

Governor Joe Lombardo



Treasurer Zach Conine
Controller Andy Matthews
Benjamin Edwards
David R. Navarro

State of Nevada
STATE BOARD OF FINANCE

PUBLIC NOTICE

AGENDA

MEETING OF THE STATE BOARD OF FINANCE

February 8, 2024

1:00 P.M.

Locations:

Via videoconference at the following locations:

State Capitol Building
1st Floor State Treasurer's Office
101 N. Carson Street, Suite 4
Carson City, NV 89701

Grant Sawyer State Office Building
Governor's Conference Room, Fifth Floor
555 E. Washington Avenue, Suite 5100
Las Vegas, NV 89101

Agenda Items:

1. Roll Call.

Presenter: Lori Hoover, Chief Deputy, Nevada State Treasurer's Office

2. Public Comment.

Comments from the public are invited at this time. Pursuant to NRS 241.020(3)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comments will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

Presenter: Joe Lombardo, Governor of the State of Nevada

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

3. **For discussion and possible action:** on the Board of Finance minutes from the meeting held on December 21, 2023.

Presenter: Joe Lombardo, Governor of the State of Nevada

4. **For discussion and possible action:** on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$33,400,000 of Multi-Unit Housing Revenue Bonds (Southern Pines 2 Apartments), for the purpose of new construction of a 180-unit senior affordable housing rental project in Clark County, Nevada. The Southern Pines 2 Apartments project was originally approved by the Board of Finance in June of 2023 for an amount of up to \$30.5 million in Multi-Unit Housing Revenue Bonds. The financing structure now includes the addition of \$2.9 million in Private Activity Bond Cap, the elimination of \$1.68 million in Housing Trust Funds, and an increase of \$1.68 million in Clark County Community Housing Funds.

Presenter: Stephen Aichroth, Administrator, Nevada Housing Division

5. **For discussion and possible action:** Presentation on issuance of certificates of participation.

- a. **For possible action:** Discussion and possible action on a resolution approving a lease purchase agreement and related documents and providing other matters related to the refinancing of a state office building located within the Capitol Complex in Carson City known as Capitol Complex 1.
- b. **For possible action:** Discussion and possible action on a lease purchase agreement and related documents and providing other matters related to the refinancing of a facility used as a detention facility for the State Department of Corrections.
- c. **For possible action:** Discussion and possible action on a resolution approving a lease purchase agreement and related documents and providing other matters related the refinancing of nursing/science/education building and a student activities/administration building for Nevada State University (formerly known as Nevada State College).

Presenter: Cari Eaton, Deputy Treasurer – Debt Management

6. **For discussion and possible action:** Discussion and possible action regarding revisions to the State of Nevada Board of Finance and State Treasurer Debt Management Policy last amended on May 10, 2022, to update the Policy, as a result of statutory revisions passed in the 81st Regular Session of the Legislature and signed by the Governor.

Presenter: Cari Eaton, Deputy Treasurer – Debt Management

7. **For discussion and possible action:** On the issuance of State of Nevada, Highway Improvement Revenue Bonds.

- d. **For possible action:** Discussion and possible action on a resolution designated by the short title "2020A Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2024A in the maximum aggregate principal amount of \$100,000,000; 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.
- e. **For possible action:** Discussion and possible action on a resolution designated by the short title "2020B Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State of Nevada, Highway Improvement Revenue (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) Bonds, Series 2024B in the maximum aggregate principal amount of \$50,000,000; 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: Cari Eaton, Deputy Treasurer – Debt Management

8. **For discussion and possible action:** Discussion and possible action on the State Treasurer's quarterly investment report for the quarter ended September 30, 2023.

Presenter: Steven Hale, Deputy Treasurer of Investments

9. **For discussion and possible action:** Discussion and possible action on the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool dated July 2022. Approval of the Board of Finance is required pursuant to NRS 355.045.

Presenter: Steven Hale, Deputy Treasurer of Investments

10. Public Comment.

Comments from the public are invited at this time. Pursuant to NRS 241.020(3)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comments will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but 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) 684-5753 if assistance is needed.

Lori Hoover, Secretary to the Board, may be contacted at (775) 684-5753 to obtain copies of supporting materials, which are available to the public at 101 N. Carson St., Suite 4, 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

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

STATE BOARD OF FINANCE
December 21, 2023 – 1:00 pm
Summary Minutes

Location:

Via videoconference at the following locations:

Old Assembly Chambers	Governor's Office Conference Room
Capitol Building, Second Floor	555 E Washington Avenue, Suite 5100
101 N. Carson Street	Las Vegas, NV 89101
Carson City, NV 89701	

Treasurer Conine called the meeting to order at 1:00 pm.

Board members present:

Governor Joe Lombardo – Excused
Treasurer Zach Conine – Las Vegas
Controller Andy Matthews – Las Vegas
David R. Navarro – Las Vegas
Benjamin Edwards – Virtual

Others present:

Lori Hoover:	Treasurer's Office
Erik Jimenez:	Treasurer's Office
Itzel Fausto:	Treasurer's Office
Kevin Doty:	Attorney General's Office
Stephen Aichroth:	Nevada Housing Division
Christine Hess:	Nevada Housing Division
Eric Novak:	Praxis Consulting
Alan Molasky:	Ovation Development
Ben Keickhefer:	Governor's Office
Jim Wells:	Governor's Office
Fred Eoff:	PFM

Agenda Item 2 – Public Comment.

No public comment in Carson City or Las Vegas. No written public comment.

Agenda Item 3 – For discussion and possible action – on the Board of Finance minutes from the meeting held on October 19, 2023.

**Controller Matthews moved to approve the minutes and a second by Member Edwards.
Motion passed unanimously.**

Agenda Item 4 – For possible action and possible action: Discussion and possible action on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$43,500,000 of Multi-Unit Housing Revenue Bonds (Decatur and Rome Senior Apartments), for the purpose of construction of a 276-unit affordable senior housing rental project in Las Vegas, Nevada. The project developers are Ovation Design and Development and Coordinated Living of Southern Nevada, Decatur Rome LLC. will be the managing member and Bank of America will be the equity investor partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Stephen Aichroth with the Nevada Housing Division presented the request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$43,500,000 of Multi-Unit Housing Revenue Bonds for the Decatur and Rome Senior Apartments. He noted that the bonds will be used for the new construction of a 276-unit affordable senior apartment complex in Las Vegas. The rental housing will provide affordability restrictions to 276 senior households and includes the first development of Tiny Homes in a bond project in the State. He noted that the land was also transferred to the city from the Bureau of Land Management (BLM) under a patent to specifically create affordable housing development. He reviewed the development group is led by Ovation Design and Development and Coordinated Living of Southern Nevada. This will be the third affordable housing development through the BLM land transfer process.

Chief Financial Officer Christine Hess provided a brief overview of the financial structure. She noted that the Decatur and Rome Senior Apartments have projected a total project cost of \$79 million. The financing for this project includes the bond proceeds of \$43.5 million during the construction phase and reduced to approximately \$16.5 million at upon conversion to the permanent financing through a direct placement with Citibank. She added there is bridge financing during construction by Bank of America at approximately \$23 million and Citibank approximately \$4 million. The amount of bonds exceeds a 50% test, so this project qualifies for 4% low-income housing tax credits. Due to its location, it qualified for a 30% boost in its eligible basis, which is used to calculate the amount of tax credits generated. She noted that Bank of America will provide an equity investment of approximately \$37,395,000 in exchange for the 4% low-income housing tax credits to be allocated to the project. She reviewed that in today's landscape of increased cost of financing, high construction costs both in labor and supplies, this project and all of projects require additional sources of funds in order to be financially feasible. The project is one of the division's awardees of Home Means Nevada Initiative Funds and will bring these funds into the project as a \$7.5 million loan at 1%. She noted that the Clark County Community Housing Fund is providing \$12.5 million grant. The developer is deferring \$5.2 million of their developer fee and the estimated cost per unit is \$286,000.

