.

Section 404. Completion of Project. When the Project shall have been completed in accordance with the relevant plans and specifications, and when all amounts due therefor, including, without limitation, all proper incidental expenses, shall have been paid, or for which full provision shall have been made, the Treasurer upon receipt from the Director or designee of a certificate so stating, and upon the receipt thereby of a resolution of the Board so ordering, shall cause to be transferred to the Bond Fund, for the payment of the Bond Requirements of the Bonds, all surplus Bond proceeds remaining in the Construction Account, if any, except for any moneys designated in the resolution to be retained to pay any unpaid accrued costs or contingent obligations. Upon such transfers of all moneys out of the Construction Account it shall be terminated. Nothing herein:

A. Periodic Transfers. Prevents the Treasurer from causing to be transferred from the Construction Account at any time prior to the termination of the Construction Account any moneys which the Director by certificate and the Board by resolution determine will not be necessary for the Project to the Bond Fund as permitted by NRS 349.296, as provided in such resolution; or

B. Limitations upon Transfers. Requires the transfer to the Bond Fund of any surplus moneys (other than Bond proceeds) received as grants, appropriations or gifts the use of which moneys is limited by the grantor or donor to the construction of specifically designated capital improvements or otherwise so that such surplus moneys (other than Bond proceeds) may not be properly transferred to any such account under the terms of such grants, appropriations or gifts.

Section 405. Purchaser Not Responsible. The validity of the Bonds shall neither be dependent on nor be affected by the validity or regularity of any proceedings relating to the Project, or any part thereof, or to the completion of the Project. The Purchaser and any Owner of the Bonds shall in no manner be responsible for the application or disposal by the State or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys herein designated.

Section 406. Lien on Bond Proceeds. Until and unless the proceeds of the Bonds are applied as hereinabove provided and used to defray the Cost of the Project from time to time, or are encumbered therefor, the Bond proceeds shall be subject to a lien thereon and pledge thereof for the benefit solely of the Owners of the Bonds from time to time as provided in Section 501 hereof.

Section 407. Modifications in Project. The Board and the Director reserve the right to make alterations, amendments, additions to and deletions from the Project prior to the withdrawal of all moneys accounted for in the Construction Account; but any such alterations, amendments, additions and deletions shall not contravene any contract between the State and the Federal Government pertaining to the Project.

ARTICLE E.

ADMINISTRATION OF AND ACCOUNTING FOR GROSS PLEDGED REVENUES

Section 501. Pledge Securing Bonds. Subject only to the rights and obligations of the State to cause amounts to be withdrawn therefrom to pay the Cost of the Project as provided herein, the Gross Pledged Revenues and all moneys and securities paid (or to be paid) to or held (or to be held) in any account under Article V of this Resolution and under Section 401 hereof are hereby pledged to secure the payment of the Bond Requirements of the Outstanding Bonds; and this pledge shall be valid and binding so far as the Bonds are concerned from and after the date of the first delivery of any Bonds, and the moneys, as received by the State and hereby pledged, shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing or further act, and the lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the State, except for the Direct Distributions and Other Exclusions, and except for any Outstanding securities hereafter authorized, the liens of which securities on the Gross Pledged Revenues are on a parity with the lien thereon of the Bonds, the Parity Securities and any Parity Securities hereafter issued; 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 State (except as herein otherwise provided), irrespective of whether such parties have notice thereof.

Section 502. Administration of Gross Pledged Revenues. So long as any of the Bonds shall be Outstanding, during each Fiscal Year the Gross Pledged Revenues shall be administered, the money pertaining thereto shall be applied in the order of priority, and payments shall be made from the Gross Pledged Revenues as provided in Sections 503 through 507 hereof.

Section 503. Bond Fund Payments. First, from the Gross Pledged Revenues, there shall be credited to the Bond Fund and any bond funds created by resolutions authorizing the issuance of any Parity Securities, monthly, commencing on the first day of the month immediately succeeding the delivery of any of the Bonds, the Parity Securities and any Parity Securities hereafter issued, an amount in equal monthly installments necessary, together with any other money from time to time available therefor from whatever source, to pay the next maturing installments of principal and interest due on the Outstanding Bonds, the Outstanding Parity Securities and any Outstanding Parity Securities hereafter issued. The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Outstanding Bonds and any Outstanding Parity Securities, as the same become due.

Section 504. Termination of Deposits. No payment need be made into the Bond Fund if the amount in the Bond Fund totals a sum at least equal to the entire amount of the Outstanding Bonds, Outstanding Parity Securities and any Outstanding Parity Securities hereafter issued as to all Bond Requirements to their respective maturities or to any Redemption Date on which the State shall have exercised or shall have obligated itself to exercise its option to redeem prior to their respective maturities the Outstanding Parity Securities thereafter maturing, and both accrued and not accrued, in which case moneys in that account in an amount, except for any interest

or other gain to accrue from any investment of moneys in Federal Securities from the time of any such deposit to the time or respective times the proceeds of any such investment shall be needed for such payment, at least equal to such Bond Requirements, shall be used together with any such gain from investments solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in that account and any other moneys derived from the Gross Pledged Revenues may be used in any lawful manner determined by the Board.

Section 505. Payment of Rebate. Secondly, and subject to the provisions hereinabove in this Article V and concurrently with the rebate payments required by any bond resolutions authorizing the issuance of any Parity Securities, there shall be transferred into the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds Series 2017 Rebate Account" hereby created (the "Rebate Account"), after making in full the monthly deposits required by Section 503 hereof, but prior to the transfer of any Gross Pledged Revenues to the payment of Subordinate Securities, such amounts as are required to be deposited therein to meet the State's obligations under the covenant contained in Section 815 hereof, in accordance with Section 148(f) of the Tax Code. Amounts in the Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Rebate Account in excess of those required to be on deposit therein by Section 815 hereof and Section 148(f) of the Tax Code may be withdrawn therefrom and used for any lawful purpose.

Section 506. Payment of Additional Subordinate Securities. Thirdly, and subject to the provisions hereinabove in this Article V, but subsequent to the payments required by Section 503 hereof, as provided in Article VII hereof, and Section 505 hereof, any remaining Gross Pledged Revenues may be used by the State for the payment of Bond Requirements of additional Subordinate Securities payable from the Gross Pledged Revenues and hereafter authorized to be issued in accordance with Article VII hereof and any other provisions herein supplemental thereto, including any reasonable reserves for such securities, as the same accrue; but the lien of such additional bonds or other securities on the Gross Pledged Revenues and the pledge thereof for the payment of such additional bonds or other securities shall be subordinate to the lien and pledge of the Bonds, the Parity Securities and any Parity Securities hereafter issued, as herein provided.

Section 507. Use of Remaining Revenues. After the transfers hereinabove required to be made by Sections 503 through 506 hereof are made, any remaining Gross Pledged Revenues may be used in any Fiscal Year for any one or any combination of lawful purposes, as the Board or the Director may from time to time determine.

ARTICLE F.

GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special accounts designated in Articles IV and V hereof shall be administered as provided in this Article VI.

Section 602. Places and Times of Deposits. Each of the separate accounts in the State treasury hereinabove designated in Articles IV and V hereof shall be maintained as accounts and kept separate from all other accounts as a trust account solely for the purposes herein designated therefor. The moneys accounted for in such separate accounts shall be deposited in one bank account or more as provided in Section 603 hereof, as determined by the Board or the Treasurer. Nothing herein prevents the commingling of moneys accounted for in any two or more accounts pertaining to the Gross Pledged Revenues, proceeds of securities, other moneys, or to the fund pertaining thereto and any other funds of the State (each of which funds consists of a self-balancing group of accounts and constitutes an independent fiscal and accounting entity) in any bank account or any investment in Federal Securities hereunder (but not any account under Section 901 hereof). Each such bank account in the State treasury shall be secured by the official bond or bonds of the Treasurer, and each such bank account in the State treasury shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds, and shall be irrevocable and not withdrawable by anyone for any purpose other than the purpose or purposes designated therefor. Each periodic payment shall be credited to the proper book account not later than the date therefor herein designated, except that when any such date shall be a Saturday, Sunday or a legal holiday, then such payment shall be made on or before the next succeeding business day. Notwithstanding any other provision herein to the contrary, moneys shall be deposited with the Paying Agent at least by the day of each interest payment date herein designated sufficient to pay the Bond Requirements then becoming due on the Outstanding Bonds.

Section 603. Investment of Moneys. Any moneys in any account in the State treasury designated in Articles IV and V hereof (but not any account under Section 901 hereof), and not needed for immediate use, may be invested or reinvested by the Treasurer in investments permitted under State law (the "Permitted Securities") which (i) either shall be subject to redemption at any time at a fixed value by the holder hereof at the option of such holder, or (ii) shall mature not later than one day prior to the date or respective dates on which the proceeds are to be expended as estimated by the Treasurer or designee upon each date of such investment or reinvestment, but in no event exceeding the estimated date or dates of expenditure of any moneys so invested. For the purpose of any such investment or reinvestment, Permitted Securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 604. Scheduling Disbursements. Before the Treasurer invests or reinvests any moneys accounted for in the Construction Account or any like account, the Director or designee shall furnish to the Treasurer a certificate setting forth a schedule of the amounts and times when moneys are estimated by the Department to be needed to pay the Cost of the Project. The Treasurer and designee, if any, may conclusively rely upon the estimates contained in such certificate or any

addendum thereto, and shall have no liability or responsibility for any loss on any investment or reinvestment made or changed in accordance with any such certificate or any addendum thereto.

Section 605. Required and Permissive Investments. The Treasurer shall have no obligation to make any investment or reinvestment hereunder, unless any moneys on hand and accounted for in any one account exceeds \$5,000 and at least \$5,000 therein will not be needed for a period of not less than 60 days. In such event, the Treasurer shall invest or reinvest in Permitted Securities to the extent practicable not less than substantially all the amount which will not be needed during such 60-day period, except for any moneys on deposit in an interest-bearing account in a Commercial Bank, regardless of whether such moneys on deposit are evidenced by a certificate of deposit, or otherwise, pursuant to Sections 603 and 608 hereof; but the Treasurer is not required to invest any moneys accounted for hereunder if any such investment would adversely affect the exclusion from gross income of interest on the Bonds for Federal income tax purposes under the Tax Code or any other investment limitation imposed by law upon the State. The Treasurer may invest or reinvest in any lawful manner any moneys on hand at any time as provided in Section 603 hereof even though he or she is not obligated to do so.

Section 606. Accounting for Investments. The Permitted Securities so purchased as an investment or reinvestment of moneys in any such account shall be deemed at all times to be a part of the account and held in trust therefor. Except as herein otherwise provided, including, without limitation, the provisions of Section 901 hereof, any interest or other gain in any account from any investments and reinvestments in Permitted Securities and from any deposits of moneys in any Commercial Bank pursuant to this Article shall be credited to the State Highway Fund.

Section 607. Redemption or Sale of Investment Securities. The Treasurer or designee shall present for redemption at maturity or sale on the prevailing market at the best price obtainable any Permitted Securities and certificates of deposit so purchased as an investment or reinvestment of moneys in any account whenever it shall be necessary in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Treasurer nor any other officer of the State shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Resolution. The Treasurer or designee shall notify the Controller and the Board of any gain or loss in any account which he or she holds and controls.

Section 608. Character of Funds. The moneys in any account herein authorized shall consist either of lawful money of the United States or Permitted Securities, or both such money and such securities. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of any Commercial Bank, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

Section 609. Accelerated Payments. Nothing contained in Article V hereof prevents the accumulation in any account herein designated of any monetary requirements at a faster rate than the rate or minimum rate, as the case may be, provided in Article V; but no payment shall be so accelerated if such acceleration shall cause the Board to default in the payment of any obligation of the State pertaining to Gross Pledged Revenues. Nothing herein requires in connection with Gross Pledged Revenues received in any Fiscal Year the accumulation in any account for the payment in

the Comparable Bond Year of Bond Requirements due in connection with any series of bonds or other securities payable from Gross Pledged Revenues and herein or hereafter authorized, in excess of such Bond Requirements due in the Comparable Bond Year, or in that Fiscal Year of any reserves then required to be accumulated and maintained therefor, and of any existing deficiencies, and payable from such account, as the case may be, except as may be otherwise provided herein.

Section 610. Payment of Bond Requirements. The moneys credited to any account designated in Articles IV and V hereof for the payment of the Bond Requirements due in connection with any series of bonds or other securities payable from Gross Pledged Revenues and herein or hereafter authorized shall be used, without requisition, voucher, warrant, further order or authority (other than is contained herein), or any other preliminaries, to pay promptly the Bond Requirements payable from such account as such securities become due, upon the respective Redemption Dates, if any, on which the State is obligated to pay such securities, or upon the respective principal and interest fixed maturity dates of such securities, as provided therefor herein, or otherwise, except to the extent any other moneys are available therefor, including, without limitation, moneys accounted for in the Bond Fund.

Section 611. Payment of Redemption Premiums. Notwithstanding any other provision herein, this Resolution requires the accumulation in any account designated in Article IV or V hereof for the payment of any issue of bonds or other securities payable from the Gross Pledged Revenues of amounts sufficient to pay not only the principal thereof and interest thereon but also the prior redemption premiums due in connection therewith, as the same become due, whenever the State shall have called or shall have obligated itself to call any security for prior redemption except to the extent provision is otherwise made therefor, if any prior redemption premiums are due in connection therewith. In such event moneys shall be deposited in such account in due season for the payment of all such Bond Requirements without default as the same become due.

ARTICLE G.

SECURITIES LIENS AND ADDITIONAL SECURITIES

Section 701. Lien on the Bonds. The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Gross Pledged Revenues on a parity with the lien thereon of the Outstanding Parities Securities and any Parity Securities hereafter issued.

Section 702. Equality of Bonds. The Bonds, the Outstanding Parity Securities and any Parity Securities hereafter issued and from time to time Outstanding are equally and ratably secured by a lien on the Gross Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Gross Pledged Revenues regardless of the time or times of the issuance of the Bonds and any other such Parity Securities, it being the intention of the State that there shall be no priority among the Bonds and any such Parity Securities regardless of the fact that they may be actually issued and delivered at different times.

Section 703. Issuance of Parity Securities. Nothing herein, subject to the limitations stated in this Article VII, prevents the issuance by the State of additional bonds or other additional securities payable from the Gross Pledged Revenues and constituting a lien thereon on a parity with, but not prior or superior to, the lien thereon of the Bonds, or prevents the issuance of bonds or other securities refunding all or a part of the Bonds, except as provided in Sections 708 through 713 hereof; and before any additional Parity Securities are authorized or actually issued (excluding any parity refunding securities, other than any securities refunding Subordinate Securities as permitted in Section 711 A or B hereof):

A. Absence of Default. At the time of the adoption of the resolution authorizing the issuance of the additional Parity Securities, the State shall not be in default in making any payments required by Article V hereof.

B. Historic Earnings Test. The Gross Pledged Revenues (but excluding any federal aid included as Gross Pledged Revenues) derived for the last Fiscal Year for which audited Gross Pledged Revenues are available immediately preceding the date of the issuance of the additional Parity Securities proposed to be issued shall have been sufficient to pay an amount at least equal to 300% of the Combined Maximum Annual Principal and Interest Requirements to be paid during any one Bond Year of the Outstanding Bonds, any Outstanding Parity Securities and the Parity Securities proposed to be issued (excluding any reserves therefor), except as hereinafter otherwise expressly provided.

C. Adjustment of Gross Pledged Revenues. In any computation of such earnings tests as to whether or not additional Parity Securities may be issued as provided in subsection B of this Section, the amount of the Gross Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of loss or gain estimated by the Treasurer, the Controller or an Independent Accountant resulting from any change in the Fuel Tax proceeds and constituting all or a part of the Gross Pledged Revenues, whether a change in the amount periodically paid per gallon, or the portions of the collections thereof credited to the Gross

Pledged Revenues, or modifications to the Direct Distributions and Other Exclusions, or otherwise, during the next preceding Fiscal Year, as if the schedule of such modified Fuel Tax proceeds had been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the State prior to such computation of the designated earnings test but made in the same Fiscal Year in which such computation is made or in the next preceding Fiscal Year.

D. Reduction of Annual Requirements. The respective annual Bond Requirements (including as such a requirement for the purposes of this Section the amount of any prior redemption premiums due on any prior redemption date as of which the State shall have called or shall have obligated itself to call for prior redemption by a call of securities for payment if the securities are subject to call for prior redemption) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Fiscal Years with moneys held in trust or in escrow for that purpose by any Trust Bank within or without the State, including the known minimum yield from any investment in Federal Securities.