Treasurer Conine commented that they do not see much of these (BLM) Bureau of Land Management transfer projects to date therefore he inquired how the process was and how could the process be better knowing that most of it is under federal jurisdiction.

Mr. Alan Molasky with Ovation noted they have done about three or four of these processes themselves and has been laborious. This process was done by the City, and it was all done before he even put this out which made it easy and perfect for them.

Treasurer Conine thanked on behalf of the Board and the State for continuing to bring interesting

projects and helping to fill what is a big affordable housing gap.

Mr. Molasky thanked the Treasurer for all the help as they are doing the best they can to get this done right to start this great project.

Motion to approve this agenda item from Member Navarro and a second from Controller Matthews. Motion passed unanimously.

Agenda Item 5 – For discussion and possible action: Discussion and possible action on the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$27,735,000 of Multi-Unit Housing Revenue Bonds (Sutro Senior Sanctuary), for the purpose of construction of a 170-unit senior affordable housing rental project in Reno, Nevada. The project owner/developer will be Sutro Senior Sanctuary LLC, American Covenant Senior Housing Foundation will act as the Managing Member, and WNC & Associates will be the equity investor partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Mr. Aichroth presented the Nevada Housing Division's request to approve the Administrator's Findings of Fact pertaining to the issuance of up to \$27,735,000 of Multi-Unit Housing Revenue Bonds for the Sutro Senior Sanctuary Apartments. He noted that the bonds will be used to provide for the new construction of a 170-unit affordable senior apartment complex in Reno. The rental housing will provide affordability restrictions to 170 senior households and is located on 2 parcels with a plan for 65-units on the southern parcel specifically to house veterans and 105-units on the northern parcel, which will also have a veteran's preference. He reviewed the development group is led by Two Sparks Development along with American Covenant Senior Housing Foundation which is their first affordable housing development presented to the Board of Finance.

Ms. Hess provided a brief overview of the financial structure noting that Sutro Senior Sanctuary Apartments have projected their total project cost upon completion at \$48 million. The construction and permanent financing for this project will be provided by a HUD 221(d)4 loan that is being underwritten by Churchill Stateside Group and is a taxable loan. She reviewed that the division would issue up to \$27,735,000 of tax-exempt bonds, which will be publicly offered. The division bonds for this project will be fully collateralized at all times. As the borrower initiates construction draws against the HUD 221(d)4 loan, the proceeds will be deposited with the trustee in a sub account and an equivalent amount of bond proceeds will be released for the construction expenditures. She noted the bonds will be outstanding for up to 30 months and will be fully retired from the escrow collateral upon the date the project is placed in service and the HUD 221(d)4 loan will provide the permanent financing. This project, as proposed meets the 50% test for the tax-exempt bond financing as required by the IRS and will activate \$19,616,684 of equity from WNC in exchange for 4% low-income housing tax credits. The project is accessing multiple sources of additional financing. There is a Division GAHP loan of \$3 million at 3%, Washoe County Home Consortium Funds of \$3 million, Housing Trust Funds of \$2 million, Federal Home Loan Bank (FHLB) grant of \$1 million, and Washoe County Affordable Housing Trust Funds of \$1 million. Additionally, there is a Deferred Developer Fee of \$3.3 million and the estimated cost per unit is \$283,000.

Treasurer Conine inquired about the HUD take out of the bonds. He asked if they are able to use that cap again by recirculating.

Ms. Hess noted it does release that volume cap and the division has been looking at how they can recycle their multifamily bonds. They have to recycle them within 180 days; therefore, the time period is short and there's only a couple HFAs in the country doing that now. She explained they recycle volume cap on the single-family side, but to do it on the multifamily side is a little different. One of the biggest differences, and why it's not done often is because the tax-exempt bonds that are recycled do not trigger the 4% tax credit.

Mr. Aichroth added that they need to have volume and capacity to work through to do that and historically in the State of Nevada they have not had the ability to do so. However, with the increased amount that they've seen at this Board of Finance in bond financing for multifamily projects, they are now getting that turnover and is something the division will continue to look at. He noted while it will not trip the tax credits which are vitally important, it can potentially be additional debt put towards the project.

Treasurer Conine appreciated the comments and appreciates mentioning the more than \$2 billion of Affordable Housing Bonds that they've proved over the last five years of their time together. He asked about the 4% credit not being triggered and if it's a federal statute or where that guideline comes in.

Mr. Aichroth noted that it is per IRS rules, so in the use of private activity bond cap throughout the state in the multifamily development space, that's the only place that triggers the 4% tax credits. He confirmed it is not used in their single-family program, nor is it used in any kind of economic development, renewable energy, or any of the other categories that potentially bond cap can be used so effectively per IRS rules, this is the one place it can be used. He noted it is one and done, therefore they cannot continually put tax credits against projects as they move it forward. He also explained that if they actually use recycled bond cap on another project and that project extinguished the bonds, they wouldn't get a chance to do it a third time.

Motion to approve this agenda item from Member Navarro and a second from Controller Matthews. Motion passed unanimously.

Agenda Item 7 – For discussion and possible action: Discussion and possible action to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool dated July 2022. Approval of the Board of Finance is required pursuant to NRS 355.045.

Chief Deputy Lori Hoover confirmed that there are no changes to the investment policies.

Motion to approve this agenda item from Controller Matthews and a second Member Navarro. Motion passed unanimously.

Agenda Item 8 – Public Comment

No public comment in Carson City or Las Vegas.

Treasurer Conine thanked everyone for taking the time to serve on this Board. He concluded stating they approved 655 units and more than \$100 million of financing to solve one of the largest issues that we they are facing in this state.

Meeting adjourned at 1:25 pm.

State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
1830 E. College Parkway, Suite 200
Carson City, NV 89706

DATE: January 31, 2024

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 (Southern Pines 2 Apartments)

PETITIONER: Steve Aichroth – Administrator, Nevada Housing Division

A. Time and Place of Meeting:

1:00 p.m., Thursday, February 8, 2024, 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 (Southern Pines 2 Apartments).

C. The Findings relate to the issuance of up to \$33,400,000 in multi-unit housing revenue bonds to provide an affordable housing opportunity for the construction of a 180-unit senior apartment complex located at So Decatur Blvd and W Pyle Ave, Clark County, Nevada (the “Project”).

D. The Housing Division will issue up to \$33,400,000 of multi-unit housing revenue bonds which will be a direct note placement with Citibank. The borrower entity will be a limited partnership consisting of Nevada HAND, Inc as a .01% General Partner and Wells Fargo Bank (“Wells Fargo”) as 99.99% investor limited partner. Wells Fargo will provide an equity investment of approximately \$27,000,000 to the partnership in exchange for the right to receive 99.99% of the tax benefits available to the Project, including the 4% low-income housing tax credits. The proposed private placement financing structure is in compliance with NRS and NAC Chapters 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 new construction 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. The Southern Pines 2 project was originally approved by the Board of Finance in June of 2023 for an amount of up to \$30,500,000 in Multi-Unit Housing Revenue Bonds.

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 “Multi-Unit Housing Revenue Bonds (Southern Pines 2 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.



State of Nevada

DEPARTMENT OF BUSINESS & INDUSTRY

Housing Division

FINDINGS OF FACT

**Multi-Unit Housing Revenue Bonds
Southern Pines 2 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 senior housing at rental rates that eligible seniors can afford within the Clark County, 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 increase the supply and improve the quality of decent, safe and sanitary rental housing for eligible seniors.
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 Clark County, 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: _____
Steve Aichroth
Administrator
Nevada Housing Division

DATE: _____



January 31, 2024

Steve Aichroth, Administrator
Nevada Housing Division
1830 College Parkway, Suite 200
Carson City, NV 89706

Re: Southern Pines 2 Apartments Project - *Amended*

Mr. Aichroth:

This Review and Opinion has been revised from the original version dated May 18, 2023. It is provided in support of the request by the Nevada Housing Division (“Division”) to the State of Nevada Board of Finance for approval of the Findings of Fact regarding the Southern Pines 2 Apartments project (“Project”). The Division is requesting authorization from the Board of Finance for issuance of up to \$33,400,000 of Nevada Housing Division multi-unit housing revenue bonds to fund construction of this new affordable senior independent living property in unincorporated Clark County. This is an increase of \$2,900,000 of requested private activity bond volume cap from the original application.

PFM Financial Advisors LLC (“PFM”) has reviewed the Project Financing Application of the borrower and related supporting material submitted to the Division. We have also discussed the Project and financing with representatives of the borrower, lender, equity investor and Division staff.

The financing is proposed as a direct placement fixed rate permanent loan with Citibank which will replace interim construction debt provided by Wells Fargo Bank. The financing is reviewed in greater detail in Exhibits A, B and D.

The proposed Project is viewed positively in the local community and has been endorsed by Clark County. A tax-exempt financing by the Division of this Project is necessary for compliance with Federal tax rules to qualify the Project for 4% Low Income Housing Tax Credits. Equity proceeds from the sale of these credits are critical to successful construction of the Project at the proposed restricted income levels.

In our opinion, the Project and the proposed financing meet the requirements of NRS 319.260 and NAC 319.712, and we recommend it for submittal to the Board of Finance for approval. Debt issuance will be subject to receipt of definitive loan and equity approval and final loan, bond and tax documentation.

Sincerely,

PFM Financial Advisors LLC

Maggie Marshall, *Senior Managing Consultant*

Exhibit A: Project Overview and Plan of Finance
Exhibit B: Project Operating Proforma
Exhibit C: Borrower Finance Plan Statement
Exhibit D: Borrower Provided Additional Detail

PROJECT OVERVIEW AND PLAN OF FINANCE

The Project

The Project consists of land acquisition and construction of a new affordable senior independent living facility located in Clark County at the intersection of South Decatur Boulevard and West Pyle Avenue. It will be a 180-unit development (including one Manager Unit) situated on a site of approximately 6.15 acres. The residential building will contain one-, two- and three-bedroom independent living units in a three- story garden style building. All units will be served by elevators. Greater detail regarding the Project configuration and amenities is included in Exhibit D.

A summary of the Project rent set-asides and rent restrictions are provided in Table A.

Table A: Project Unit & Rent Profile							
Unit Mix	Number Units	Unit Size (SF)	Allowable Monthly Rent ^{1,3}	Less Utility Allowance	Net Monthly Rent ²	Total Monthly Revenue	Total Annual Revenue
1 Bedroom							
< 30% AMI (PBV)	2	739	\$ 1,273	\$ 72	\$ 1,201	\$ 2,402	\$ 28,824
< 30% AMI	2	739	\$ 487	\$ 72	\$ 415	\$ 830	\$ 9,960
< 60% AMI	32	739	\$ 975	\$ 72	\$ 903	\$ 28,896	\$ 346,752
2 Bedroom							
<30% AMI (PBV)	4	916	\$ 1,530	\$ 85	\$ 1,445	\$ 5,780	\$ 69,360
< 30% AMI	6	916	\$ 585	\$ 85	\$ 500	\$ 3,000	\$ 36,000
< 60% AMI	97	916	\$ 1,170	\$ 85	\$ 1,085	\$ 105,245	\$ 1,262,940
Manager Unit	1	916	n/a	n/a	n/a	n/a	n/a
3 Bedroom							
< 30% AMI (PBV)	2	1,165	\$ 2,175	\$ 95	\$ 2,080	\$ 4,160	\$ 49,920
<30% AMI	2	1,165	\$ 675	\$ 95	\$ 580	\$ 1,160	\$ 13,920
<60% AMI	32	1,165	\$ 1,351	\$ 95	\$ 1,256	\$ 40,192	\$ 482,304
Total Units	180					\$ 191,665	\$ 2,299,980
¹ 2023 Income Limits (Clark County, NV MSA)						Ancillary Income	\$ 18,000
² Tenant share of rent for Project Voucher units is 30% of Average Household Income							
³ Rents for Project Voucher units are per HUD Section 8 contract.							

Project Developers

Nevada H.A.N.D., Inc.
295 E. Warm Springs Rd, #101
Las Vegas, NV 89119

Nevada H.A.N.D, Inc is a real estate development firm whose primary mission is to provide development services for low-income housing projects. Their focus is primarily on the development and management of properties throughout Clark County and the cities of Las Vegas, North Las Vegas, and Henderson. Their portfolio includes ten family affordable projects consisting of 1,807 units and 26 senior housing projects containing 2,291 units. Nevada H.A.N.D. has previously successfully completed financings for rehabilitation of several of these projects.

Contractor

HAND Construction Company
295 East Warm Springs Road, Suite 101
Las Vegas, NV 89119

HAND Construction Company is a not-for-profit subsidiary of Nevada HAND Inc. and specializes in new residential and commercial construction, and rehabilitation of low-income housing

Borrower Entity and Equity Investor

The borrower entity will be a limited partnership consisting of Nevada HAND, Inc as a 0.01% General Partner and Wells Fargo Bank (“Wells Fargo”) as 99.99% investor limited partner. Wells Fargo will provide an equity investment of approximately \$27,000,000 to the partnership in exchange for the right to receive 99.99% of the tax benefits available to the Project, including the 4% low-income housing tax credits.

Property Management

HAND Property Management Company
295 East Warm Springs Road, Suite 101
Las Vegas, NV 89119

HAND Property Management Company is an affiliated non-profit company of Nevada HAND, Inc. and provides management services for low-income family and senior housing projects. They are a HUD-approved management agent and an Accredited Management Organization (AMO) through the Institute of Real Estate Management.

Plan of Finance:

The permanent financing will be as a tax-exempt direct note placement with Citibank N.A. The note will be held by Citibank or an affiliate and not sold to the public. Proceeds of the note will be advanced by Zions Bank as Division Trustee upon receipt of project cost requisitions. The Citibank permanent loan will replace a taxable construction loan provided by Wells Fargo Bank which will not be issued by the Division. Greater detail regarding the Citibank permanent loan is provided in the Bond/Loan Term section.

As noted previously, Wells Fargo is also the equity investor in the borrowing partnership. Wells Fargo’s periodic advances of their equity investment are structured as follows:

- 1st Installment - \$1,349,975 at Closing (March 2024)
- 2nd Installment - \$25,376,831 at Conversion to Permanent Loan (April 2026)
- 3rd Installment - \$272,695 at delivery of IRS Form 8609 (August 2026)

Bond/Loan Terms:

Lender:	Citibank, N.A.
Financing Type:	This transaction will be a loan provided by the Lender to the Division and will be used to fund a tax-exempt construction note issue providing permanent financing for the Project.
Principal Amount:	<u>Permanent Phase:</u> <ul style="list-style-type: none">• Conversion is expected to occur April 2026• Not to exceed 90% loan to value based on final appraisal.• Expected to be approximately \$13,500,000
Permanent Loan LTV:	90%
Debt Service Coverage:	1.15 to 1.00 per lender requirements.
Note Rate:	The loan rate will be equal to the sum of the 18-year SOFR Swap Index plus a spread of 2.40%. The loan rate formula would produce a rate estimated to be 6.15% at market conditions as of January 16, 2024.