Section 704. Certification of Revenues. A written certification or written opinion by an Independent Accountant, the Controller or the Treasurer that such annual revenues, when adjusted as hereinabove provided in subsections C and D of Section 703 hereof, are sufficient to pay such amounts, as provided in subsection B of Section 703 hereof, shall be conclusively presumed to be accurate in determining the right of the State to authorize, issue, sell and deliver additional Parity Securities.

Section 705. Subordinate Securities Permitted. Nothing herein, subject to the limitations stated in Sections 711 and 712 hereof, prevents the State from issuing additional bonds or other additional securities payable from the Gross Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

Section 706. Superior Securities Prohibited. Nothing herein permits the State to issue additional bonds or other additional securities payable from the Gross Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the Bonds.

Section 707. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than funding or refunding securities) payable from the Gross Pledged Revenues shall be used only to pay the cost of a project for the construction, maintenance and repair of public highways of the State, refunding such a project, or any combination thereof, and the incidental expenses pertaining thereto like those stated in NRS 349.168.

Section 708. Issuance of Refunding Securities. At any time after the Bonds, or any part thereof, are issued and remain Outstanding, if the Board shall find it desirable to refund any Outstanding Bonds or other Outstanding securities payable from and constituting a lien upon the Gross Pledged Revenues, such Bonds or other securities, or any part thereof, may be refunded only if the Bonds or other securities at the time or times of their required surrender for their payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the State'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 any

refunding securities on the Gross Pledged Revenues is changed (except as provided in Section 706 and Sections 710 through 713 hereof).

Section 709. Limitations Upon Refundings. Any refunding bonds or other refunding securities payable from the Gross Pledged Revenues must be issued with such details as the Board may by instrument provide, subject to the provisions of Sections 712 and 713 hereof, and subject to the inclusion of any such rights and privileges designated in Section 710 hereof, but without any impairment of any contractual obligation imposed upon the State by any proceedings authorizing the issuance of any one or more outstanding issues, including, without limitation, the Bonds.

Section 710. Partial Refundings. 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; and the owner or owners of such refunding securities shall be subrogated to all the rights and privileges enjoyed by the owner or owners of the unrefunded securities of the same issue partially refunded by the refunding securities.

Section 711. Protection of Securities Not Refunded. If only a part of the Outstanding Bonds and other Outstanding securities of any issue or issues payable from the Gross Pledged Revenues is refunded, then such securities must not be refunded without the consent of the Owner or Owners of the unrefunded portion of such securities unless:

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

B. Subordinate Lien. The lien on any Gross Pledged Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

C. Historic Earnings Test. The refunding bonds are issued in compliance with Section 703 hereof (including subsections A through D thereof) and Section 704 hereof, but excluding from any computation thereunder the Bonds or other securities to be refunded and redeemed and which shall forthwith upon the issuance of the refunding bonds be no longer Outstanding.

Section 712. Accumulating Revenues for Payments. In connection with each issue of additional Parity Securities hereafter authorized, if any, moneys fully sufficient for the payment of each installment of interest and each installment of principal and any amount required to be deposited into any reserve account (except to the extent any other moneys are available therefor) shall be withdrawn from the Gross Pledged Revenues and credited to and accumulated in the Bond

Fund in accordance with Section 503 hereof and any reserve account in the case of the issuance of any Parity Securities or any account like the Bond Fund or a reserve account in the case of the issuance of Subordinate Securities, prior to each interest and principal installment payment date in each Bond Year, or if there is none in the Bond Year in which the additional Parity Securities are issued, prior to the first and any succeeding interest payment dates prior to the first principal payment date, commencing prior to the first interest installment payment date (whether or not any installment of principal also then becomes due) following the issuance of the additional Parity Securities.

ARTICLE H.

MISCELLANEOUS PROTECTIVE COVENANTS

Section 801. General. The State hereby particularly covenants and agrees with the Owners of the Bonds and makes provisions which shall be a part of its contract with such Owners to the effect and with the purpose set forth in the following provisions and Sections of this Article.

Section 802. Performance of Duties. The State, acting by and through the Board or otherwise, shall faithfully and punctually perform or cause to be performed all duties with respect to the Gross Pledged Revenues required by the Constitution and laws of the State and the various instruments and other documents of the State, including, without limitation, the imposition and collection of the Fuel Tax proceeds, as herein provided, and the proper segregation of the proceeds of the Bonds and any other securities pertaining to the Gross Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Section 803. Contractual Obligations. The State shall perform all contractual obligations undertaken by it under the contract to purchase the Bonds with the Purchaser and any other agreements relating to the Bonds, any such other securities or the Project (or any combination thereof) with all other Persons.

Section 804. Further Assurances. At any and all times the State, acting by and through the Board except when otherwise required or permitted by law, shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Gross Pledged Revenues and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the State may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Resolution and to comply with the Project Act, the Fuel Tax Act and the Bond Act. The State, acting by and through the Board, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Gross Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every Owner of any Bonds against all claims and demands of all Persons whomsoever.

Section 805. Conditions Precedent. Upon the date of issuance of any Bonds, all conditions, acts and things required by the Constitution or statutes of the State, including, without limitation, the Project Act, the Fuel Tax Act and the Bond Act, or this Resolution, to exist, to have happened, and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened and have been performed; and the Bonds, together with all other obligations of the State, shall not contravene any debt or other limitation prescribed by the Constitution or statutes of the State.

Section 806. Prejudicial Action Prohibited. No contract shall be entered into or any other action taken by which the rights of any Owner of any Bond or any other security payable from the Gross Pledged Revenues might be prejudicially and materially impaired or diminished.

Section 807. Protection of Security. The State, officers, agents and employees of the State, and the Board shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Bond Requirements of the securities payable from the Gross Pledged Revenues according to the terms of such securities.

Section 808. Prompt Payment of Bonds. The State shall promptly pay the Bond Requirements of every Bond and every other security payable from the Gross Pledged Revenues, if any, hereafter authorized and pertaining to those revenues at the place, on the dates and in the manner specified herein and in the Bonds and in any such other securities according to the true intent and meaning hereof.

Section 809. Use of Bond Fund. The Bond Fund shall be used solely and only and the moneys credited to that account are hereby pledged for the purpose of paying the Bond Requirements of the Bonds and any additional Parity Securities, except for those moneys in the Bond Fund as are in excess of such Bond Requirements, both accrued and not accrued, to their respective maturities or, in the event of the issuance of any securities hereafter subject to prior redemption, other due date (subject to the provisions of Sections 504, 606 and 901 hereof), as herein provided.

Section 810. Other Liens. Other than as provided by this Resolution, there are no liens or encumbrances of any nature whatsoever on or against the Gross Pledged Revenues, derived or to be derived.

Section 811. Records. So long as any of the Bonds or any other securities payable from the Gross Pledged Revenues remain Outstanding, proper books of record and account pertaining to those revenues shall be kept by the State, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Gross Pledged Revenues.

Section 812. Rights Concerning Records. Any Owner of any of the Bonds or any other Outstanding securities payable from the Gross Pledged Revenues or any duly authorized agent or agents of such Owner, the Purchaser and each other interested Person shall have the right at all reasonable times to inspect all records, accounts and data relating to the Gross Pledged Revenues, and to make copies of such records, accounts and data.

Section 813. Revenues Claims. The State, acting by and through the Board, or otherwise, shall defend against every suit, action or proceeding at any time brought against any Owner of any Bonds or other securities payable from the Gross Pledged Revenues upon any claim arising out of the receipt, application or disbursement of any of the Gross Pledged Revenues, or involving such Owner's right under this Resolution or other proceedings pertaining to the issuance of such securities; the State also shall indemnify and save harmless any such holders against any and all liability, claim or assertion by any Person whomsoever, arising out of such receipt, application or

disbursement; but such Owner at his election may appear in and defend any such suit, action or proceedings; and notwithstanding any contrary provision hereof, this covenant shall continue and remain in full force and effect, even though all indebtedness, liabilities, obligations and other sums secured hereby may have been fully paid and satisfied, and the obligations under this Resolution may have been released and the lien hereof discharged.

Section 814. Completion of Project. The State, with the proceeds derived from the sale of the Bonds and other available moneys, shall proceed to cause the Project to be completed without delay to the best of the abilities of the State and with due diligence, as herein provided. A contract or contracts for the construction and other acquisition of the Project shall be let by the State as soon as practicable after the delivery of the Bonds, except to the extent theretofore let.

Section 815. Tax Covenant. The State covenants for the benefit of the Owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the State or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the State in fulfilling the above covenant under the Tax Code have been met.

Section 816. Continuing Disclosure Undertaking. The State covenants for the benefit of the holders and beneficial owners of the Bonds to comply with the provisions of the Disclosure Dissemination Agent Agreement, in substantially the form on file with the Secretary of the Board, to be executed by the Treasurer or designee, with any amendments deemed necessary by the Treasurer or designee, and delivered in connection with the delivery of the Bonds.

ARTICLE I.

MISCELLANEOUS

Section 901. Defeasance. When all Bond Requirements of a Bond or any other securities of any other issue payable from the Gross Pledged Revenues have been duly paid, the pledge and lien and all obligations hereunder as to that Bond or other security shall thereby be discharged and the Bond or other security shall no longer be deemed to be Outstanding within the meaning of this Resolution. There shall be deemed to be such due payment if the State, acting by and through the Board, has placed in escrow or in trust with a Trust Bank exercising trust powers, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond or other security, as such requirements become due to the fixed maturity date of the Bond or other security or to any Redemption Date or Redemption Dates as of which the State shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond or security thereafter maturing for payment if the securities are subject to a call for prior redemption. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the State and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the owner thereof to assure such availability as so needed to meet such schedule. If at any time the State has so placed in escrow or trust an amount sufficient to pay designated Bond Requirements of the Bond or security constituting less than all of the Bond Requirements of the Bond or security becoming due on and before their respective due dates, whether the fixed maturity dates of the Bond or security or any such Redemption Date pertaining to the securities, such designated Bond Requirements shall be deemed paid and discharged under this Resolution. For purposes of this Section, the term "Federal Securities" shall include only bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal of and interest on which securities are unconditionally guaranteed by, the United States which are not callable at the option of the issuer thereof.

Section 902. Delegated Powers. The Governor, the Secretary, the Treasurer, the Controller and other officers of the State be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution, including, without limitation:

- A. Printing Bonds. The printing of the Bonds;
- B. Final Certificates. The execution of such certificates as may be reasonably required by the Purchaser, relating, among other matters, to:
 - (1) The signing of the Bonds and the deposit of the Bonds with The Depository Trust Company,

(2) The tenure and identity of the officials of the Board and the State,

(3) The exclusion of interest on the Bonds from gross income and alternative minimum taxable income,

(4) The delivery of the Bonds and the receipt of the purchase price therefor, and

(5) If it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof;

C. Information. The assembly and dissemination of financial and other information concerning the State and the Bonds;

D. Official Statement. The preparation and completion of an official statement for use for prospective buyers of the Bonds, including, without limitation, such use by the Purchaser; and

E. Bond Sale. The sale and issuance of the Bonds in accordance with the provisions of this Resolution and with the purchase proposal submitted by the Purchaser to the State, including, without limitation, the execution of the Certificate of the Treasurer on behalf of the State in substantially the form on file with the Treasurer with such amendments as deemed necessary by the Treasurer.

Section 903. Statute of Limitations. No action or suit based upon any Bond or other obligation of the State shall be commenced after it is barred by any statute of limitations pertaining thereto. Any trust or fiduciary relationship between the State and the Owner of any Bond or the obligee regarding any such obligation shall be conclusively presumed to have been repudiated on the fixed maturity date or other due date thereof unless the Bond is presented for payment or demand for payment of any such obligation is otherwise made before the expiration of the applicable limitation period. Any moneys from whatever source derived remaining in any account reserved, pledged, or otherwise held for the payment of any such obligation, action or suit for the collection of which has been barred, shall revert to the Gross Pledged Revenues, unless the Board shall otherwise provide by instrument of the State. Nothing herein prevents the payment of any such obligation after any action or suit for its collection has been barred if the Board deems it in the best interests of the public so to do and orders such payment to be made.

Section 904. Evidence of Ownership. Any request, consent or other instrument which this Resolution may require or may permit to be signed and to be executed by the Owner of any Bonds or other securities may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such Owner in person or by his or her attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any Person of the securities shall be sufficient for any purpose of this Resolution (except as otherwise herein expressly provided) if made in the following manner, but the State may,

nevertheless, in its discretion require further or other proof in cases when it deems the same desirable:

A. Proof of Execution. The fact and the date of the execution by any Owner or his or her attorney of any Bonds or other securities of such instrument may be proved by the certificate, which need not be acknowledged or verified, of any officer of a bank or trust company satisfactory to the State or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act, that the individual signing such request or other instrument acknowledged to him or her the execution, or an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate Owner of any securities may be established without further proof if such instrument is signed by an individual purporting to be the president or vice-president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity.

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

Section 905. Warranty Upon Issuance of Bonds. Any Bonds, when duly executed and delivered for the purpose provided for in this Resolution, shall constitute a warranty by and on behalf of the State for the benefit of each and every future Owner of any of the Bonds that the Bonds have been issued for a valuable consideration in full conformity with law.

Section 906. Immunities of Purchaser. The Purchaser is under no obligation to any Owner of the Bonds for any action that it may or may not take or in respect of anything that it may or may not do by reason of any information contained in any reports or other documents received by it under the provisions of this Resolution. The immunities and exemption from liability of the Purchaser hereunder extend to its partners, directors, successors, employees and agents.

Section 907. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Treasurer shall determine to replace the Registrar or Paying Agent, the Treasurer may, upon notice sent by U.S. mail or electronic mail to the insurer of the Bonds, if any, and the Owner of each Outstanding 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 institution serve as both Registrar and Paying Agent hereunder, but the State shall have the right to have the same institution serve as both Registrar and Paying Agent.

Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under this Resolution, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Resolution to the contrary notwithstanding.

ARTICLE J.

PRIVILEGES, RIGHTS AND REMEDIES

Section 1001. Bondholder's Remedies. Each Owner of any Bond shall be entitled to all of the privileges, rights and remedies provided, in the Project Act, the Fuel Tax Act, the Bond Act, this Resolution and as otherwise provided or permitted at law or in equity or by other statutes, except as provided in Sections 207 through 212 hereof, but subject to the provisions hereof concerning the Gross Pledged Revenues and the proceeds of the Bonds.

Section 1002. Right to Enforce Payment. Nothing in this Article affects or impairs the right of any Owner of any Bond to enforce the payment of the Bond Requirements of his or her Bond or the obligation of the State to pay the Bond Requirements of each Bond to the Owner thereof at the time and the place expressed in the Bond.

Section 1003. Events of Default. Each of the following events is hereby declared an "Event of Default":

A. Nonpayment of Principal. Payment of the principal of any of the Bonds shall not be made when the same becomes due and payable at maturity or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest shall not be made when the same becomes due and payable or within 30 days thereafter;

C. Incapable to Perform. The State shall for any reason be rendered incapable of fulfilling its obligations hereunder;

D. Nonperformance of Duties. The State shall have failed 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 Gross Pledged Revenues or this Resolution and such failure shall continue for 60 days after receipt of notice from either the Purchaser or from the Owners of at least 10% in aggregate principal amount of the Bonds then Outstanding;

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

F. Default of Any Provision. The State shall 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 such default shall continue for 60 days after written notice specifying such default and requiring the same

to be remedied shall have been given to the State by either the Purchaser or by the Owners of at least 10% in aggregate principal amount of the Bonds then Outstanding.

Section 1004. Remedies for Default. Upon the happening and continuance of any of the Events of Default, as provided in Section 1003 hereof, then and in every case the Owner or Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the State 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 such 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 State to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the Bonds then Outstanding.

Section 1005. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such Owners hereunder, the consent of any such appointment being hereby expressly granted by the State, may collect, receive and apply all Gross Pledged Revenues arising after the appointment of such receiver in the same manner as the State itself might do.

Section 1006. Rights and Privileges Cumulative. The failure of any Owner of any Outstanding Bond to proceed in any manner herein provided shall not relieve the State, the Board, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation, or other commitment. Each right or privilege of any such Owner (or trustee hereof) 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 1007. Duties Upon Defaults. Upon the happening of any of the Events of Default as provided in Section 1003 hereof, the State, 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 are Outstanding, except to the extent it may be unlawful to do so, all Gross Pledged Revenues shall be paid into the Bond Fund. If the State fails or refuses to proceed as in this Section provided, the Owner or Owners of not less than 10% in aggregate 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 State under any agreement or contract involving the Gross Pledged Revenues entered into prior to the effective date of this Resolution or thereafter while any of the Bonds are Outstanding.