Interest Payments:	Monthly
Principal Payments:	Monthly
Denominations:	The Note will amortize in monthly “loan” form with fractional dollar principal amortization utilizing a 40-year amortization factor.
Maturity:	18 years from Closing.
Redemption:	The loan is prepayable after 10 years following Conversion.
Indenture Funds:	1) Project Fund a) Tax-Exempt Bonds Account 2) Cost of Issuance Fund 3) Expense Fund
Additional Fees:	1) Division Annual Fee - 0.25% (25 bp) paid monthly in advance 2) Trustee Annual Fee - 0.05% (5 bp) paid monthly in advance

Reserves:

The Borrower will be required to fund deposits to a Replacement Reserve initially set at \$300/unit/year. Minimum required replacement reserve deposits may be adjusted based on periodic future physical needs assessments.

The Borrower will also be required to fund an Operating Reserve initially set at approximately \$612,500.

Sources and Uses:

Project sources and uses are summarized in Table B.

Table B: Sources and Uses of Funds					
Sources of Funds					
	Construction Phase		Permanent Phase		
NHD Bond Proceeds - Exempt	\$	33,400,000	\$	13,500,000	
Construction Bridge Loan - Taxable	\$	1,821,164	\$		
LIHTC Equity	\$	1,349,975	\$	26,999,501	
Clark County CHF Funds	\$	13,380,000	\$	13,380,000	
Clark County HOME	\$	2,000,000	\$	2,000,000	
Housing Trust Funds	\$	-	\$	-	
NHD GAHP	\$	3,000,000	\$	3,000,000	
Deferred Developer Fee	\$		\$	5,404,872	
	\$	54,951,139	\$	64,284,373	
Uses of Funds					
				\$/Unit	
Land Acquisition Cost	\$	6,640,701	\$	6,640,701	\$ 36,893
Construction Hard Costs	\$	37,716,243	\$	37,716,243	\$ 209,535
Soft Costs	\$	5,273,834	\$	5,273,834	\$ 29,299
Construction Period Interest	\$	3,434,549	\$	3,715,832	\$ 20,644
Contingencies	\$	1,885,812	\$	1,885,812	\$ 10,477
Operating & Repair Reserves	\$		\$	671,730	\$ 3,732
Developer Fee	\$		\$	8,380,221	\$ 46,557
	\$	54,951,139	\$	64,284,373	\$ 357,135

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
INCOME											
Annual Gross Rental Income	\$ 2,440,757	\$ 2,489,572	\$ 2,539,364	\$ 2,590,151	\$ 2,641,954	\$ 2,694,793	\$ 2,748,689	\$ 2,803,663	\$ 2,859,736	\$ 2,916,931	\$ 2,975,269
Other: Ancillary Revenue	\$ 19,102	\$ 19,484	\$ 19,873	\$ 20,271	\$ 20,676	\$ 21,090	\$ 21,512	\$ 21,942	\$ 22,381	\$ 22,828	\$ 23,285
Total Residential Income	\$ 2,459,859	\$ 2,509,056	\$ 2,559,237	\$ 2,610,422	\$ 2,662,630	\$ 2,715,883	\$ 2,770,201	\$ 2,825,605	\$ 2,882,117	\$ 2,939,759	\$ 2,998,554
Less: Residential Vacancy/Discounts	\$ (122,993)	\$ (125,453)	\$ (127,962)	\$ (130,521)	\$ (133,132)	\$ (135,794)	\$ (138,510)	\$ (141,280)	\$ (144,106)	\$ (146,988)	\$ (149,928)
Proforma Gross Income	\$ 2,336,866	\$ 2,383,603	\$ 2,431,275	\$ 2,479,901	\$ 2,529,499	\$ 2,580,089	\$ 2,631,691	\$ 2,684,324	\$ 2,738,011	\$ 2,792,771	\$ 2,848,627
EXPENSES											
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Administrative	\$ 105,426	\$ 108,589	\$ 111,847	\$ 115,202	\$ 118,658	\$ 122,218	\$ 125,885	\$ 129,661	\$ 133,551	\$ 137,557	\$ 141,684
Operating & Maintenance	\$ 338,894	\$ 349,061	\$ 359,533	\$ 370,319	\$ 381,428	\$ 392,871	\$ 404,657	\$ 416,797	\$ 429,301	\$ 442,180	\$ 455,445
Staff Payroll & Benefits	\$ 348,143	\$ 358,587	\$ 369,345	\$ 380,425	\$ 391,838	\$ 403,593	\$ 415,701	\$ 428,172	\$ 441,017	\$ 454,247	\$ 467,875
Property Management	\$ 70,106	\$ 71,508	\$ 72,938	\$ 74,397	\$ 75,885	\$ 77,403	\$ 78,951	\$ 80,530	\$ 82,140	\$ 83,783	\$ 85,459
Taxes & Insurance	\$ 122,932	\$ 126,620	\$ 130,418	\$ 134,331	\$ 138,361	\$ 142,512	\$ 146,787	\$ 151,191	\$ 155,726	\$ 160,398	\$ 165,210
Replacement Reserves	\$ 59,007	\$ 60,777	\$ 62,601	\$ 64,479	\$ 66,413	\$ 68,406	\$ 70,458	\$ 72,571	\$ 74,749	\$ 76,991	\$ 79,301
Proforma Operating Expenses	\$ 1,044,508	\$ 1,075,142	\$ 1,106,682	\$ 1,139,153	\$ 1,172,583	\$ 1,207,002	\$ 1,242,438	\$ 1,278,921	\$ 1,316,484	\$ 1,355,157	\$ 1,394,974
Effective Net Operating Income	\$ 1,292,358	\$ 1,308,461	\$ 1,324,594	\$ 1,340,748	\$ 1,356,916	\$ 1,373,087	\$ 1,389,253	\$ 1,405,403	\$ 1,421,527	\$ 1,437,614	\$ 1,453,653
Senior Debt Service	\$973,173	\$973,173	\$973,173	\$973,173	\$973,173	\$973,173	\$973,173	\$973,173	\$973,173	\$973,173	\$973,173
Debt Service Coverage	133%	134%	136%	138%	139%	141%	143%	144%	146%	148%	149%
Residual Receipts	\$ 319,185	\$ 335,288	\$ 351,421	\$ 367,576	\$ 383,743	\$ 399,915	\$ 416,080	\$ 432,230	\$ 448,355	\$ 464,442	\$ 480,480
LP Asset Mgt Fee	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ 5,796	\$ 5,970	\$ 6,149	\$ 6,334	\$ 6,524	\$ 6,720	\$ 6,921
DDF Payments	\$ 314,035	\$ 329,984	\$ 345,958	\$ 361,948	\$ 377,947	\$ 393,944	\$ 409,931	\$ 425,897	\$ 441,831	\$ 457,722	\$ 473,559
DDF Balance	\$ 5,037,417	\$ 4,707,433	\$ 4,361,475	\$ 3,999,527	\$ 3,621,580	\$ 3,227,636	\$ 2,817,705	\$ 2,391,808	\$ 1,949,978	\$ 1,492,255	\$ 1,018,696
Surplus Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Partnership Surplus Allocation	25%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NHD Surplus Allocation	75%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GAHP Loan Interest	1.00%	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
GAHP Loan Principal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GAHP Loan Balance		\$ 3,090,000	\$ 3,120,000	\$ 3,150,000	\$ 3,180,000	\$ 3,210,000	\$ 3,240,000	\$ 3,270,000	\$ 3,300,000	\$ 3,330,000	\$ 3,390,000