Section 1008. Duties in Bankruptcy Proceedings. If any Person obligated to pay any Fuel Tax 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 State, 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 Fuel Tax proceeds and other payments to or otherwise arising from the breach of any of the covenants, terms or conditions of any instrument or obligation pertaining to the Gross Pledged Revenues, except to the extent that State acting by and through the Department or otherwise takes such action, unless the Board by resolution or other instrument determines that the costs of such action are likely to exceed the amounts thereby recovered from such taxpayer.

Section 1009. Prejudicial Action Unnecessary. Nothing in this Article requires the State to proceed as provided herein if the Board determines in good faith and without any abuse of its discretion that if the State so proceeds it is more likely than not to incur a net loss rather than a net gain or such action is otherwise likely to affect materially and prejudicially the Owners of the Outstanding Bonds and any Outstanding Parity Securities.

ARTICLE K.

AMENDMENT OF RESOLUTION

Section 1101. Privilege of Amendments. The Board may, from time to time, modify, amend, supplement or alter this Resolution without the consent of, or notice to any of the Owners of the Bonds or the insurer of the Bonds, if any, for any one or more of the following purposes:

A. to add to the agreements of the Board or the State contained in this Resolution, other agreements thereafter to be observed or to surrender, restrict or limit any right or power herein reserved to or conferred upon the Board or the State;

B. to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Resolution, or in regard to matters or questions arising under this Resolution, as the Board may deem necessary or desirable and not inconsistent with this Resolution;

C. to grant to or confer any additional rights, remedies, powers or authorities that may be lawfully granted to or conferred upon the Owner of the Bonds;

D. to evidence the appointment of successors to any depositories, custodians, Paying Agent or Registrar; or

E. to make any other change which shall not have a material adverse effect on the interests of the Owners of the Bonds.

This Resolution may be amended or supplemented by instruments adopted by the Board in accordance with the laws of the State, without receipt by the State of any additional consideration, but with the written consent of the insurer of the Bonds, if any, or the Owners of at least 51% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental instrument, not including in any case any Bonds which may then be held or owned for the account of the State, but including such refunding securities as may be issued for the purpose of refunding any of the Bonds issued hereunder if such refunding securities are not owned by the State.

Section 1102. Limitations Upon Amendments. No such instrument shall permit without the consent of all Owners of any Bonds adversely affected thereby:

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

B. Reducing Return. A reduction in the principal amount of any Bond or the rate of interest thereon, unless with the consent of the Owner of the Bond; or

C. Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this Resolution; or

D. Modifying Limitations upon Modifications. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds or the consent of the Owners of which is required for any such modification or amendment; or

E. Priorities Between Bonds. The establishment of priorities as between Bonds issued and Outstanding under the provisions of this Resolution; or

F. Partial Modification. Materially and prejudicially modifying or otherwise materially and prejudicially affecting the rights or privileges of the Owners of less than all of the Bonds then Outstanding.

Section 1103. Notice of Amendment. Whenever the Board proposes to amend or modify this Resolution under the provisions of this Article, it shall cause notice of the proposed amendment to be mailed, by U.S. mail or electronic mail, within 30 days to the insurer of the Bonds, if any, or the Owner of each of the Bonds Outstanding. Such 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 Secretary for public inspection.

Section 1104. Time for Amendment. Whenever at any time within one year from the date of the giving of such notice, there shall be filed in the office of the Secretary an instrument or instruments executed by the insurer of the Bonds, if any, or the Owners of at least 51% in the aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in such notice and shall specifically consent to and approve the adoption of such instrument, thereupon, but not otherwise, the Board may adopt such amendatory instrument and such instrument shall become effective.

Section 1105. Binding Consent to Amendment. If the insurer of the Bonds, if any, or the Owners of at least 51% in aggregate principal amount of the Bonds then Outstanding, at the time of the adoption of such amendatory instrument, or the predecessors in title of such insurer or such Owners, shall have consented to and approved the adoption thereof as herein provided, no insurer or Owner of any Bond, whether or not such insurer or Owner shall have consented to or shall have revoked any consent as in this Article provided, shall have any right or interest to object to the adoption of such amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the State from taking any action pursuant to the provisions thereof.

Section 1106. Time Consent Binding. Any consent given by an Owner of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of six months from the date of the giving of the notice and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent by an Owner may be revoked at any time after six months from the date of the giving of such notice by the Owner who gave such consent or by a successor in title by filing notice of such revocation with the Registrar, but such revocation shall not be effective

if the holders of at least 51% in aggregate principal amount of the Bonds Outstanding as in this Article provided, prior to the attempted revocation, consented to and approved the amendatory instrument referred to in such revocation.

Section 1107. Unanimous Consent. Notwithstanding anything in the foregoing provisions of this Article, the terms and the provisions of this Resolution or of any instrument amendatory thereof or supplemental thereto and the rights and the obligations of the State, the insurer, if any, and of the Owners of the Bonds may be amended or otherwise modified in any respect upon the adoption by the Board and upon the filing with the Secretary of an instrument to that effect and with the consent of the insurer of the Bonds, if any, or the Owners of all the then Outstanding Bonds, such consent to be given as provided in Section 904 hereof; and no notice to Owners of Bonds shall be required as provided in Section 1103 hereof, and the time of consent shall not be limited except as may be provided in such consent.

Section 1108. Exclusion of State's Bonds. Bonds owned or held by or for the account of the State shall not be deemed Outstanding and shall be excluded for the purpose of consent or other action or of any calculation of Outstanding Bonds provided for in this Article, pursuant to paragraph (5) of Section 102 B hereof, and the State shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for in this Article. At the time of any consent or of other action taken under this Article, the State shall furnish to the Secretary a certificate of the Treasurer, upon which certificate the State may rely, describing all Bonds to be excluded for any such purpose.

Section 1109. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in this Article provided may bear a notation by endorsement or otherwise in form approved by the Board as to such action; and if any such Bond so authenticated and delivered shall bear such notation, then upon demand of the Owner of any Bond Outstanding at such effective date and upon presentation of his or her Bond for the purpose at the principal office of the Registrar, suitable notation shall be made on such Bond by the Registrar as to any such action. If the Board so determines, new Bonds so modified as in the opinion of the Board to conform to such action shall be prepared, authenticated and delivered; and upon demand of the Owner of any Bond then Outstanding, shall be exchanged without cost to such Owner for Bonds then Outstanding upon surrender of such Bonds.

Section 1110. Proof of Resolutions and Bonds. The fact and date of execution of any resolution under the provisions of this Article may be proved by a certificate of the Secretary, and the amount and number of the Bonds held by any Person executing such instrument and the date of his or her holding the same may be proved as provided by Section 904 hereof.

ADOPTED on November 8, 2016.

Chairman, State Board of Finance

Attest:

Secretary, State Board of Finance

STATE OF NEVADA)
)
CARSON CITY) ss.

I am the duly chosen and qualified Chief Deputy Treasurer of the State of Nevada (the "State"), ex officio secretary of the State Board of Finance (the "Board"), and do hereby certify that:

1. The foregoing pages constitute a true, correct, complete and compared copy of the 2016 Highway Improvement Revenue Bond Resolution, which resolution was passed and adopted by the Board at the duly held meeting of November 8, 2016, in the Old Assembly Chambers of the Capitol Building, 101 N. Carson Street, Carson City, Nevada and at 555 E. Washington Avenue, Las Vegas, Nevada.

2. The original of the 2016 Highway Improvement Revenue Bond Resolution was signed by the chairman of the Board and authenticated by me as ex officio secretary of the Board and was recorded in the minute book of the Board kept for that purpose in my office.

3. The members of the Board listed below attended such meeting and voted in favor of the passage of the 2016 Highway Improvement Revenue Bond Resolution:

Governor:	Brian Sandoval
Treasurer:	Daniel M. Schwartz
Controller:	Ronald L. Knecht
Other Members:	David A. Funk
	Steve E. Martin

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

5. Pursuant to NRS 241.020, written notice of such meeting was given at least three working days before the meeting:

(a) By giving a copy of the notice to each member of the Board;

(b) By posting a copy of the notice on the State Treasurer's website; on the official website of the State pursuant to NRS 232.2175, at the principal office of the Board; or if there is no principal office, at the building in which the meeting was held; and at least three other separate, prominent places within the jurisdiction of the Board, to wit:

- (i) Capitol Building, Carson City, Nevada,
- (ii) Blasdel Building, Carson City, Nevada,

- (iii) Legislative Building, Carson City, Nevada,
- (iv) Nevada State Library, Carson City, Nevada,
- (v) Grant Sawyer Building, Las Vegas, Nevada,
- (vi) City Hall, Reno, Nevada,
- (vii) City Hall, Elko, Nevada,
- (viii) City Hall, Henderson, Nevada;

(c) By giving a copy of the notice to each person, if any, who had requested notice of the meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. A copy of the notice so given is attached to this certificate as Appendix I.

7. No other proceedings were adopted and no other action taken or considered at such meeting relating to the subject matter of the 2016 Highway Improvement Revenue Bond Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand on November 8, 2016.

Secretary
State Board of Finance

APPENDIX I

(Copy of Notice of Meeting)

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Lori Chatwood, Deputy Treasurer of Debt Management

SUBJECT: November 8, 2016 Agenda Item #6-Series 2016D General Obligation (Limited Tax) Bonds Sale and Refunding Report

DATE: October 19, 2016

Agenda Item #6

Receive report on the sale of the State of Nevada General Obligation Bonds, Series 2016D and the Aggregate Refunding Savings Summary.

BACKGROUND:

At the August 9, 2016 meeting, the Board approved the issuance of the State of Nevada General Obligation (Limited Tax) Natural Resources and Refunding Bonds Series 2016D in a maximum aggregate principal amount of \$25,000,000.

Following approval by the Board of Finance, the State Treasurer's Office executed a competitive sale on October 18, 2016. The three major rating agencies (Fitch, Moody's, and Standard and Poor's) reaffirmed the State's solid credit ratings of AA+, Aa2, and AA. The total par issued was \$13,605,000.

The bonds were well received by investors with 12 institutional investors bidding.

The chart on Attachment A reflects the final results of the sale:

- True interest cost (TIC) was **2.15%** for the thirteen year amortization.
- The sale produced total net present value savings to the State of over **\$1.53 million**, which was over **11.35%** present value savings.

CARSON CITY OFFICE
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS
Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax

Attachment A

SUMMARY OF 2016D REFUNDING BONDS

November 8, 2016 Board of Finance (Post-Issuance)

[illegible]



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Baltimore Gardens and Cleveland Gardens Apartments**

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, and based upon the memorandum of support, the Administrator of the Nevada Housing Division finds that:

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible families can afford within the Las Vegas, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which families of low and moderate income can afford.
3. The proposed multifamily project will preserve the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Las Vegas, Nevada.
5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY: CJ Manthe
CJ Manthe
Administrator
Nevada Housing Division

DATE: 10/17/2016

State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
1535 Old Hot Springs Road, Suite 50
Carson City, NV 89706

DATE: October 14, 2016

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (Baltimore Gardens and Cleveland Gardens Apartments)

PETITIONER: CJ Manthe – Administrator, Nevada Housing Division



A. Time and Place of Meeting:

8:30 a.m., Tuesday, November 8, 2016, at the at the Old Assembly Chambers of the Capitol Building, 101 N. Carson Street, Carson City, Nevada 89701.

B. Matter to be reviewed: The Findings of Fact (“Findings”) of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Baltimore Gardens and Cleveland Gardens Apartments).

C. The Findings relate to the issuance of up to \$22,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and renovation of a 165-unit (Baltimore Gardens) and 36-unit (Cleveland Gardens) family apartment complexes contiguously located at West Sahara Avenue and South Industrial Road in the Gateway District of Las Vegas.

D. The Housing Division will issue up to \$22,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$20,758,528. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. At conversion to Permanent Phase the loan will be reduced to an approximate permanent amount of \$13,650,000 using tax credit equity installments, and will commence monthly principal amortization with a 35-year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is “placed in service.” The debt will be placed directly with Citibank and will not be publicly offered. The Project borrower/developer will be a limited partnership (BGCG, LP), which will consist of Community Development Partners, BLVD Capital and

Enterprise Community Development. Enterprise Community Development will be the equity investor limited partner and will provide approximately \$11,200,000 of equity through the purchase of 4% low income housing tax credits. The proposed private placement financing structure is in compliance with NRS and NAC Chapter 319 (Nevada Housing Finance Law).

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, has prepared the necessary documents to implement this acquisition and renovation housing project. Further, the project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the program and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings of Fact, to the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as its "Multi-Unit Housing Revenue Bonds (Baltimore Gardens and Cleveland Gardens Apartments)."

G. Attorney Opinion:

The Findings of Fact of the Administrator of the Housing Division have been reviewed by the Housing Division's Legal Counsel; and assuming the factual matter stated therein is accurate, and except for the bond issue cash flow analyses and other financial and statistical data included therein as to which no opinion is expressed, the findings comply with the requirements of NRS 319.190, 319.260 and 319.270.



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

1200 Fifth Avenue
Suite 1220
Seattle, WA 98101

206 264-8900
206 264-9699 fax
www.pfm.com

Date: October 14, 2016

To: CJ Manthe
Administrator
Nevada Housing Division

From: Fred Eoff
PFM Financial Advisors, LLC

Re: Multi-Unit Housing Revenue Bonds
(Baltimore Gardens & Cleveland Gardens Apartments) Series 2016

Board of Finance Request:

This Memorandum is provided in support of the request by the Nevada Housing Division to the State of Nevada Board of Finance for approval of the Findings of Fact for the Multi-Unit Housing Revenue Bonds (Baltimore Gardens and Cleveland Gardens Apartments), Series 2016 and authorization for issuance of up to **\$22,000,000** of Nevada Housing Division multi-unit housing revenue bonds to fund acquisition, renovation and related costs of an affordable family rental project. ("Project").

Background:

As financial advisor to the Nevada Housing Division ("Division"), Public Financial Management has been tasked to review the application submitted to the Division for financing of the Project. The scope of our work included a review of the application to the Division, the lender financing commitment, the tax credit equity investor letter of intent, the funding sources and uses and operating pro-forma provided by the borrower. Additionally, we have had direct conversations with the borrower, representatives of the lender, and representatives of the equity investor, Division counsel and Division staff. This Memorandum is a summary of our review and key factors supporting the Findings of Fact to be submitted to the State of Nevada Board of Finance.

Summary of the Proposed Project:

The Project consists of two contiguous properties located between West Sahara Avenue and South Industrial Road in the Gateway District of Las Vegas. This site is 0.5 miles east of Las Vegas Freeway I-15 and is a mixed industrial, commercial and residential area. The properties are situated just west of the Stratosphere Casino, Hotel & Tower and are also near the Hilton Grand and SLS Las Vegas. The site is adjacent to Meadows Public Library and the Stupak Community Center, which contains a fitness room, dance studios, full sized gym, walking track, computer lab, game room, and teen room. The Community Center offers children and youth programming, GED tutoring, ESL courses, citizenship classes and recreational activities.

The Baltimore Gardens property sits on a 3.08-acre site and was originally constructed in 1958. This facility consists of 165 units in fifteen two-story garden style apartment buildings which provide central air conditioning. The property was last renovated in 1988 using low-income housing tax credits.

The Cleveland Gardens property sits on a 0.86-acre site and was originally constructed in 1960. It consists of 36 units in six one-story buildings in a garden style configuration. Solar panels were installed on this property in 2010 and all units have wall-mounted air conditioning. The property was also modernized and renovated in 1988 utilizing low-income housing tax credits.

All 201 units in these two properties receive HUD project based rental assistance with Section 8 contracts that will be coterminous with the proposed permanent financing. The tenant share of rent is limited to 30% of their adjusted gross income.

Project Sponsor/Borrower:

The Project is being developed by Community Development Partners (CDP) and BLVD Capital. Greater detail on CDP and BLVD Capital, as well as the Baltimore Gardens and Cleveland Gardens properties, are contained in Exhibit C to this Memorandum.

The borrower/ownership entity will be a limited partnership entity consisting of CDP and BLVD Capital as 0.01% co-general partners and Enterprise Community Development as the 99.99% equity limited partner. Enterprise Community Development maintains their national headquarters in Columbia, Maryland and has been supporting



affordable housing projects since 1982. It has raised in excess of \$11.1 billion in equity for more than 2,149 properties. Enterprise will provide an equity investment of approximately \$11,200,000 in exchange for 4% low income housing tax credits available for the Project.

Project Construction:

The Project general contractor will be Precision Construction Company of Portland, Oregon

Property Manager:

Upon completion the Project will be managed by American Apartment Management Company, Inc. American is based in Knoxville, TN and has been providing management services to multifamily housing properties since 1972

Summary of the Financing:

The financing is proposed as a direct bond purchase by Citibank N.A. The bonds will be held by Citibank or an affiliate and not sold to the public. The bond structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to be a maximum of \$20,728,528. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. Monthly debt service payments will be interest only and the interest rate is currently estimated by the lender to be approximately 3.81%

At conversion to Permanent Phase the loan will be reduced to approximately \$13,650,000 upon receipt of additional tax credit equity installments. Loan amortization will entail monthly principal amortization (35 year factor). The permanent loan interest rate will be fixed and is estimated to be approximately 4.02% inclusive of Division and Trustee annual fees. Citibank reserves the option to require prepayment of the loan in full at the end of the 17th year following closing.

Total debt loan-to-value: 90.0% maximum LTV per lender requirements.

Debt service coverage: 115% minimum per lender requirements.

Investor Letter:

Citibank (“Purchaser”) will sign an initial investor letter stipulating that it is a Qualified Institutional Buyer (as defined in Rule 144A of the Securities Act of 1933). Unless the Bonds are subsequently rated “A” or higher by either Moody’s Investors Service or Standard & Poor’s, in order to sell or transfer the Bonds the Purchaser must deliver to the Trustee a subsequent investor letter signed by the proposed transferee to substantially the same effect as the initial investor letter

Reserves:

The Borrower will fund deposits to a replacement reserve at \$350/unit/year. Minimum required reserve deposits may be adjusted based on a new physical needs assessment acceptable to Citibank which will be required for each successive five year period until loan maturity.

The Borrower will also fund an Operating Reserve in the amount of \$380,970



Sources and Uses

Sources of Funds		
	Construction Phase	Permanent Phase
Series 2016 Loan	\$21,371,951	\$13,650,000
LIHTC Equity	2,484,914	11,193,309
Seller Note	975,000	975,000
Operating Cash flow	708,978	708,978
City of Las Vegas HOME Funds	25,000	25,000
GP Initial Equity Contribution	100	100
Deferred Developer Fee	0	1,298,010
<i>Total Sources</i>	\$25,565,943	\$27,850,397
Uses of Funds		
Land & Building Acquisition	12,350,000	12,350,000
Construction Costs	8,216,000	8,216,000
Soft Costs	1,001,096	1,001,096
Contingencies	908,340	908,340
Financing Costs	402,285	509,008
Construction Period Interest	846,630	884,983
Operating Reserve		380,970
Developer Fee	1,841,592	3,600,000
<i>Total Uses</i>	\$25,565,943	\$27,850,397

Conclusion:

Exhibit A to this memorandum provides detail on the derivation of projections for rental income and operating expenses and a cash flow projection demonstrating that revenue sources net of operation expenses are sufficient to provide for debt service on the loan.

In summary, we are of the opinion that the proposed financing for the Project reflects prudent affordable housing underwriting criteria and terms which are consistent with Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the endorsement from the City of Las Vegas. A tax-exempt financing issued through the Division is essential under Federal law to qualify the Project for 4% Low Income Housing Tax Credits without which construction of affordable housing at the proposed restricted income levels would not be possible without significant additional subsidy.

In our opinion, the Project meets the requirements of NRS 319.260 and meets the requirements of NAC 319.712, and we recommend it for submittal to the Board of Finance for approval with debt issuance to be subject to receipt of final loan and equity approval and related third party documentation.

Sincerely,

Fred R. Eoff
PFM Financial Advisors, LLC

Exhibit A: Project Operating Proforma
Exhibit B: Bond/Loan Term Sheet
Exhibit C: Project Narrative

**Baltimore Gardens & Cleveland Gardens Apartments
Project Operating Profile**

Unit Type	Net Sq. Ft.	AMI Restriction	Number Units	2016 Rents	2017 Rents	2018 Rents	2019 Rents
<u>Baltimore Gardens</u>							
Studio	332	60%	3	\$621	\$633	\$646	\$659
1 Bedroom	427 - 480	60%	98	\$683	\$697	\$711	\$725
2 Bedroom	741	60%	60	\$806	\$822	\$839	\$855
3 Bedroom	866 - 1,100	60%	4	\$980	\$1,000	\$1,020	\$1,040
<u>Cleveland Gardens</u>							
1 Bedroom	480	60%	25	\$696	\$710	\$724	\$739
2 Bedroom	640	60%	11	\$810	\$826	\$843	\$860
201				\$147,387	\$150,335	\$153,341	\$156,408
				\$1,768,644	\$1,804,017	\$1,840,097	\$1,876,899

Debt Factors

Senior Loan Amount	\$13,650,000
Loan Term	35
Senior Loan Rate	4.02%
Annual Debt Service	\$727,231

Operating Expense Detail

	2016	2017	2018	2019
Administration	\$49,837	\$51,332	\$52,872	\$54,458
Oper/Maint	389,613	\$401,301	\$413,340	\$425,741
Utilities	185,356	\$190,917	\$196,644	\$202,544
	\$624,806	\$643,550	\$662,857	\$682,742

Partnership Fees

Development Fee	\$3,600,000
Deferred Development Fee	\$1,298,010
Asset Management Fee	\$10,000

Other

Reserves	\$350	Per Unit/Yr
Vacancy	5.00%	
Property Mgt	6.00%	

Ancillary Income

Base Year	\$12,547
-----------	----------

Trending Assumptions

Income (Yrs 1 - 5)	2.00%
Income (thereafter)	2.00%
Expenses	3.00%
Reserves	3.00%

**Baltimore Gardens and Cleveland Gardens Apartments
Operating Proforma**

EXHIBIT A

Income	2018	2019	2020	2021	2022	2023	2024	2025	2026
Rental Income	\$1,840,097	\$1,876,899	\$1,914,437	\$1,952,726	\$1,991,780	\$2,031,616	\$2,072,248	\$2,113,693	\$2,155,967
Other Income	12,547	12,798	13,054	13,315	13,581	13,853	14,130	14,413	14,701
Gross Income	\$1,852,644	\$1,889,697	\$1,927,491	\$1,966,041	\$2,005,362	\$2,045,469	\$2,086,378	\$2,128,106	\$2,170,668
Less: Vacancy	(92,632)	(94,485)	(96,375)	(98,302)	(100,268)	(102,273)	(104,319)	(106,405)	(108,533)
Effective Net Revenue	\$1,760,012	\$1,795,212	\$1,831,116	\$1,867,739	\$1,905,094	\$1,943,195	\$1,982,059	\$2,021,701	\$2,062,135
Expenses									
Property Management	\$105,601	\$107,713	\$109,867	\$112,064	\$114,306	\$116,592	\$118,924	\$121,302	\$123,728
Administrative	52,872	54,458	56,092	57,775	59,508	61,293	63,132	65,026	66,977
Operating & Maintenance	413,340	425,741	438,513	451,668	465,218	479,175	493,550	508,357	523,607
Utilities	196,644	202,544	208,620	214,878	221,325	227,965	234,803	241,848	249,103
Replacement Reserves	70,350	72,461	74,634	76,873	79,180	81,555	84,002	86,522	89,117
Total Expenses	\$838,807	\$862,916	\$887,726	\$913,259	\$939,536	\$966,579	\$994,411	\$1,023,054	\$1,052,532
Conversion Year Adjustment 25%	(230,301)								
Net Operating Income	\$690,903	\$932,297	\$943,391	\$954,480	\$965,557	\$976,616	\$987,649	\$998,647	\$1,009,602
Debt Service									
Senior Debt	\$545,424	\$727,231	\$727,231	\$727,231	\$727,231	\$727,231	\$727,231	\$727,231	\$727,231
Senior Debt Coverage	127%	128%	130%	131%	133%	134%	136%	137%	139%
Cash Flow After Senior Debt	\$145,479	\$205,065	\$216,159	\$227,248	\$238,326	\$249,385	\$260,417	\$271,415	\$282,371
LP Asset Management Fee	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668
Deferred Dev Fee Pymt	135,479	194,765	205,550	216,321	227,071	237,792	81,031	0	0
Cumulative DDF Paid	135,479	330,245	535,795	752,116	979,187	1,216,979	1,298,010	1,298,010	1,298,010
DDF Balance	1,162,531	967,765	762,215	545,894	318,823	81,031	0	0	0
Surplus After DDF	\$0	\$0	\$0	\$0	\$0	\$0	\$167,446	\$259,117	\$269,703

**Baltimore Gardens and Cleveland Gardens Apartments
Operating Proforma**

EXHIBIT A

<u>Income</u>	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Rental Income	\$2,199,087	\$2,243,068	\$2,287,930	\$2,333,688	\$2,380,362	\$2,427,969	\$2,476,529	\$2,526,059	\$2,576,580	\$2,628,112
Other Income	14,995	15,295	15,601	15,913	16,231	16,556	16,887	17,224	17,224	17,224
Gross Income	\$2,214,081	\$2,258,363	\$2,303,530	\$2,349,601	\$2,396,593	\$2,444,525	\$2,493,415	\$2,543,283	\$2,593,805	\$2,645,336
Less: Vacancy	(110,704)	(112,918)	(115,177)	(117,480)	(119,830)	(122,226)	(124,671)	(127,164)	(129,690)	(132,267)
Effective Net Revenue	\$2,103,377	\$2,145,445	\$2,188,354	\$2,232,121	\$2,276,763	\$2,322,298	\$2,368,744	\$2,416,119	\$2,464,114	\$2,513,069
<u>Expenses</u>										
Property Management	\$126,203	\$128,727	\$131,301	\$133,927	\$136,606	\$139,338	\$142,125	\$144,967	\$147,847	\$150,784
Administrative	68,986	71,056	73,187	75,383	77,644	79,974	82,373	84,844	84,844	84,844
Operating & Maintenance	539,316	555,495	572,160	589,325	607,004	625,214	643,971	663,290	663,290	663,290
Utilities	256,576	264,273	272,202	280,368	288,779	297,442	306,365	315,556	325,023	334,774
Replacement Reserves	91,791	94,545	97,381	100,302	103,311	106,411	109,603	112,891	116,278	119,766
Total Expenses	\$1,082,871	\$1,114,095	\$1,146,231	\$1,179,305	\$1,213,345	\$1,248,379	\$1,284,437	\$1,321,549	\$1,337,282	\$1,353,458
<i>Conversion Year Adjustment</i>										
Net Operating Income	\$1,020,506	\$1,031,350	\$1,042,123	\$1,052,816	\$1,063,419	\$1,073,920	\$1,084,308	\$1,094,571	\$1,126,833	\$1,159,611
<u>Debt Service</u>										
Senior Debt	\$727,231	\$727,231	\$727,231	\$727,231	\$727,231	\$727,231	\$727,231	\$727,231	\$727,231	\$727,231
Senior Debt Coverage	140%	142%	143%	145%	146%	148%	149%	151%	155%	159%
Cash Flow After Senior Debt	\$293,275	\$304,118	\$314,892	\$325,585	\$336,187	\$346,688	\$357,076	\$367,339	\$399,601	\$432,380
LP Asset Management Fee	13,048	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024
Deferred Dev Fee Pymt	0	0	0	0	0	0	0	0	0	0
Cumulative DDF Paid	1,298,010	1,298,010	1,298,010	1,298,010	1,298,010	1,298,010	1,298,010	1,298,010	1,298,010	1,298,010
DDF Balance	0	0	0	0	0	0	0	0	0	0
Surplus After DDF	\$280,227	\$290,679	\$301,049	\$311,327	\$321,502	\$331,562	\$341,497	\$351,292	\$383,073	\$415,356

\$20,728,528
Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2016
(Baltimore Gardens & Cleveland Gardens Apartments)

Bond/Loan Term Sheet

Developer:	Community Development Partners and BLVD Capital.
Lender:	Citibank, N.A.
Borrowing Entity:	A limited partnership comprised of Community Development Partners and BLVD Capital (co-general partners) and Enterprise Community Development (limited partner).
Principal Amount:	<u>Construction Phase:</u> Not to exceed \$20,728,528 <u>Permanent Phase:</u> -Not to exceed 90% loan to value based on final appraisal. -Expected to be approximately \$13,650,000
Bond Type:	This transaction will be directly purchased by Citibank and will provide both construction and permanent funding for the Project. The loan rate will be variable during the Construction Phase and fixed during Permanent Phase. The fixed rate to go into effect upon conversion to the Permanent Phase and will be locked at Closing.
Bond Dated:	As of Closing Date
Interest Payments:	Monthly. Loan is interest only through the date of conversion to Permanent Phase which is estimated to occur 18 following start of construction.
Principal Payments:	Monthly, commencing at conversion to Permanent Phase
Denominations:	Bonds will amortize in equal monthly "loan" form with fractional dollar principal amortization.
Maturity:	30 years from date of conversion to permanent loan.
Interest Rate:	<u>Construction Phase:</u> Variable, expected to be approximately 3.81% (including Division & Trustee fees) adjusted monthly <u>Permanent Phase:</u>

Fixed rate equal estimated to be approximately 4.02% (including Division & Trustee fees). The rate will be locked at Closing

Redemption:

- 1) Prepayment without penalty during the Construction Phase unless the loan is reduced to less than the Permanent Phase Loan Amount in which case the Borrower is subject to a yield maintenance penalty on the amount below the Permanent Phase Loan Amount.
- 2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty.
- 3) Citibank reserves the option to require repayment of the loan in full (with six months prior written notice) at Closing Date plus 17 years.

Indenture Funds:

- 1) Project Fund
 - a) Note Proceeds Account
 - b) Borrower Equity Account
- 2) Closing Costs Fund
- 3) Expense Fund
- 4) Rebate Fund

Fees:

- 1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in arrears
- 2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in arrears

Bond Rating:

Not rated

**Baltimore Gardens and Cleveland Gardens
316 West Baltimore Avenue
Las Vegas, NV 89102**

Baltimore Gardens APN#:

162-04-810-001 through 162-04-810-008
(1.77 acres), 162-04-806-001 (1.31 acres)

Cleveland Gardens APN #:

162-04-811-010 through 162-04-811-015 (0.86 acres)

Project Description

The Baltimore and Cleveland Gardens project entails the acquisition / rehabilitation of two existing HUD-assisted developments located in Las Vegas, NV. The properties were constructed between 1958 and 1960 and contain 201 units and received full recapitalizations under the Low Income Housing Tax Credit program in 1988. All 201 units receive project-based rental assistance, with Section 8 HAP contracts that will be coterminous with the permanent loan financing. The properties will be rehabilitated by Community Development Partners (CDP), whose mission is to develop and operate sustainable, life-enhancing affordable housing.

The goals of the rehabilitation include:

- To address major capital items in order to preserve this important housing asset for its remaining life under the HUD assisted housing program;
- To bring the units up to modern standards including new cabinets, countertops, lighting, painting, flooring and appliances; and,
- To meet and/or exceed energy conservation requirements as detailed in Section 12 of the 2016 Nevada Housing Division Qualified Allocation Plan, and to lower future utility costs to the project.

Property Description

Baltimore Gardens sits on a 3.08-acre site and was constructed in 1958. The development consists of fifteen two-story garden style apartment buildings containing 3 studio units (332 SF), 98 one-bedroom units (478 SF), 60 two-bedroom units (785 SF), and 4 three-bedroom units (925 SF) for a total of 165 units. Baltimore Gardens has central air conditioning.

Cleveland Gardens, built in 1960, contains six one-story buildings containing 25 one-bedroom units (480 SF) and 11 two-bedroom units (640 SF) in a garden style configuration. Cleveland Gardens sits on a total of 0.86 acres and has solar panels that were installed in 2010. All units have wall-mounted air conditioning. Both projects underwent comprehensive modernization in 1988 under the Low-Income Housing Tax Credit program.

Property amenities include courtyards with picnic and barbecue areas, laundry facilities, and a play structure for children. There is also storage for maintenance at each building.

Location and Neighborhood

Baltimore and Cleveland Gardens are located between West Sahara Avenue and South Industrial Road in the Gateway District of Las Vegas. The site is 0.5 miles east of Las Vegas Freeway I-15 and is located in a mixed industrial, commercial, and residential area. The site is well located near stores, restaurants, community services, commercial services, recreation, and mass transit. The North Central submarket has seen vacancy rates decline every quarter since 2012 and is currently experiencing its lowest vacancy rate since 1999. The properties are positioned just west of the Stratosphere Casino, Hotel & Tower and are also near Hilton Grand and SLS Las Vegas.