Revenue Escalation:	2.00%
Expense Escalation:	3.00%
Property Management:	3.00%
Vacancy Assumption:	5.00%
Deferred Developer Fee :	\$5,404,872
GAHP Loan:	\$3,000,000

Permanent Loan Amount	\$13,500,000
Loan Term	35
Core Loan Rate	6.15%
NHD & Trustee Factor	0.30%
Total Loan Rate	6.45%
Annual Debt Service	\$973,173

	2038	2039	2040	2041	2042	2043	2044	2045
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
INCOME								
Annual Gross Rental Income	\$ 3,034,775	\$ 3,095,470	\$ 3,157,380	\$ 3,220,527	\$ 3,284,938	\$ 3,350,637	\$ 3,417,649	\$ 3,486,002
Other: Ancillary Revenue	\$ 23,751	\$ 24,226	\$ 24,710	\$ 25,204	\$ 25,708	\$ 26,223	\$ 26,747	\$ 27,282
Total Residential Income	\$ 3,058,525	\$ 3,119,696	\$ 3,182,090	\$ 3,245,732	\$ 3,310,646	\$ 3,376,859	\$ 3,444,396	\$ 3,513,284
Less: Residential Vacancy/Discounts	\$ (152,926)	\$ (155,985)	\$ (159,104)	\$ (162,287)	\$ (165,532)	\$ (168,843)	\$ (172,220)	\$ (175,664)
Proforma Gross Income	\$ 2,905,599	\$ 2,963,711	\$ 3,022,985	\$ 3,083,445	\$ 3,145,114	\$ 3,208,016	\$ 3,272,177	\$ 3,337,620
EXPENSES								
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Administrative	\$ 145,935	\$ 150,313	\$ 154,822	\$ 159,467	\$ 164,251	\$ 169,178	\$ 174,254	\$ 179,481
Operating & Maintenance	\$ 469,109	\$ 483,182	\$ 497,677	\$ 512,608	\$ 527,986	\$ 543,825	\$ 560,140	\$ 576,944
Staff Payroll & Benefits	\$ 481,911	\$ 496,368	\$ 511,259	\$ 526,597	\$ 542,395	\$ 558,667	\$ 575,427	\$ 592,690
Property Management	\$ 87,168	\$ 88,911	\$ 90,690	\$ 92,503	\$ 94,353	\$ 96,240	\$ 98,165	\$ 100,129
Taxes & Insurance	\$ 170,166	\$ 175,271	\$ 180,529	\$ 185,945	\$ 191,524	\$ 197,269	\$ 203,188	\$ 209,283
Replacement Reserves	\$ 81,680	\$ 84,130	\$ 86,654	\$ 89,254	\$ 91,931	\$ 94,689	\$ 97,530	\$ 100,456
Proforma Operating Expenses	\$ 1,435,968	\$ 1,478,176	\$ 1,521,632	\$ 1,566,374	\$ 1,612,440	\$ 1,659,870	\$ 1,708,704	\$ 1,758,983
Effective Net Operating Income	\$ 1,469,631	\$ 1,485,535	\$ 1,501,353	\$ 1,517,071	\$ 1,532,674	\$ 1,548,146	\$ 1,563,473	\$ 1,578,637
Senior Debt Service	\$973,173	\$973,173	\$973,173	\$973,173	\$973,173	\$973,173	\$973,173	\$973,173
Debt Service Coverage	151%	153%	154%	156%	157%	159%	161%	162%
Residual Receipts	\$ 496,458	\$ 512,363	\$ 528,181	\$ 543,898	\$ 559,501	\$ 574,974	\$ 590,300	\$ 605,464
LP Asset Mgt Fee	\$ 7,129	\$ 7,343	\$ 7,563	\$ 7,790	\$ 8,024	\$ 8,264	\$ 8,512	\$ 8,768
DDF Payments	\$ 489,329	\$ 505,020	\$ 24,347	\$ -	\$ -	\$ -	\$ -	\$ -
DDF Balance	\$ 529,367	\$ 24,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus Cash	\$ -	\$ -	\$ 496,271	\$ 536,109	\$ 551,478	\$ 566,710	\$ 581,788	\$ 596,697
Partnership Surplus Allocation	25%	\$ -	\$ -	\$ 124,068	\$ 134,027	\$ 137,869	\$ 141,677	\$ 145,447
NHD Surplus Allocation	75%	\$ -	\$ -	\$ 372,203	\$ 402,081	\$ 413,608	\$ 425,032	\$ 436,341
GAHP Loan Interest	1.00%	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 27,357	\$ 23,495	\$ 19,479
GAHP Loan Principal		\$ -	\$ -	\$ 372,203	\$ 402,081	\$ 413,608	\$ 425,032	\$ 436,341
GAHP Loan Balance		\$ 3,420,000	\$ 3,450,000	\$ 3,107,797	\$ 2,735,715	\$ 2,349,464	\$ 1,947,927	\$ 1,098,853

Borrower Financing Representation

Proposed Project:

To facilitate review and approval of financing by the Nevada State Board of Finance for the proposed project the sponsor/borrower should demonstrate it has evaluated reasonable alternative financing providers/programs. Select Option A and provide the requested information. Should the sponsor/borrower prefer not to provide, or be unable to provide, information requested in Option A, select Option B.

A narrative discussion of the rationale for selection of your proposed lender would be helpful and can be provided in the Sponsor/Borrower Statement section. This would be particularly useful should you select Option B.

☐ Option A

<u>Lender</u>	<u>Rate</u>	<u>Fees</u>

☒ Option B

Sponsor/Borrower Statement:

We decided to select Citi as our lending partner on the Southern Pines II transaction for a variety of reasons. We've listed just a few below:

1) Financing Structure - Nevada HAND chose Citi Community Capital to be the tax-exempt construction to permanent lender via their back-to-back loan program. In order to facilitate Wells Fargo's desire to be the construction lender in connection with their tax credit equity bid, we needed to structure the deal to work through program investment rule issues and have a tax-exempt lender separate from the equity investor. Citi and Wells Fargo have used this structure in Nevada multiple times and have a good working relationship. Further, Citi's permanent loan terms including rate, amortization, and LTV were competitive with other debt proposals.

2) Ease of execution – given the significant number of our projects that Citi has financed, we understand Citi's processes and do not have to re-create the wheel learning new forms and processes with a different lender. This helps minimize costs associated with financing, including legal and due diligence costs.

3) Certainty of execution – affordable housing transactions always have a lot of twists and turns, and our experiences with Citi give us a lot of comfort knowing that Citi will not re-trade us and that they perform as advertised. Their creativity on our financings has saved us time and money. There has been a lot of unfavorable movement on the GSE side recently (increasing spreads and changing credit criteria), and we view a GSE execution as risky given that volatility.

4) Long term financial flexibility – A private placement with Citi allows for long term financial flexibility that a public offering and GSE's do not provide. Citi has the ability to allow financial restructuring and wave fees that is not possible in a public offering or by the GSE's.

By Meg

Megan Schimick

Title Chief Financial Officer

Firm Nevada H.A.N.D., Inc.