The site is adjacent to Meadows Public Library and the Stupak Community Center, which contains fitness rooms, dance studios, a full sized gym, a walking track, a computer lab, a game room, a teen room, a multipurpose room, and a community kitchen. The Community Center offers children and youth programming, GED tutoring, ESL courses, citizenship classes, and recreational activities. The site is also located 0.4 miles from the Las Vegas Festival Grounds, which hosts concerts and festivals throughout the year. Baltimore and Cleveland Gardens are also located within walking distance of numerous restaurants and stores. The projects are 0.5 miles from the Brooks Shopping Center, which contains a doctor's office, culinary institute, and welfare office. There is a Walgreens Pharmacy under a half-mile away.

Children at Baltimore and Cleveland Gardens would attend John S. Park – Edison Elementary School (1.5 miles from the site), John C. Fremont Middle School (1.5 miles from the site), and Ed W. Clark High School (3 miles from the site). University Medical Center, the state's designated Level I Trauma Center for Southern Nevada, and the Federal Station Post Office are about 2 miles away, and there is a fire station just over a mile and a half from the site.

Three major bus routes run nearby, with stops for each within walking distance. The Deuce and SDX (Strip & Downtown Express) run north to south and have stops along Las Vegas Boulevard just east of the properties and run approximately every 15 minutes. The SX (Sahara Express) run east to west along Sahara Boulevard, directly south of the properties.

Target Population

Baltimore and Cleveland Gardens is a family development available to households with incomes at or below 60% of area median income (\$36,120 for a family of 4 in Clark County in 2016).

All 201 of the units will continue to receive project-based Section 8 under Option 3a HAP Contracts, which will be coterminous with the permanent loan financing. Under the program, households pay 30% of their adjusted gross income towards rent, allowing the development to serve a broad income mix from working families to very low-income and disabled households, including those on SSI/DI.

Relocation

The development is currently occupied. Renovation will be structured so that there will be minimal disturbances to the current residents. The current residents will have the first right to

return after completion of the rehabilitation.

The rehabilitation will likely be rolled across the property in phases with specific buildings identified for each phase. As such, residents may be relocated in phases receiving the notices, relocation assistance and compensation at the appropriate time. All relocation activities, prior to rehab and post rehab for households returning to Baltimore and Cleveland Gardens, will be conducted in compliance with the Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. § 4601 et seq.) and its implementing regulations at 49 CFR 24, as applicable.

Rehabilitation Scope of Work

The rehabilitation scope of work for Baltimore and Cleveland Gardens is based upon a proposed statement of work provided by Community Development Partners.

The extensive rehabilitation scope of work falls into three major categories: 1) Site Work 2) Buildings and Units and, 3) Plumbing, Mechanical and Electrical.

1) Site Work:

- Grind and overlay of parking lot
- Trim trees and spruce up landscaping throughout site
- Repair sidewalks as needed
- Repair wrought iron fencing
- Replace wrought iron pedestrian gates with closers
- Install new building signage
- Install new courtyard landscaping

2) Buildings and Units:

- Complete hazardous materials testing
- Complete asbestos abatement in any disturbed drywall
- Remove existing roofs and replace with 60 MIL TPO
- Install new unit identification signage
- Remove and replace gutters and downspouts
- Complete sheet metal and edge metal roofing repairs
- Repair and waterproof stucco as needed
- Replace unit entry doors and hardware
- Replace interior bathroom and bedroom doors and hardware
- Replace windows with vinyl retrofit type
- Install vinyl plank flooring in kitchens, dining rooms, living rooms, hallways, and bathrooms
- Repaint unit interiors and building exteriors
- Reglaze bathtubs and surrounds
- Install semi-recessed medicine cabinets
- Replace towel bars and toilet paper holders
- Install curved shower rods and ringless curtains
- Demolish, remove, and replace all cabinets and finishes

- Replace kitchen countertops
- Install new stoves and Energy Star rated refrigerators
- Replace range hoods and connect to existing ducting
- Install new vertical blinds with box valances

3) Plumbing, Mechanical and Electrical Work:

- Replace kitchen faucet, bathroom wall mounted sink and faucet, and shower heads with low flow features
- Install new low flow toilets
- Install new water heaters (38 gallon short type)
- Install access panels at bathtubs
- Install new hardwired non interconnected smoke detectors in all bedrooms
- Install new hardwired CO/smoke detectors in hallways
- Replace GFI outlets in kitchens and bathrooms
- Install new Energy Star rated ceiling fans with light fixtures in dining areas
- Replace existing light fixtures in kitchen, hallways, and vanities with Energy Star rated fixtures
- Replace existing exterior light fixtures with Energy Star rated fixtures
- Realign in-cabinet range hood ducting

Development Team

<u>Co-Developer:</u>	Community Development Partners & BLVD Capital
<u>Co-GP:</u>	Community Development Partners & BLVD Capital
<u>Consultant:</u>	Praxis Consulting Group, LLC
<u>General Contractor:</u>	TBD
<u>Property Manager:</u>	American Apartment Management Company, Inc.
<u>Architect:</u>	TBD

Baltimore and Cleveland Gardens will be owned by a new, to-be-created sole purpose Limited Partnership entity. The 0.01% General Partner of the Limited Partnership will be a new, to-be-created sole purpose limited liability company co-managed by Community Development Partners and BLVD Capital. Community Development Partners will act as developer to the ownership LP.

Community Development Partners (Co-GP and Co-Developer)

Founded in 2011, Community Development Partners' (CDP) mission is to develop and operate sustainable, life-enhancing affordable housing with a focus on long-term community engagement. CDP aims to repair and strengthen the fabric of cities and towns by meeting the housing needs of local citizens through thoughtful planning and development of affordable communities. The result supports human-centered strategies that foster the creation of sustainable planning, development, and policy solutions that strengthen the social, economic, environmental, and cultural regions in which they work.

CDP's multi-disciplinary team is comprised of real estate development experts who contribute diverse backgrounds in both affordable and market-rate development. Collectively, their Development team has over 30 years of experience working with cities and public agencies to bring new investment into existing neighborhoods. In the relatively short time since the company was formed, CDP has successfully built a portfolio of 10 unique communities comprising over 600 units and \$100 million in total development costs.

Eric Paine is the CEO of CDP and focuses on corporate strategy and business development as well as overseeing the design and construction of all CDP projects. Eric also currently sits on the Board of Directors for two non-profit organizations, The Ecology Center in San Juan Capistrano, CA and Alberta Main Street in Portland, OR. Prior to founding CDP, Mr. Paine co-founded Equity West Capital Partners, a Newport Beach real estate investment manager operating private equity funds targeting distressed assets with inherent value-add potential. Prior to that, Eric was Executive Vice President of Pacer Communities, a private residential developer based in Irvine, California where, in his five-year tenure, he was involved in developing and liquidating residential units accounting for over \$115,000,000 in revenue. He directly supervised the teams responsible for all stages of a project's development cycle – acquisitions, capitalization, design development, entitlements, and project management. Eric earned his BA in Economics with a minor in Accounting from the University of California, Los Angeles, a certificate in Light Construction Development Management from the University of California, Irvine, and is a licensed California Real Estate Broker and General Contractor.

BLVD Capital (Co-GP and Co-Developer)

BLVD Capital (BLVD) is a privately held real estate investment company founded in 2010 on the basis of investing in stable cash flowing real estate assets. Within this market, BLVD acquires underperforming and/or distressed multifamily properties that often require experienced, professional management to realize the assets' full potential. In addition to acquiring distress assets, BLVD also invests in stabilized affordable housing properties, specifically project based Section 8 and LIHTC properties throughout the country.

Since 2012, BLVD has been actively pursuing and acquiring affordable housing projects across the United States. Currently, BLVD's portfolio consists of more than 2,300 units in 11 states. BLVD's affordable portfolio is comprised of both project based Section 8 properties and LIHTC properties. Within this space, BLVD targets properties that are fully stabilized as well as properties that require significant capital to be invested in order to preserve the long-term affordability for its residents. To date, BLVD has preserved or is in the process of preserving over 1,000 affordable units through the renewal of long-term contracts ensuring the availability of affordable housing for the future.

BLVD and its principals have a proven track record of successfully owning and asset managing market rate and affordable housing projects for over 25 years, consisting of more than \$1 billion of properties across the country.

Robert Budman, Principal, is a 15-year real estate investor veteran who has been involved in the acquisition and ownership of more than \$1 billion of properties throughout the country, consisting of affordable housing, conventional housing, and office and retail properties. He has

been involved in affordable housing projects since 2003, and is passionate about the preservation of affordable housing properties. Mr. Budman oversees the asset management of BLVD's affordable housing portfolio, and is heavily involved in all of BLVD's acquisition activities. Patrick Luke, Principal, has 12 years of real estate investment and ownership experience, with a specific focus on affordable housing and conventional housing properties across the country. He has been involved in the acquisition and ownership of more than \$600 million of apartment properties in 11 states, and well over 2,500 affordable housing units. Mr. Luke oversees the acquisition of BLVD's affordable housing portfolio, and is heavily involved in the asset management of BLVD's entire portfolio.

Praxis Consulting Group, LLC

Formed in 2004, Praxis Consulting Group LLC is a Nevada-based consulting firm that helps non-profit, for-profit and government organizations develop and finance affordable housing. Mr. Novak, its Principal, has over 30 years of experience in all aspects of the affordable housing development process, including HOPE VI, RAD, public housing mixed- finance development and affordable assisted living. Since 2005, Mr. Novak has secured the financing for over 45 affordable housing developments in Nevada, totaling more than 3,500 units and \$540 million in financing. Financing sources have included project-based Housing Choice Vouchers, public housing Capital and Replacement Housing Factor funds and ACC operating subsidy, private grants, tax-exempt bonds, 4 percent and 9 percent tax credits, ARRA TCAP and Section 1602 funds, HUD HOME and state housing trust funds, state transitional housing monies, FHLB AHP funds, as well as conventional construction and permanent debt.

American Apartment Management Company, Inc.

Chartered in 1972, American Apartment Management Company's sole purpose is the management of multifamily housing with emphasis on the operations of low and moderate income developments. American Apartment Management Company, Inc. (AAMCI) began management with 196 units of Section 221(d)(3) of the Rent Supplement program in 1972.

AAMCI is a member of NAHMA (National Affordable Housing Management Association) as well as SAHMA (Southeastern Affordable Housing Management Association) and IRHP (Institute for Responsible Housing Preservation). AAMCI was the host of the 2009 Tennessee region SAHMA meeting. The memberships of the executive team at AAMCI are listed on the individual biographies. Each year since 2011, AAMCI has been recognized by NAHMA as one of the "Affordable 100" management companies in the United States. Additionally, AAMCI is designated as a NAHMA Communities of Quality Partner in recognition of the high percentage of our portfolio qualifying for the Community of Quality program. AAMCI President Russell W. Fleming, is the current Chair of the NAHMA Tax Credit Committee.

Current President of AAMCI, Russell W. Fleming, has over twenty-five years of experience in property management. He has worked with all types of multi-family housing, managing large and diverse portfolios throughout North America. He was appointed as President of AAMCI in 2008 to oversee and grow the operations of AAMCI. The portfolio of AAMCI has consequently increased an estimated 50% (as measured by unit count), and is comprised of properties in sixteen states and the District of Columbia. The growth has come primarily from third party management, and includes acquisitions. Mr. Fleming serves as Vice Chair on the Tax Credit

Committee and is a member of the Elderly Housing Committee. He received a Bachelor of Science in Business Administration from Southwestern Oklahoma State University and is tax Credit Specialist (TCS), Certified Occupancy Specialist (COS), Certified Financial Manager (CFM), Specialist in Housing Credit Management (SHCM), and National Assisted Housing Professional – Executive (NAHP-e). He is a Tennessee Principal Broker and a Georgia Qualifying Broker.

Project Financing and Schedule

The project financing for Baltimore and Cleveland Gardens includes tax-exempt bonds issued by the Nevada Housing Division (NHD) and equity from the sale of non-competitive 4% Low Income Housing Tax Credits. The developers also plan to apply for HOME funds from the City of Las Vegas. The HOME funds will trigger a property tax exemption as permitted under NRS 361.082.

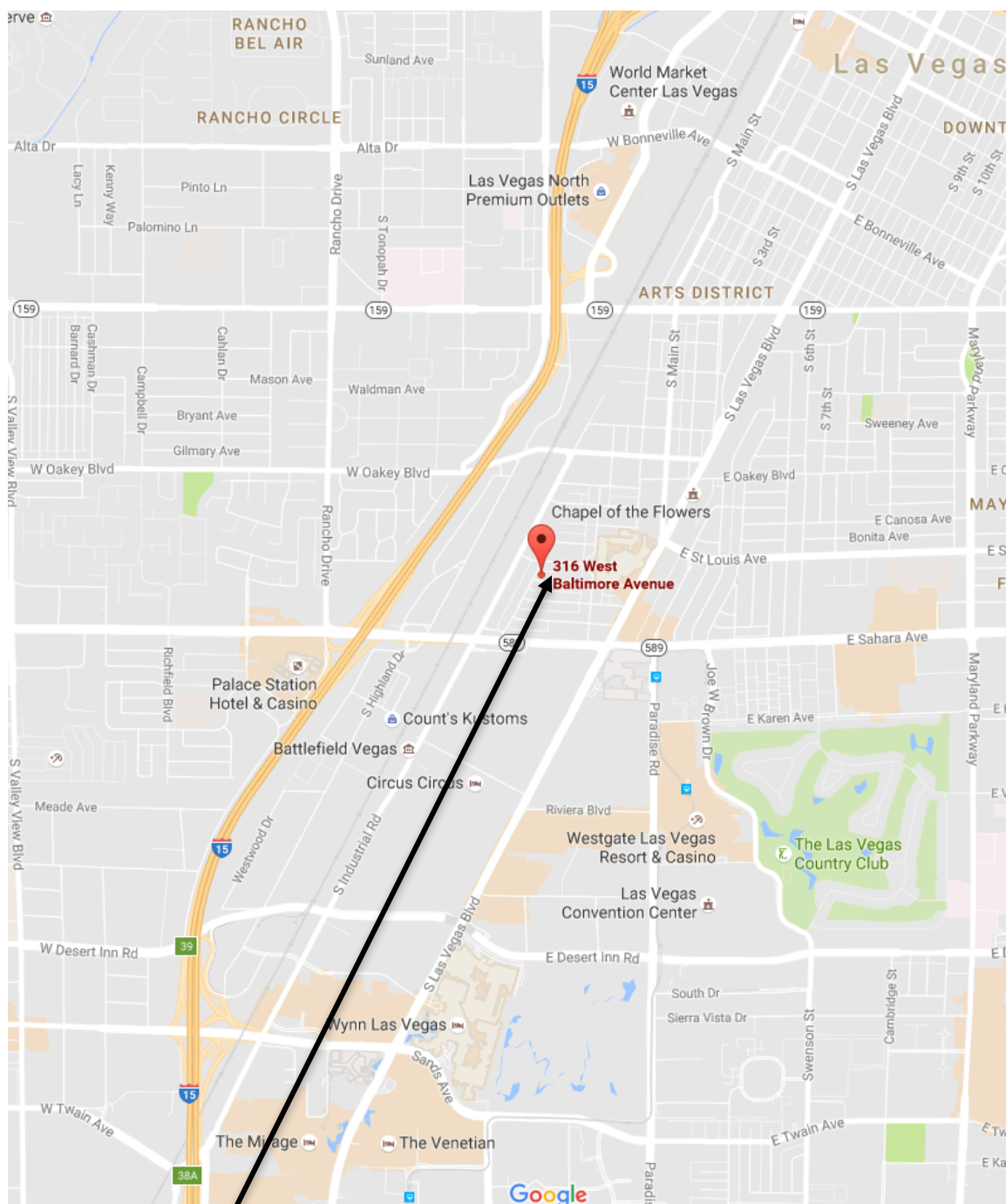
The site is located within census tract 11.00, which is a Qualified Census Tract, qualifying Baltimore and Cleveland Gardens for a 130% boost in tax credit eligible basis. The estimated total development cost is \$27.2 million, or about \$135,267 per unit.