Southern Pines 2 Apartments

~Narrative Description~

THE DEVELOPMENT

Southern Pines 2 Apartments is comprised of 180 units of family housing which will be made affordable through the Tax-exempt Bond/4% LIHTC program. Southern Pines 2 Apartments will be located within the jurisdictional boundaries of unincorporated Clark County. The site is 6.15 acres of vacant land on the northeast corner of Decatur Blvd. and West Pyle Ave. Southern Pines 2 Apartments will be a three three-story garden-style apartment building. Closing is targeted for the first quarter of 2024 with a 20-month construction period.

NEIGHBORHOOD DESCRIPTION

The property is located in the southwest region of the Las Vegas MSA, within the jurisdictional boundary of Clark County, and at the northeast corner of S Decatur Blvd. and W Pyle Ave. The address of the site is 10030 S Decatur Blvd, Las Vegas, NV 89141. This is a high growth and desirable region of Las Vegas. High demand in this region has accelerated the construction of commercial centers, employment centers, community services, and roadways to keep up with the expanding population and employment base. Prominent master planned communities in the region include all home product types from entry level to high-end custom homes.

UNIT MIX & AMI

Southern Pines 2 Apartments will have a total of (36) thirty-six 1 Bedroom Units, (108) one hundred eight 2 Bedroom Units, and (36) thirty-six 3 Bedroom Units. There will be (1) one unit for an on-site Property Manager. Southern Pines 2 Apartments will also have (8) eight Project Based Vouchers, (8) eight Housing Trust Fund units, and (9) nine HOME units.

AMENITIES

Unit amenities include: Cooking range, oven, refrigerator, central heating & cooling, hard surface flooring, window blinds, broadband internet hookups, ceiling fans, linen & coat closets, and accessible unit floor plans.

Common amenities include: Handicap accessibility, controlled building access, surveillance cameras, perimeter fencing, lighted outdoor walkways, exercise/fitness room, pool and outdoor recreation areas, computer lab, meeting space, outdoor amenities (pool, garden, picnic, bbq, walking paths), drought tolerant landscape, covered parking, solar ready, energy efficient design, and a community room with kitchen.

THE SPONSOR / DEVELOPMENT TEAM

The **project sponsor** is Nevada H.A.N.D., Inc., a 501(c)3 non-profit Community Housing Development Organization (CHDO).

The **property owner** will be a to be Southern Pines 2 LP, a Nevada limited partnership, and single asset entity.

The **general partner** will be HAND Enterprises, Inc., a Board-controlled, non-profit affiliate of Nevada H.A.N.D., Inc.

The **developer** will be HAND Development Company, a Board-controlled, non-profit affiliate of Nevada H.A.N.D., Inc.

The **general contractor** will be HAND Construction Company, a Board-controlled, non-profit affiliate of Nevada H.A.N.D., Inc.

The **architect** will be PAZ Design Group who is located in Las Vegas, Nevada.

The **engineering consultant** is L.R. Nelson Consulting Engineers who is located in Las Vegas, Nevada

The **property manager** is HAND Property Management Company, a Board-controlled, non-profit affiliate of Nevada H.A.N.D., Inc.

**Nevada Housing Division Multi-family Tax-Exempt Bond Program
Development Executive Summary**

Development: Southern Pines 2
Development Type: New Construction
BoF Meeting Date: 2.8.2024

Administrator's Summary

This bond issuance of \$33.4 million dollars will be used to provide for the new construction of 179 units of affordable senior apartments in Clark County. The rental housing will serve 179 households at or below 60% of area median income with 10% of the units available to those at 30% AMI and under. This development will be the second phase of a multi-phase community totaling 240 units. The developer of this project, Nevada HAND, has built and rehabilitated thousands of affordable homes in Southern Nevada.

- 180 Senior Units
- New construction
- 100% Affordable Rents (1 unit for manager)
- 161 units <60% AMI, 0 units <50% AMI, 18 units <30% AMI
- 1 bedroom units = 36, 2 bedroom units = 108, 3 bedroom units = 36
- 1 bedroom rents \$444 less than market rate
- 2 bedroom rents \$399 less than market rate
- 3 bedroom rents \$733 less than market rate
- Cost per unit = \$357,135
- Cost per bond cap allocation = \$185,556
- Developer –Nevada HAND
- Equity Investor – Wells Fargo
- Loan – Citibank
- \$33.4M in Bond Proceeds trips \$27M in LIHTC Equity (42% of total development cost)

	Southern Pines 2	Program Average	Notes
Total Tax-exempt Bond ask	\$ 33,400,000	\$ 32,723,500	Average of last 10 New Construction projects previously approved
Total Development Cost	\$ 64,284,373	\$ 60,467,826	Average of last 10 New Construction projects previously approved
Size of site	6.15 Acres	5.14 Acres	
Total # of Units	180	175	Average of last 10 New Construction projects previously approved
Cost Per Unit	\$ 357,135	\$ 341,053	Average of last 10 New Construction projects previously approved
Bond Cap used Per Unit	\$ 185,556	\$ 183,243	Average of last 10 New Construction projects previously approved
Percentage of Units above 60% AMI	n/a	n/a	No units in this project
Percentage of Units at 60% AMI	90.00%	81.0%	161 Units in this project
Percentage of Units at 50% AMI	0.00%	15.0%	0 units in this project
Percentage of Units at 40% AMI	0.00%	1.0%	0 units in this project
Percentage of Units at 30% AMI	10.00%	3.0%	18 units in this project
Veteran's Preference	Yes	Yes	

	Southern Pines 2	Estimated Market Rate	Notes
Average 1 Bedroom Rent	\$ 892	\$ 1,336	Rent.com Updated 1/17/2024
Average 2 Bedroom Rent	\$ 1,066	\$ 1,465	Rent.com Updated 1/17/2024
Average 3 Bedroom Rent	\$ 1,264	\$ 1,997	Renthop.com Jan 2024
Average Vacancy Rate	n/a	9.30%	Avison Young Q3 2023



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Cari Eaton, Deputy Treasurer - Debt Management

SUBJECT: February 9, 2024, Agenda Item #5 – Lease Revenue Certificates of Participation: Series 2013A - Capitol Complex Building 1 Refunding Project; Series 2013B - Casa Grande Refunding Project; and 2013C - Nevada State University Project

DATE: January 19, 2024

Agenda Item #5(a)(b)(c)-General Information

At the June 16, 2023 Board of Finance meeting, Agenda Item #9 was presented as an informational item which detailed refunding of the three following Certificates of Participation:

- Series 2013A Capitol Complex Building 1 (CCB1) COPs
- Series 2013B Casa Grande COPs
- Series 2013C Nevada State University (NSU) COPs

Summary:

The approval process and documentation associated with the issuance and refunding of Certificates of Participation (COPs) has taken place over several meetings:

June 16, 2023 Board of Finance Meeting - Informational item describing Certificates of Participation, the method by which they are approved, the reason they are utilized, and background of COP issuances.

August 17, 2023 Board of Finance Meeting – Action item considering the Board resolution approving the form of Lease-Purchase Agreement and related documents for each of the COP series proposed to be refunded. All documents were approved as to form.

September 14, 2023 Nevada Real Property Corporation Meeting – Action item considering the Board resolution approving the form of Lease-Purchase Agreement and related documents for each of the COP series proposed to be refunded. All documents were approved as to form.

October 19, 2023 Board of Finance Meeting – Action item considering the Board resolution approving the completed Lease-Purchase Agreement and related sale documents for each of the COP series proposed to be refunded was withdrawn from the agenda. The sale of the refunding COPs was canceled due to the rise in interest rates which eliminated any savings.

The sale was scheduled for this morning of February 8th, 2024. The final documents, including the sale results, are completed and are being presented to the Board for approval today.

Certificates of Participation are not general obligations of the State. The debt service on the COPs is paid through an annual appropriation by the legislature and therefore not considered a debt of the State under the Constitutional debt limit.