Estimated Project Schedule

Tax Exempt Bond and LIHTC Application	October 2016
Bond / LIHTC Award	November 2016
Construction Commence / LP Closing	December 2016
Anticipated Construction Completion	December 2017
Conversion	April 2018
8609s	May 2018

**Baltimore Gardens and Cleveland Gardens
316 West Baltimore Avenue
Las Vegas, NV 89102**

Location Map



SITE

**Baltimore Gardens and Cleveland Gardens
316 West Baltimore Avenue
Las Vegas, NV 89102**

Aerial Photo



Baltimore Gardens

Cleveland Gardens



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division


FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Sierra Pines Senior Apartments**

In accordance with the requirements of NRS 319.190, 319.260 and 319.270, and based upon the memorandum of support, the Administrator of the Nevada Housing Division finds that:

1. There exists a shortage of decent, safe and sanitary housing at rental rates that eligible seniors can afford within the Las Vegas, Nevada rental housing markets, as determined by the Administrator.
2. Private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe and sanitary rental housing in such housing market areas at rental rates, which seniors of low and moderate income can afford.
3. The proposed multifamily project will preserve the supply and improve the quality of decent, safe and sanitary rental housing for eligible families.
4. The rental housing to be assisted by the Housing Division pursuant to the provisions of NRS and NAC Chapter 319 will be for public use and will provide a material public benefit to Las Vegas, Nevada.
5. The Housing Division's estimates of revenues to be derived from the mortgage made under the proposed project, together with all bond proceeds, all subsidies, grants or other financial assistance and guarantees issued from other entities to be received in connection with the bond financing, will be sufficient to pay the amount

estimated by the Housing Division as necessary for debt service on the bonds issued for the financing of the proposed project.

BY: 
CJ Manthe
Administrator
Nevada Housing Division

DATE: 10/17/2016

State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
1535 Old Hot Springs Road, Suite 50
Carson City, NV 89706

DATE: October 14, 2016

TO: State Board of Finance

AGENDA ITEM: Approval of the Findings of Fact of the Administrator of the Nevada Housing Division concerning the Multi-Unit Housing Revenue Bonds (Sierra Pines Senior Apartments)

PETITIONER: CJ Manthe – Administrator, Nevada Housing Division



A. Time and Place of Meeting:

8:30 a.m., Tuesday, November 8, 2016, at the Old Assembly Chambers of the Capitol Building, 101 N. Carson Street, Carson City, Nevada 89701.

B. Matter to be reviewed: The Findings of Fact (“Findings”) of the Administrator of the Housing Division concerning the Multi-Unit Housing Revenue Bonds (Sierra Pines Senior Apartments).

C. The Findings relate to the issuance of up to \$6,000,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for acquisition and renovation of a 90 unit senior apartment complex located at the near the intersection of South Mojave Road and E. Desert Inn Road, Las Vegas, Nevada (the “Project”).

D. The Housing Division will issue up to \$6,000,000 of multi-unit housing revenue bonds which will be structured in two phases, Construction Phase and Permanent Phase. The Construction Phase loan amount will be approximately \$6,000,000. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. At conversion to Permanent Phase the loan will be reduced to an approximate permanent amount of \$3,450,000 using tax credit equity installments, and will commence monthly principal amortization with a 35-year term. The bond issuance will also satisfy the Internal Revenue Code Section 42 Low-Income Housing requirement that tax-exempt debt in an amount at least equal to 50% of the tax credit depreciable basis be outstanding through the date until a project is “placed in service.” The debt will be placed directly with Citibank and will not be publicly offered. The Project borrower/developer will be a limited partnership (Sierra Pines Apartments, LP), which will consist of Nevada H.A.N.D. owned entity named Sierra Pines Apartments, LLC and Raymond James Tax Credit Fund. Raymond James Tax Credit Fund will be the equity investor limited partner and will provide approximately \$2,570,000 of

equity through the purchase of 4% low income housing tax credits. The proposed private placement financing structure is in compliance with NRS and NAC Chapter 319.

E. Background of Agenda Item:

The Project borrower/developer, in concert with the Housing Division's financial team and bond counsel, have prepared the necessary documents to implement this acquisition and renovation housing program. Further, the Project, as proposed, complies with the intent and purpose of Nevada Housing Finance Law. Also, the Project and bond documents prepared will comply with the Internal Revenue Code of 1986 (United States Code Title 26), as amended.

F. Staff Recommendation:

The Administrator of the Housing Division, in consultation with the financial and lending professionals of the Housing Division, recommends approval of the Findings, to the Board of Finance, for the issuance by the Nevada Housing Division of an issue of bonds known as its "Multi-Unit Housing Revenue Bonds (Sierra Pines Senior Apartments)."

G. Attorney Opinion:

The Findings of the Administrator of the Housing Division have been reviewed by the Housing Division's Legal Counsel; and assuming the factual matter stated therein is accurate, and except for the bond issue cash flow analyses and other financial and statistical data included therein as to which no opinion is expressed, the findings comply with the requirements of NRS 319.190, 319.260 and 319.270.



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

1200 Fifth Avenue
Suite 1220
Seattle, WA 98101

206 264-8900
206 264-9699 fax
www.pfm.com

Date: October 13, 2016
To: CJ Manthe
Administrator
Nevada Housing Division
From: Fred Eoff
Public Financial Management, Inc.
Re: Multi-Unit Housing Revenue Bonds
(Sierra Pines Senior Apartments) Series 2016

Board of Finance Request:

This Memorandum is provided in support of the request by the Nevada Housing Division to the State of Nevada Board of Finance for approval of the Findings of Fact for the Multi-Unit Housing Revenue Bonds (Sierra Pines Senior Apartments), Series 2016 and authorization for issuance of up to **\$6,000,000** of Nevada Housing Division multi-unit housing revenue bonds to fund acquisition, renovation and related costs of a senior housing affordable rental project. ("Project").

Background:

As financial advisor to the Nevada Housing Division ("Division"), Public Financial Management has been tasked to review the application submitted to the Division for financing of the Project. The scope of our work included a review of the application to the Division, the lender financing commitment, the tax credit equity investor letter of intent, the funding sources and uses and operating pro-forma provided by the borrower. Additionally, we have had direct conversations with the borrower, representatives of the lender, and representatives of the equity investor, Division counsel and Division staff. This Memorandum is a summary of our review and key factors supporting the Findings of Fact to be submitted to the State of Nevada Board of Finance.

Summary of the Proposed Project:

The Project is an existing 90-unit senior affordable housing complex on a 3.6 acre site in Las Vegas near the intersection of South Mojave Road and E. Desert Inn Road approximately one mile west of Interstate 515. The structure consists of a 3 story building with central swimming pool, extensively landscaped grounds, exercise room, computer/media room and laundry facility.

Unit rent income and rent restrictions are as summarized in the Project Operating Profile contained in Exhibit A.

Project Sponsor/Borrower:

The Project is being sponsored by Nevada H.A.N.D., Inc. Michael Mullin serves as President of Nevada H.A.N.D. and has over 30 years of experience in real estate and community assistance programs. Nevada H.A.N.D. is based in Las Vegas and has previously developed 7 affordable family properties (972 units) and 28 affordable senior projects (2,211 units) in Nevada. This property is currently owned by a Nevada H.A.N.D. entity. It is being acquired by a new ownership entity in order to generate low income tax credits to be utilized for renovation and updates to the facility.

The borrower/ownership entity will be Sierra Pines Apartments LP, a limited partnership consisting of Sierra Pines Apartments LLC, as general partner and Raymond James Tax Credit Fund as limited partner. Raymond James maintains their international headquarters in St. Petersburg, Florida and has been sponsoring affordable housing projects since 1969 and has raised in excess of \$6 billion in equity for more than 1,800 properties. Raymond James Tax Credit Fund will provide an equity investment of approximately \$2,570,000 in exchange for 4% low income housing tax credits available for the Project.

Project Construction:

The Project general contractor will be HAND Construction.

**Project Manager:**

Upon completion the Project will be managed by HAND Property Management Company. HAND Property Management currently manages all of the properties developed by Nevada HAND.

Summary of the Financing:

The financing is proposed as a direct bond purchase by Citibank N.A. The bonds will be held by Citibank or an affiliate and not sold to the public. The bond structure will consist of two phases, Construction Phase and Permanent Phase.

The Construction Phase loan amount is projected to be a maximum of \$6,000,000. Loan proceeds will be advanced to the Borrower on a “draw down” basis as needed to fund construction expenditures. Monthly debt service payments will be interest only and the interest rate is currently estimated by the lender to be approximately 3.0

At conversion to Permanent Phase the loan will be reduced to approximately \$3,450,000 upon receipt of additional tax credit equity installments. Loan amortization will entail monthly principal amortization (35 year factor). The permanent loan interest rate will be fixed and is estimated to be approximately 5.20% inclusive of Division and Trustee annual fees. Citibank reserves the option to require prepayment of the loan in full at the end of the 18th year following closing.

Total debt loan-to-value: 90.0% maximum LTV per lender requirements.

Debt service coverage: 115% minimum per lender requirements.

Reserves:

The Borrower will fund deposits to a replacement reserve at \$325/unit/year. Minimum required reserve deposits may be adjusted based on a new physical needs assessment acceptable to Citibank which will be required for each successive five year period until loan maturity.

The Borrower will also fund an Operating Reserve in the amount of \$161,711.

Sources and Uses

Sources of Funds		
	Construction Phase	Permanent Phase
Series 2016 Loan	\$5,095,140	\$3,432,714
AHP Loan	900,000	900,000
LIHTC Equity	385,436	2,569,572
Seller Note	1,000,000	1,000,000
Deferred Developer Fee	0	646,424
<i>Total Sources</i>	<i>\$7,380,576</i>	<i>\$8,548,710</i>
Uses of Funds		
Land & Building		
Acquisition	4,000,000	4,000,000
Construction Costs	2,139,707	2,139,707
Soft Costs	521,066	521,066
Contingencies	254,971	254,971
Construction Financing Costs	378,505	378,505
Permanent Financing Costs	86,327	86,327
Operating Reserve		161,711
Developer Fee		1,006,422
<i>Total Uses</i>	<i>\$7,380,576</i>	<i>\$8,548,710</i>



Investor Letter:

Citibank ("Purchaser") will sign an initial investor letter stipulating that it is a Qualified Institutional Buyer (as defined in Rule 144A of the Securities Act of 1933). Unless the Bonds are subsequently rated "A" or higher by either Moody's Investors Service or Standard & Poor's, in order to sell or transfer the Bonds the Purchaser must deliver to the Trustee a subsequent investor letter signed by the proposed transferee to substantially the same effect as the initial investor letter

Conclusion:

Exhibit A to this memorandum provides detail on the derivation of projections for rental income and operating expenses and a cash flow projection demonstrating that revenue sources net of operation expenses are sufficient to provide for debt service on the loan.

In summary, we are of the opinion that the proposed financing for the Project reflects prudent affordable housing underwriting criteria and terms which are consistent with Division regulatory provisions. The proposed Project is viewed positively in the local community as evidenced by the endorsement from Clark County. A tax-exempt financing issued through the Division is essential under Federal law to qualify the Project for 4% Low Income Housing Tax Credits without which construction of affordable housing at the proposed restricted income levels would not be possible without significant additional subsidy.

In our opinion, the Project meets the requirements of NRS 319.260 and meets the requirements of NAC 319.712, and we recommend it for submittal to the Board of Finance for approval with debt issuance to be subject to receipt of final loan and equity approval and related third party documentation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Fred R. Eoff", is written over a horizontal line.

Fred R. Eoff
Public Financial Management, Inc.

Exhibit A: Project Operating Proforma
Exhibit B: Bond/Loan Term Sheet

**Sierra Pines Senior Apartments
Project Operating Profile**

Unit Type	Net Sq. Ft.	AMI Restriction	Number Units	2016 Rents	2017 Rents	2018 Rents	2019 Rents
2 Bedroom	685	50%	90	\$677	\$691	\$704	\$718
90				\$60,930	\$62,149	\$63,392	\$64,659
				\$731,160	\$745,783	\$760,699	\$775,913

Debt Factors

Senior Loan Amount	\$3,432,714
Loan Term	35
Senior Loan Rate	5.20%
Annual Debt Service	\$213,177

Operating Expense Detail

	2016	2017	2018	2019
Administration	\$77,118	\$79,432	\$81,814	\$84,269
Oper/Maint	229,843	\$236,738	\$243,840	\$251,156
Utilities	86,733	\$89,335	\$92,015	\$94,775
R.E. Taxes	0	0	0	0
	\$393,694	\$405,505	\$417,670	\$430,200

Partnership Fees

Development Fee	\$1,006,422
Deferred Development Fee	\$646,424
Asset Management Fee	\$10,000

Other

Reserves	\$325	Per Unit/Yr
Vacancy	5.00%	

Ancillary Income

Base Year	\$0
-----------	-----

Trending Assumptions

Income (Yrs 1 - 5)	2.00%
Income (thereafter)	2.00%
Expenses	3.00%
Reserves	3.00%

**Sierra Pines Senior Apartments
Operating Proforma**

EXHIBIT A

<u>Income</u>	2018	2019	2020	2021	2022	2023	2024	2025	2026
Rental Income	\$760,699	\$775,913	\$791,431	\$807,260	\$823,405	\$839,873	\$856,670	\$873,804	\$891,280
Other Income	0	0	0	0	0	0	0	0	0
Gross Income	\$760,699	\$775,913	\$791,431	\$807,260	\$823,405	\$839,873	\$856,670	\$873,804	\$891,280
Less: Vacancy	(38,035)	(38,796)	(39,572)	(40,363)	(41,170)	(41,994)	(42,834)	(43,690)	(44,564)
Effective Net Revenue	\$722,664	\$737,117	\$751,860	\$766,897	\$782,235	\$797,879	\$813,837	\$830,114	\$846,716
<u>Expenses</u>									
Administrative	81,814	\$84,269	\$86,797	\$89,401	\$92,083	\$94,845	\$97,691	\$100,621	\$103,640
Operating & Maintenance	\$243,840	\$251,156	\$258,690	\$266,451	\$274,445	\$282,678	\$291,158	\$299,893	\$308,890
Utilities	92,015	94,775	97,619	100,547	103,564	106,671	109,871	113,167	116,562
Replacement Reserves	29,250	30,128	31,031	31,962	32,921	33,909	34,926	35,974	37,053
Total Expenses	\$446,920	\$460,328	\$474,137	\$488,362	\$503,012	\$518,103	\$533,646	\$549,655	\$566,145
Conversion Year Adjustment 50%	(137,872)								
Net Operating Income	\$137,872	\$276,790	\$277,722	\$278,535	\$279,222	\$279,777	\$280,191	\$280,459	\$280,571
<u>Debt Service</u>									
Senior Debt	\$106,589	\$213,177	\$213,177	\$213,177	\$213,177	\$213,177	\$213,177	\$213,177	\$213,177
Senior Debt Coverage	129%	130%	130%	131%	131%	131%	131%	132%	132%
Sub. Loan - City of N. Las Vegas									
Cash Flow After Senior Debt	\$31,283	\$63,612	\$64,545	\$65,358	\$66,045	\$66,599	\$67,014	\$67,281	\$67,394
LP Asset Management Fee	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668
Deferred Dev Fee Pymt	21,283	53,312	53,936	54,431	54,790	55,006	55,073	54,982	54,726
Cumulative DDF Paid	21,283	74,595	128,531	182,962	237,751	292,758	347,831	402,813	457,539
DDF Balance	625,141	571,829	517,893	463,462	408,673	353,666	298,593	243,611	188,885
Surplus After DDF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Sierra Pines Senior Apartments
Operating Proforma**

EXHIBIT A

<u>Income</u>	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Rental Income	\$909,106	\$927,288	\$945,833	\$964,750	\$984,045	\$1,003,726	\$1,023,801	\$1,044,277	\$1,065,162	\$1,086,465
Other Income	0	0	0	0	0	0	0	0	0	0
Gross Income	\$909,106	\$927,288	\$945,833	\$964,750	\$984,045	\$1,003,726	\$1,023,801	\$1,044,277	\$1,065,162	\$1,086,465
Less: Vacancy	(45,455)	(46,364)	(47,292)	(48,238)	(49,202)	(50,186)	(51,190)	(52,214)	(53,258)	(54,323)
Effective Net Revenue	\$863,650	\$880,923	\$898,542	\$916,513	\$934,843	\$953,540	\$972,610	\$992,063	\$1,011,904	\$1,032,142
<u>Expenses</u>										
Administrative	\$106,749	\$109,952	\$113,250	\$116,648	\$120,147	\$123,752	\$127,464	\$131,288	131,288	131,288
Operating & Maintenance	\$318,156	\$327,701	\$337,532	\$347,658	\$358,088	\$368,831	\$379,895	\$391,292	391,292	391,292
Utilities	120,059	123,661	127,370	131,191	135,127	139,181	143,356	147,657	152,087	156,649
Replacement Reserves	38,165	39,310	40,489	41,704	42,955	44,243	45,571	46,938	48,346	49,796
Total Expenses	\$583,129	\$600,623	\$618,642	\$637,201	\$656,317	\$676,007	\$696,287	\$717,175	\$723,013	\$729,026
<i>Conversion Year Adjustment</i>										
Net Operating Income	\$280,521	\$280,300	\$279,900	\$279,312	\$278,526	\$277,533	\$276,324	\$274,887	\$288,891	\$303,116
<u>Debt Service</u>										
Senior Debt	\$213,177	\$213,177	\$213,177	\$213,177	\$213,177	\$213,177	\$213,177	\$213,177	\$213,177	\$213,177
Senior Debt Coverage	132%	131%	131%	131%	131%	130%	130%	129%	136%	142%
Sub. Loan - City of N. Las Vegas										
Cash Flow After Senior Debt	\$67,344	\$67,123	\$66,723	\$66,134	\$65,348	\$64,356	\$63,146	\$61,710	\$75,713	\$89,938
LP Asset Management Fee	13,048	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024
Deferred Dev Fee Pymt	54,296	53,684	52,880	28,025	0	0	0	0	0	0
Cumulative DDF Paid	511,835	565,519	618,399	646,424	646,424	646,424	646,424	646,424	646,424	646,424
DDF Balance	134,589	80,905	28,025	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Surplus After DDF	\$0	\$0	\$0	\$23,852	\$50,663	\$49,230	\$47,567	\$45,663	\$59,185	\$72,914

\$6,000,000
Nevada Housing Division
Multi-Unit Housing Revenue Bonds, Series 2016
(Sierra Pines Senior Apartments)

Bond/Loan Term Sheet

Developer:	Nevada H.A.N.D., Inc.
Lender:	Citibank, N.A.
Borrowing Entity:	Sierra Pines Apartments LP, A limited partnership comprised of Sierra Pines LLC (general partner) and Raymond James Tax Credit Fund (limited partner).
Principal Amount:	<u>Construction Phase:</u> Not to exceed \$6,000,000 <u>Permanent Phase:</u> -Not to exceed 90% loan to value based on final appraisal. -Expected to be approximately \$3,500,000
Bond Type:	<p>This transaction will be a loan provided by the Lender to the Housing Division to be used to fund an interim tax-exempt construction bond issue which will convert to a permanent loan following construction completion and satisfaction of loan conversion criteria.</p> <p>The loan rate will be variable during the Construction Phase and fixed during Permanent Phase. The fixed rate to go into effect upon conversion to the Permanent Phase will be locked at Closing.</p>
Bond Dated:	As of Closing Date
Interest Payments:	Monthly. Loan is interest only through the date of conversion to Permanent Phase which is estimated to occur 18 following start of construction.
Principal Payments:	Monthly, commencing at conversion to Permanent Phase
Denominations:	Bonds will amortize in equal monthly "loan" form with fractional dollar principal amortization.
Maturity:	30 years from date of conversion to permanent loan.
Interest Rate:	<u>Construction Phase:</u> Variable, expected to be approximately 3.30% (including Division & Trustee fees) adjusted monthly

Permanent Phase:

Fixed rate equal estimated to be approximately 5.55% (including Division & Trustee fees). The rate will be locked at Closing

Redemption:

- 1) Prepayment without penalty during the Construction Phase unless the loan is reduced to less than the Permanent Phase Loan Amount in which case the Borrower is subject to a yield maintenance penalty on the amount below the Permanent Phase Loan Amount.
- 2) Prepayment during the Permanent Phase is subject to a yield maintenance penalty.
- 3) Citibank reserves the option to require repayment of the loan in full (with six months prior written notice) at Closing Date plus 17 years.

Indenture Funds:

- 1) Project Fund
 - a) Note Proceeds Account
 - b) Borrower Equity Account
- 2) Closing Costs Fund
- 3) Expense Fund
- 4) Rebate Fund

Fees:

- 1) Issuer Annual Fee @ 0.25% (25 bp) paid monthly in arrears
- 2) Trustee Annual Fee @ 0.05% (5 bp) paid monthly in arrears

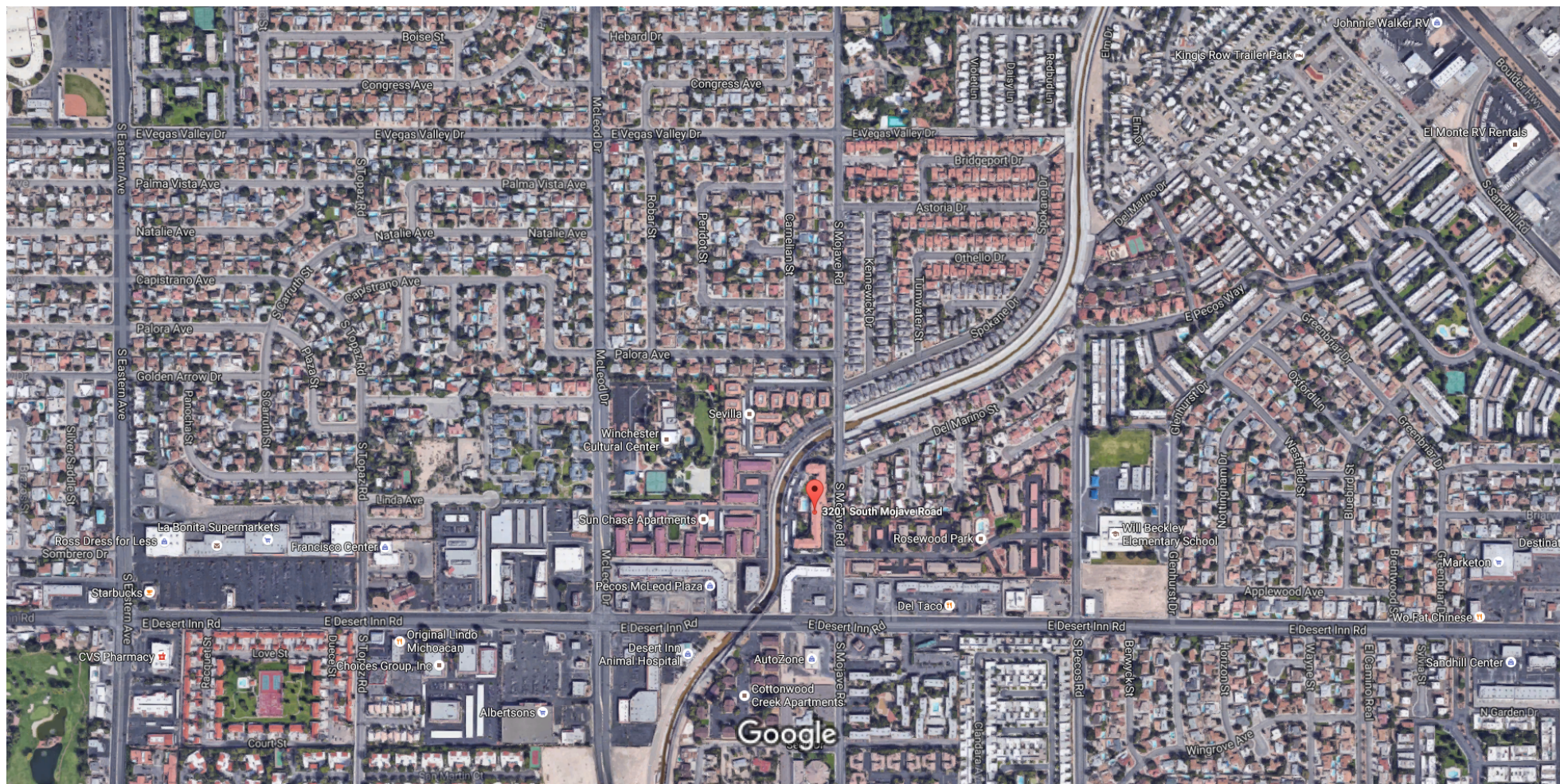
Bond Rating:

Not rated



3201 S Mojave Rd

Sierra Pines Senior Apartments



Imagery ©2016 Google, Map data ©2016 Google 500 ft



3201 S Mojave Rd

Las Vegas, NV 89121



At this location

Sierra Pines Apartments 55+ Seniors

Apartment Building · S Mojave Rd



Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Tara Hagan, Chief Deputy Treasurer

SUBJECT: 11_8_16 BoF Agenda Item #9 – Outside Bank Account for Nevada Gaming Control Board

DATE: October 24, 2016

Agenda Item #9

For possible action - Discussion on a request to approve an outside bank account with Wells Fargo for the Nevada Gaming Control Board.

Background:

NRS 356.005-356.011 requires the State Board of Finance to approve state agency requests to establish outside bank accounts except in cases where the account is specifically authorized by statute.

During the 2015 Legislative Session, Senate Bill 38 (SB 38) was passed by the Legislature and signed by the Governor. SB38 required the Nevada Gaming Commission (NGC) to adopt regulations relating to club venue operations within non-restricted casinos and to register club venue employees. NGC Regulation 5.370 (3) requires the Club Venues to establish revolving accounts with the Gaming Control Board in the amount of \$10,000. Per the regulation these funds will be used to pay the expenses of agents of the Gaming Control Board and Commission conducting observations at club venues.

Nevada Gaming agents will be conducting observations and as a result will draw from this bank account to pay for costs incurred as part of the observation. At the end of the observation, the licensee will be required to deposit additional money to ensure the account remains at the \$10,000 minimum amount. The Gaming agents will be conducting the observations undercover and the account will primarily be used for conducting cash transactions. The outside bank account is necessary to allow the Gaming agent to cash the check and secure the cash at the Gaming Control Board office until the observation is conducted. This process will allow the observations to remain confidential and will not require the transactions to be limited or bound by the provisions of NRS 281.160. Furthermore, having the ability to write checks to the outside bank account in the name of the State of Nevada rather than the agent's name will assist in maintaining the confidentiality of the undercover operation. Please note this request is similar to the statutory authority pursuant to NRS 463.330, which allows the Nevada Gaming Board to have an outside bank account to conduct other covert observations.

Recommendation:

I respectfully request consideration and approval of the establishment of this account for the Nevada Gaming Control Board.

CARSON CITY OFFICE
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS
Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

LAS VEGAS OFFICE
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Tara Hagan, Chief Deputy Treasurer

SUBJECT: 11_8_2016 BoF Agenda Item #10– State Treasurer Investment Report

DATE: October 31, 2016

Agenda Item #10

Discussion and possible action regarding the State Treasurer's quarterly investment report for the quarter ended September 30, 2016 and to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Current Performance:

The attached reports indicate performance for the quarter ending September 30, 2016.

- FTN Financial began managing the LGIP portfolio in July 2015. The performance for LGIP assets was 0.63% which is 0.18% in excess of the benchmark return of 0.45%. The previous administration's return compares with 0.09% for period ending December 31, 2014.
- The total portfolio weighted return for period ending September 30, 2016 is 1.38%. The previous administration's return compares with 0.44% for period ending December 31, 2014.
 - The performance of the internally managed portion of the General Portfolio was 0.77% which is 0.50% in excess of the custom blended benchmark return of 0.27%.
 - Chicago Equity Partners (CEP) began managing \$200 million in General Portfolio assets on September 1, 2015 with an additional \$25 million added in January 2016, \$40 million added in July and \$35 million in September for a total of \$300 million. The year to date performance net of fees is 3.19%. As of September 30, 2016, CEP reported an annual investment income of \$4.91 million. The hard dollar fees paid since inception to CEP as of September 30, 2016 were \$416,849.

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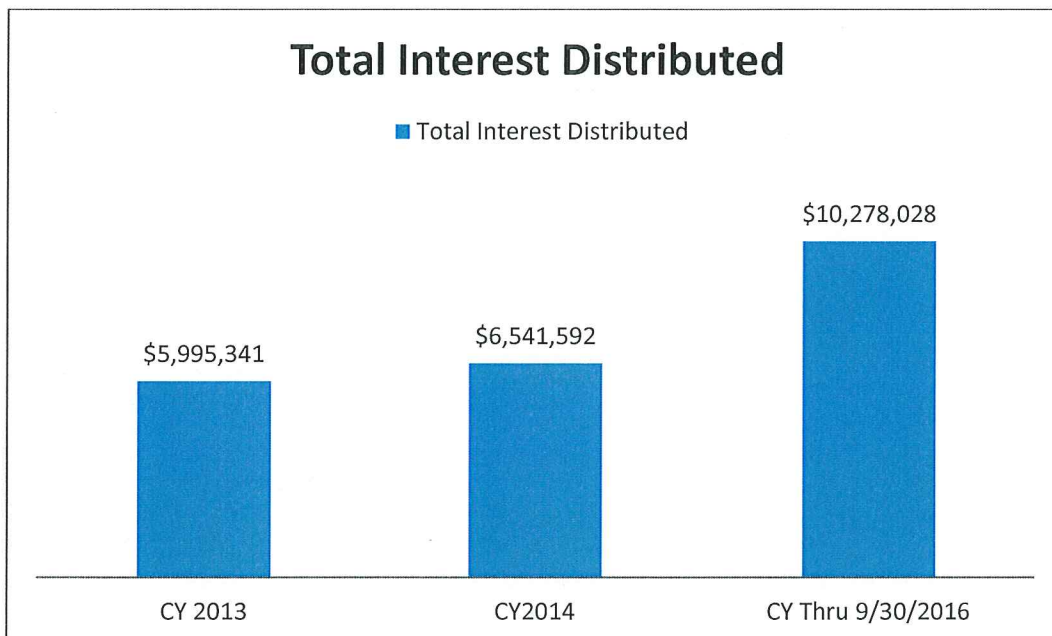
STATE TREASURER PROGRAMS
Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
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(702) 486-3246 Fax

- MacKay Shields (MKS) began managing \$200 million in General Portfolio assets on December 1, 2015 with an additional \$25 million added in January 2016, \$40 million added in July and \$35 million in September for a total of \$300 million. The year to date performance net of fees is 3.41%. As of September 30, 2016, MacKay Shields estimates its annual investment income to be \$5.90 million. The hard dollar fees paid since inception to MKS as of September 30, 2016 were \$470,812.

Interested Distributed to General Portfolio

The chart below indicates the interest distributed through September 30, 2016 (three quarters only) is 42% higher and 36% higher than the interested distributed in all four calendar quarters in 2014 and 2015, respectively.



Recommendation:

I respectfully request consideration and approval of the quarterly investment reports and the Treasurer's investment policies for the General Portfolio and the LGIP.



State Treasurer
www.NevadaTreasurer.gov

INVESTMENTS

GENERAL PORTFOLIO

FISCAL YEAR 2017

Period Ending
September 30, 2016

Overview

Investment of the State of Nevada General Fund Portfolio is a function performed by the State Treasurer, who, by the provisions of NRS 355, has adopted policies for the prudent and conservative investment of these funds. The Board of Finance shall review investment policies at least every four months and approve any changes. The General Portfolio encompasses governmental, proprietary, enterprise and fiduciary funds of the State. Investment objectives include safety of principal, portfolio liquidity and market return.

Investment Guidelines

The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The targeted duration of the portfolio is one and a half years, with no security extending longer than ten years.

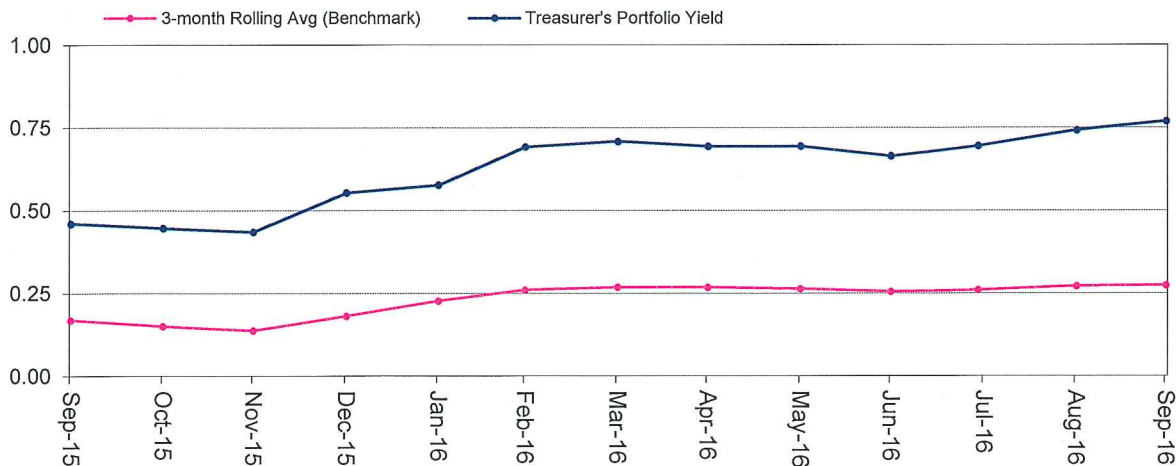
The State Treasurer maintains a conservative, moderately active investment strategy. Cash flow forecasts are prepared to identify operating cash requirements that can be reasonably anticipated. In order to maintain sufficient liquidity, a portion of the portfolio is structured so that securities mature concurrently with cash needs in the short and medium term. Monies deemed to have a longer investment horizon, are invested to take advantage of longer term market opportunities.