Agenda Item #5(a)-Capitol Complex Building 1 (Bryan Building) Refunding Project

For Possible Action – Discussion and possible action on a resolution approving a lease purchase agreement and related documents and providing other matters related to the refinancing of a state office building located within the Capitol Complex in Carson City known as Capitol Complex 1.

Background:

In 2004, the Division of Conservation and Natural Resources (DCNR) proposed the construction and use of a five-story office building of approximately 120,000 square feet with associated surface parking, and COPs were issued to finance this project. The COPs were titled “Lease Revenue Certificates of Participation (Capitol Complex Building 1 Project), Series 2004.”

The 2004 Certificates became “callable” in 2013. Due to favorable interest rates in 2013, the 2004 Certificates were refinanced for interest rate savings. The Series 2013A Capitol Complex Building 1 Refunding COPs yielded interest savings of \$2.44 million, or 11.50% of refunded par. The proposed issuance of the Series 2024A Capitol Complex Building 1 Refunding COPs are estimated to yield approximately \$477,000 (5.2% of refunded par) of interest savings over the remaining 8-year term.

Agenda Item #5(b)-Casa Grande Refunding Project

For Possible Action – Discussion and possible action on a lease purchase agreement and related documents and providing other matters related to the refinancing of a facility used as a detention facility for the State Department of Corrections.

Background:

In 2004, the Nevada Department of Corrections proposed the construction and use of the Casa Grande Transitional Housing Facility. The Casa Grande project is a re-entry center for non sex offenders who will serve their last four to six months of incarceration in community-based housing provided by the Nevada Department of Corrections (department), a state agency. The project enables the department to provide services to offenders that will help them successfully reintegrate into the community upon their release from custody. The financed improvements included a one-story administrative building, administrative offices, offender food service, training and conference rooms, and counseling offices and a two-story housing for up to 400 residents. The COPs were titled “Lease Revenue Certificates of Participation (Casa Grande Project), Series 2004”.

The 2004 Certificates became “callable” in 2013. Due to favorable interest rates in 2013, the 2004 Certificates were refinanced for interest rate savings. The Series 2013B Casa Grande Refunding COPs yielded interest savings of \$1.73 million, or 8.59% of refunded par. The proposed issuance of the Series 2024B Casa Grande Project Refunding COPs is estimated to yield approximately \$443,810 (5.1% of refunded par) of interest savings over the remaining 8-year term.

Agenda Item #5(c)-Nevada State University (NSU) Project

For Possible Action – Discussion and possible action on a resolution approving a lease purchase agreement and related documents and providing other matters related the refinancing of nursing/science/education building and a student activities/administration building for Nevada State University (formerly known as Nevada State College).

Background:

In 2013, the Nevada System of Higher Education (NSHE) proposed the construction of two new buildings on Nevada State College's campus – a nursing/science/education building and a student activities/administration building. The two facilities totaled 120,000 square feet for a cost of \$51.6 million. The Series 2013C Lease Revenue Certificates of Participation (Nevada State College Project) will be "callable" this fall. The proposed issuance of the Series 2024C Nevada State College Lease Revenue Refunding COPs is estimated to yield approximately \$4,721,794 (11.4% of refunded par) of interest savings over the remaining 20-year term.



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Cari Eaton, Deputy Treasurer - Debt Management

SUBJECT: February 8, 2024, Agenda Item #6 - Revisions to the State of Nevada Board of Finance and State Treasurer Debt Management Policy

DATE: January 19, 2024

Agenda Item #6

For discussion and possible action: Discussion and possible action regarding revisions to the State of Nevada Board of Finance and State Treasurer Debt Management Policy last amended on May 10, 2022 to update the Policy, as a result of statutory revisions passed in the 81st Regular Session of the Legislature and signed by the Governor.

BACKGROUND:

The Nevada Revised Statute (NRS) 349.225 states that unless otherwise provided by statute and with the exception for bonds issued by the Colorado River Commission of Nevada, any general obligation bond authorized on behalf of and in the name of the State is subject to the review and approval of the Board.

Additionally, NRS 226.110(10) provides that the State Treasurer is directly responsible for the issuance of any obligation authorized on behalf of and in the name of the State, other than certain housing and industrial development bonds.

Consistent with best practices, the State maintains a debt management policy (the “State Board of Finance and State Treasurer Debt Management Policy” or the “Policy”) that sets general parameters for the issuance and maintenance of State debt by the State Treasurer’s Office.

Pursuant to the Policy Section XIII - Review of Policy, the State Treasurer shall have the sole authority to review and approve non-material amendments to the policy, such as revisions to ensure compliance with federal and state regulations and clarifications or modifications to administrative functions. Any other changes will only be made with the approval of the Board; otherwise, it will remain in effect until amended and approved by the Board. The current version of the Policy was last revised in May 2022.

CARSON CITY OFFICE

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

STATE TREASURER PROGRAMS

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

LAS VEGAS OFFICE

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

REPORT:

The Nevada Department of Environmental Protection and the State Treasurer's Office reviewed the May 2022 Policy and requests approval of the following revisions:

1. Modifications to Debt Limitations – Debt Affordability
 - A. Changes to update the Policy to increase the minimum ending fund balance in the Consolidated Bond Interest and Redemption Fund at the end of each fiscal year from at least one half of the next fiscal year's debt service payments, to 100% of the next fiscal year's debt service payments.
2. Modifications to Appendix C – State Revolving Fund (SRF) Bond Policy
 - A. Changes to update the Policy with correct fund code names and federal citations. Additionally, Assembly Bill 20 (82nd Session) changed the authority to authorize the State Treasurer to issue bonds from the Office of Finance to the Administrator of NDEP.
 - B. Changes to the interest rate structure: both the CWSRF and DWSRF programs can now issue loans as long as 30 years, or the useful life of the assets. The DWSRF program is authorized to issue 40-year loans for disadvantaged communities. The current policy does not outline the interest rate procedures for these different terms.
 - C. Changing the discount rate from 54.0% to 50.0% for those borrowers with equivalency projects. This is to further incentivize the program and reduce the fiscal burden of federal requirements on some borrowers.
 - D. Changes to taxable bond interest rates. This would define the market interest rate used for taxable bonds as the 20-year U.S. Treasury Bond Index. It would also align the discount amounts and procedures with those used for municipal bonds.
 - E. Allowing NDEP, in consultation with the Treasurer's Office and financial advisors, to establish special terms and conditions for loans if the Policy creates an excess of funds in the program that conflicts with federal requirements for timely use of funds. The terms and conditions will be outlined in our publicly noticed Intended Use Plan and will ensure the program maintains a minimum 1.0 times debt service coverage for state issued bonds.
 - F. Tempering the lien position language, which has been contentious for our larger borrowers. NDEP agrees that security is needed for the bonds. However, if a borrower can sufficiently demonstrate, to NDEP and the Treasurer's satisfaction, that they have enough solvency to support a different position, NDEP respectfully requests an alternative position be authorized. Attracting large borrowers is critical to program success.
 - G. Reducing the coverage ratio requirement from 1.20x to 1.00x for entities that serve more than 10,000 customers. Nevada has 19 drinking water systems that serve more than 10,000 customers. Those that are publicly owned have demonstrated sufficient cash to more than

meet this requirement but have expressed concern over holding excess idle cash beyond what is generally accepted for market issuance.

- H. Adding clarification that an entity's "other available cash" may be considered to waive the reserve fund requirement. Larger borrowers are reluctant to use the SRF if their idle cash will be locked into a sinking fund, if they can demonstrate sufficient cash to cover their bond payments.