While the short term general fund and a portion of the longer term investments are managed in house by the Treasurer, two firms, Chicago Equity Partners and MacKay Shields have been hired to manage the bulk of the longer term general fund assets.

In House Performance

As of September 30, 2016, the yield on the portion of the General Portfolio managed in house was 0.77%. A new benchmark has been created using the three month T-bills and two year treasury notes. A three month rolling average of this benchmark for this period was .27% with a duration of 218 days. The duration of the in-house managed portfolio was .55 years or 201 days. The previous benchmark for the quarter ended December 31, 2014 was the three month TBill was 0.05% with a duration of 90 days.

General Fund Performance vs. Benchmark

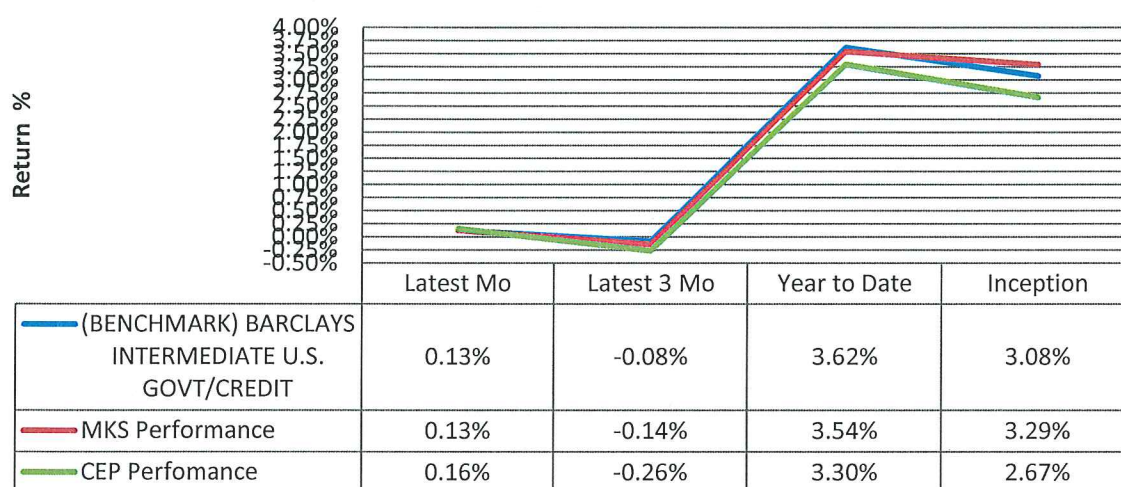


Outside Manager Performance

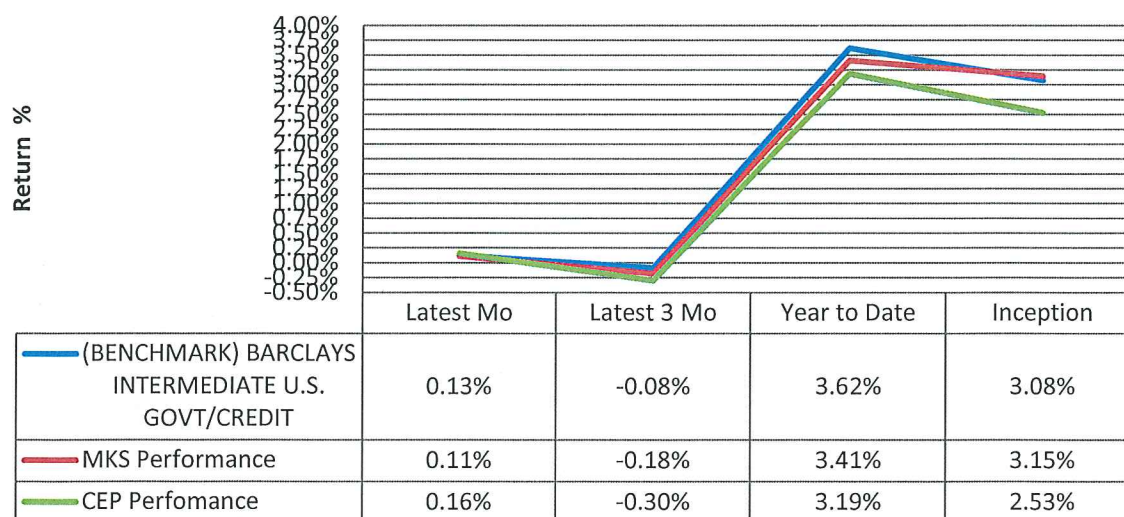
The period ending September 30, 2016 was Chicago Equity Partners (CEP) fourth full quarter managing General Fund monies. The Year to Date return was 3.30%. The period ending September 30, 2016 marked Mackay Shields (MKS) third full quarter managing monies for the Portfolio. MKS Year to Date return was 3.54%. Both of these returns are based on time-weighted rate of return which is defined as the compounded growth rate of \$1 over the period being measured. These funds have been assigned the Barclays Intermediate Government Credit benchmark. The benchmark as of September 30, 2016 was 3.62%. The Nevada statutory requirements prevent managers from investing in certain securities and fewer corporate notes which is the cause of the difference in manager performance versus the benchmark.

Outside Managers' Performance vs. Benchmark

Performance as of September 30, 2016 (Gross of Fees)

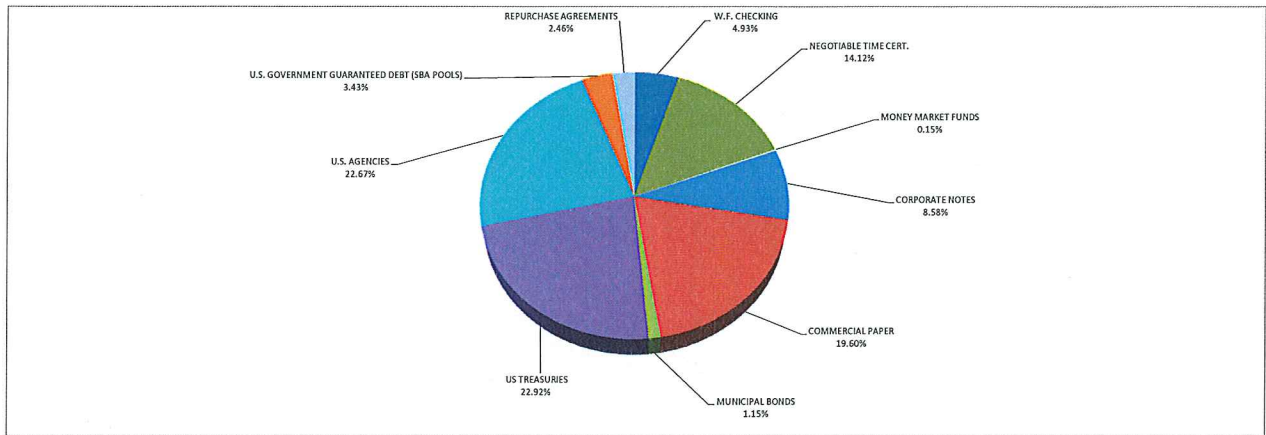


Performance as of September 30, 2016 (Net of Fees)



GENERAL PORTFOLIO
Amortized Book Value and Purchased Interest

September 30, 2016					June 30, 2016				
Amortized Book Value					Amortized Book Value				
	Treasurer In-House	Chicago Equity Partners	Mackay Shields	Purchased Interest		Treasurer In-House	Chicago Equity Partners	Mackay Shields	Purchased Interest
WASHINGTON FEDERAL CHECKING ACCT.	\$ 100,448,037					\$ 100,314,218			
TIME CERTIFICATES OF DEPOSIT	0					0			
NEGOTIABLE CERTIFICATES OF DEPOSIT	287,503,779					460,004,070			
MONEY MARKET FUNDS	574,156	2,209,084	227,568			2,433,333	1,922,954	179,737	
ASSET-BACKED SECURITIES	0					0			
MORTGAGE-BACKED SECURITIES	0					0			
CORPORATE NOTES	70,739,461	18,688,724	85,052,119	121,173		71,045,734	16,842,758	66,201,246	66,328
COMMERCIAL PAPER	398,944,591					267,928,757			
MUNICIPAL BONDS	23,471,064			832		10,744,826			
U.S. TREASURIES	0	254,481,552	211,679,821	306,662		0	184,964,864	154,679,574	146,479
U.S. AGENCIES	428,838,067	27,536,592	4,999,250	11,590		315,992,121	23,669,726	4,999,095	1,726
U.S. GOVERNMENT GUARANTEED DEBT	69,780,261					74,624,295			
REPURCHASE AGREEMENTS	50,000,000					353,000,000			
TOTAL	\$ 1,430,299,415	\$ 302,915,952	\$ 301,958,758	\$ 440,257		\$ 1,656,087,354	\$ 227,400,303	\$ 226,059,652	\$ 214,533
GRAND TOTAL				2,035,614,383					\$2,109,761,841.90



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	September 30, 2016	September 30, 2015
TOTAL PORTFOLIO	\$2,035,614,383	\$1,501,611,061

State of Nevada
Office of the State Treasurer
Schedule of General Fund Interest Revenue

	Quarter Ended 09/30/2016	Quarter Ended 12/31/2016	Quarter Ended 03/31/2017	Quarter Ended 06/30/2017	FY 2017 Totals
<u>Average Daily Balances of Funds</u>					
General Fund	140,705,275				140,705,275
All Funds	2,166,844,878				2,166,844,878
<u>Annualized Interest Rate</u>					
Cash Basis (see Note 1)	0.7604%				0.7604%
Accrual Basis	0.7094%				0.7094%
<u>Interest Distribution for General Fund (Cash Basis)</u>					
General Fund Interest Collected	269,878				269,878
General Fund Interest Revenue - Distributed	269,878				269,878
Undistributed General Fund Interest Revenue	-				-
<u>Interest Distribution for All Funds (Cash Basis)</u>					
All Funds Interest Collected	4,104,544				4,104,544
All Funds Interest Revenue - Distributed	4,104,544				4,104,544

Note 1 Interest is distributed to statutorily approved funds and budget accounts based on the cash basis of accounting. Under the cash basis of accounting, earnings are distributed in the quarter received but not necessarily in the quarter they were earned. Therefore, some of the receipts included in the Actual General Fund interest collected line were actually earned in the prior period and some of the earnings included in the General Fund interest revenue - accrual basis line will not be collected until a subsequent period.



Overview

The State of Nevada Local Government Investment Pool (LGIP) was established as an alternative investment program to be utilized by local governments for their public funds. This program's operation is the responsibility of the State Treasurer who, by the provisions of state statute, has adopted guidelines for the prudent investment of these pooled funds. Any local government, as defined by NRS 354.474, may deposit its public monies into this fund for purposes of investment. As of September 30, 2016, there were 87 members of the LGIP, which includes cities, counties, school districts, and various special districts. The LGIP's foremost investment objectives include safety of principal, portfolio liquidity, and market return, which are consistent with a conservative, short duration portfolio.

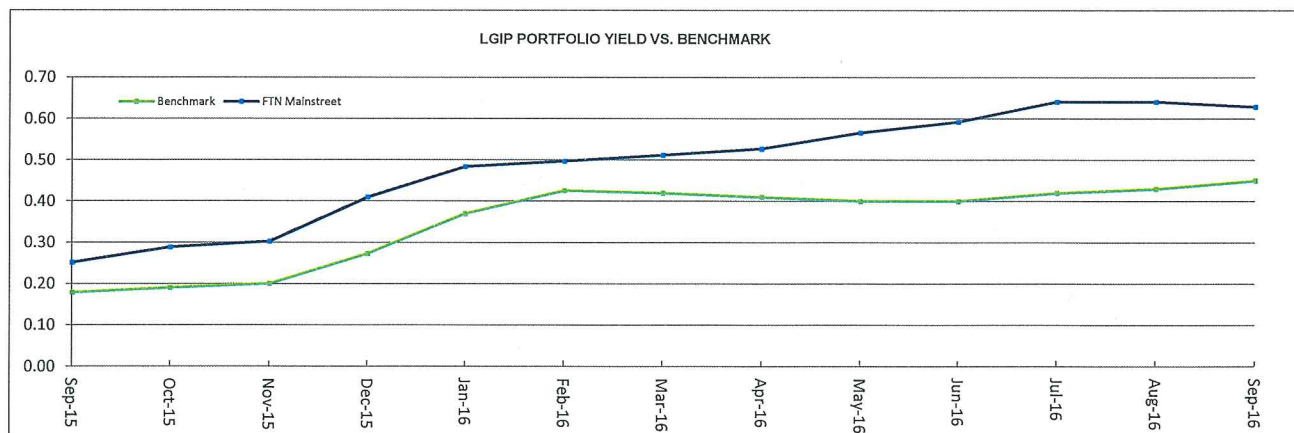
Investment Guidelines

The permissible investments of the LGIP include United States Treasury and Agency securities, repurchase agreements, high quality commercial paper, negotiable certificates of deposit, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The average maturity of the portfolio must not exceed 150 days, and no single security may be longer than two years.

The State Treasurer maintains a conservative investment strategy, which incorporates the matching of maturing securities to the cash needs of the participants. Approximately 20% of the fund matures on a daily basis, ensuring sufficient liquidity to meet both anticipated and unanticipated withdrawals. Additionally, at approximately 60% of the fund matures within 90 days, compared to the policy requirement of 50%. This requirement minimizes the risk that the market value of portfolio holdings will fall significantly due to adverse changes in general interest rates.

Performance

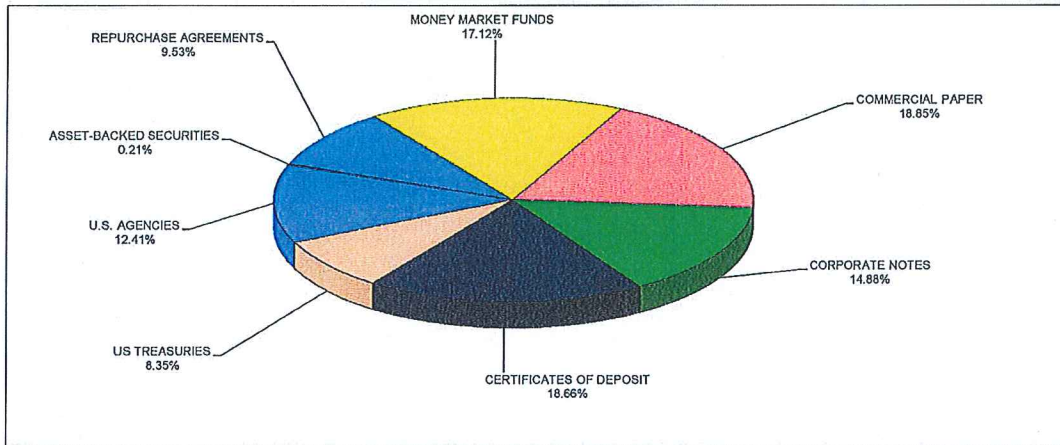
FTN Financial began managing the LGIP portfolio in July 2015. As of September 30, 2016 the LGIP's portfolio yield was 0.629%, and the blended benchmark was 0.45%. The average duration of the LGIP portfolio was 124 days. The yield for LGIP was 0.09% for the period ending December 31, 2014.



Administration

The State Treasurer has adopted an Investment Policy relating specifically to the LGIP. The State Board of Finance shall review and approve or disapprove the policies established by the State Treasurer for investment of money of the LGIP at least every four months. The State Treasurer hereby confirms all LGIP investments are in compliance with the Terror-Free Investment Policy and the Divestiture Policy. The State Treasurer may contract with an independent auditor to review LGIP transactions for accuracy and fairness in reporting.

	<u>September 30, 2016</u>		<u>June 30, 2016</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 131,197,034		\$ 78,144,308	
COMMERCIAL PAPER	144,416,141		101,549,547	
CORPORATE NOTES	113,808,915	191,044	108,503,977	98,611
CERTIFICATES OF DEPOSIT	143,005,490		25,000,000	
MUNICIPAL BONDS				
U.S. TREASURIES				
NOTES	63,992,944		80,004,892	14,620
BILLS				
U.S. AGENCIES	95,045,492	22,326	134,967,245	2,069
ASSET-BACKED SECURITIES	1,609,290		2,679,164	
REPURCHASE AGREEMENTS	73,000,000		50,000,000	
TOTAL	<u>\$ 766,075,305</u>	<u>\$ 213,370.13</u>	<u>\$ 580,849,134</u>	<u>\$ 115,300.43</u>
GRAND TOTAL		<u>\$766,288,675.61</u>		<u>\$580,964,434.67</u>



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
TOTAL PORTFOLIO	\$766,288,676	\$570,574,708