- 3. Corrections to miscellaneous Scrivener's Errors such as typos and formatting changes.

ATTACHMENT A to this memo is a redlined version of the May 2022 Policy reflecting the recommended changes.

ATTACHMENT A

State of Nevada Board of Finance and State Treasurer Debt Management Policy February 2024

(Red-lined with proposed revisions)

STATE OF NEVADA
BOARD OF FINANCE AND STATE TREASURER
DEBT MANAGEMENT POLICY



Revised ~~May~~ February 2023~~2~~

State of Nevada
Board of Finance and State Treasurer
Debt Management Policy

Table of Contents

I.	Introduction.....	1
II.	Purposes of Debt Issuance	1
	A. Legal Authorization	1
	B. Integration of Capital Improvement Plan and Debt	1
	C. New Money Financing.....	2
	D. Refunding Bonds	3
III.	Debt Limitations	3
	A. Debt Capacity	4
	B. Debt Affordability.....	4
IV.	Types of Authorized State Debt.....	4
	A. General Obligations	4
	B. Special Obligation Bonds	5
	1. Highway Revenue (Motor Vehicle Fuel Tax) Bonds	5
	2. Unemployment Compensation Fund Special Revenue Bonds	5
	C. Installment-Purchase and Lease-Purchase Agreements/Certificates of Participation.....	5
	D. Interim Debentures for General Operations.....	6
V.	Authorized Programs	6
	A. State Programs	6
	1. Historic Preservation Grants	6
	2. Open Space	7
	3. State’s Capital Improvement Plan	7
	4. Water System Grants	7
	5. Lake Tahoe Environmental Improvement Projects	8
	6. Marlette Lake Water System	8
	7. Nevada System of Higher Education.....	8
	8. Colorado River Commission	8
	B. Local Assistance Programs	9
	1. Municipal Bond Bank.....	9
	2. State Revolving Fund.....	9
	3. Economic Development.....	9
	4. Permanent School Fund Guarantee Program.....	10
VI.	Debt Structural Features	10
	A. Maximum Rate of Interest	10
	B. Discounted and Premium Bonds.....	10
	C. Interest Payment Intervals.....	11
	D. Bond Maturity.....	11
	E. Maturity of Interim Debentures	11
	F. Term/Serial Bonds	11
	G. Capital Appreciation Bonds.....	11
	H. Call Provisions.....	11

I.	Variable Rate Debt.....	11
J.	Second Lien Debt.....	11
K.	Credit Enhancement.....	11
L.	Capitalized Interest	12
M.	Debt Service Reserve Fund.....	12
VII.	Credit Objectives	12
VIII.	Methods of Sale	13
A.	Competitive Sale.....	13
B.	Negotiated Sale	13
1.	Pricing and Allocation of Negotiated Sales	14
2.	Fees and Expenses	15
3.	Post-Sale Evaluation	15
C.	Private Placement	16
IX.	Selection of Outside Finance Professionals.....	16
A.	Municipal Advisor	16
B.	Legal Counsel	17
C.	Fiscal (Paying) Agent	17
D.	Senior Underwriter	17
E.	Selling Group or Syndicate.....	17
X.	Derivatives.....	18
XI.	Disclosure Practices and Investor Outreach.....	18
A.	Disclosure	18
B.	Continuing Disclosure	18
C.	Investor Outreach/Relations.....	19
XII.	Post-Issuance Administration of Bond Proceeds	20
A.	Custodial Accounts for Bond Proceeds	20
B.	Arbitrage Rebate Reporting.....	20
C.	Investment of Proceeds.....	21
D.	Expenditure of Bond Proceeds.....	21
E.	Training.....	22
F.	State Fees.....	22
XIII.	Review of Policy.....	22
	APPENDIX A-Glossary of Terms.....	23
	APPENDIX B-Municipal Bond Bank Policy	28
	APPENDIX C-State Revolving Fund Bond Policy	30

I. Introduction

The Nevada State Board of Finance (the “Board”) hereby enacts this Debt Management Policy (the “Policy”) dated May 2022 which governs the issuance and management of all State debt and lease financings approved by the Board with the exception of housing and industrial development revenue bonds issued by the Department of Business and Industry. The primary objectives of this Policy are to establish conditions for the use of debt, to create procedures and policies that minimize the State’s debt service and issuance costs, to retain the highest practical credit rating, and to maintain full and complete financial disclosure and reporting. The Office of the State Treasurer (“State Treasurer” or “Treasurer”) and staff responsible for the issuance and management of State debt in addition to the State Treasurer are the Chief Deputy State Treasurer and Deputy Treasurer of Debt Management, assisted by various other staff members.

While adherence to this Policy is required in applicable circumstances, the State recognizes that changes in the capital markets, State programs, and other unforeseen circumstances may produce situations that are not covered by the Policy or require modifications or exceptions to achieve Policy goals. In these cases, specific prior authorization from the Board is necessary to provide management appropriate flexibility.

II. Purposes of Debt Issuance

Debt should be used to finance essential capital facilities, projects, and certain equipment when it is cost efficient and fiscally prudent, as well as to potentially finance certain liabilities of the State when the capital markets provide for a more efficient and economical means to finance these costs. This Policy recognizes that the level of indebtedness incurred by the State represents a significant obligation of citizens of this State; therefore, prior to the issuance of any debt or lease financing, the State Treasurer and Board shall consider the various factors contained in this Policy, including compliance with all applicable laws, debt affordability and debt capacity requirements, the availability of other funding sources such as cash, and the integration of debt within the overall capital planning efforts of the State.

A. Legal Authorization

Constitutionally, general obligation bonds are required to be legislatively authorized for a specific purpose and are secured by the portion of the ad valorem tax revenue dedicated to the payment of general obligation debt. *NRS 226.110(10)* provides that the State Treasurer is directly responsible for the issuance of any obligation authorized on behalf and in the name of the State, other than certain housing and industrial development debt. The State Treasurer is responsible for issuing the following types of debt: Capital Improvement Bonds, Municipal Bond Bank Bonds; State Revolving Fund Bonds; Historic Preservation Bonds; Natural Resources Bonds; Economic Development Bonds; Unemployment Compensation Bonds; Highway Improvement Revenue Bonds; and, other miscellaneous new money and refunding bonds and securities. The Colorado River Commission, the Nevada System of Higher Education, and the Department of Business and Industry issue various types of bonds under various levels of autonomy.

NRS 355.010-355.045 created the State Board of Finance. *NRS 349.225* requires that any general obligation bond, with the exception of certain bonds issued by the Colorado River Commission, be reviewed and approved by the Board. Authorizing legislation for the issuance of State bonds will typically require the Board to approve the issuance of the bonds.

B. Integration of Capital Improvement Plan and Debt

As part of the biennial budget process, the Department of Administration, Public Works Division must identify requests for the financing of projects during the Capital Improvement Program (“CIP”) process. At the same time, the State Treasurer shall prepare a Debt Affordability Analysis, as discussed in more detail in Section III.B of this Policy, which shall be used to determine the maximum amount of general obligation (GO) bond financing available in the subsequent biennium for capital projects and other bonding

programs paid with the ad valorem tax revenue. This Debt Affordability Analysis is utilized by the Director of the Governor's Office of Finance in the preparation of the Governor's recommended budget for the allocation of the State's general obligation bonding capacity amongst the State's bonding programs whose debt service is paid from ad valorem tax revenue. The General Obligation Debt Capacity and Affordability Report which is compiled from the Debt Affordability Analysis shall be presented to the Legislature at the beginning of each legislative session. Each biennium, if there is adequate funding, a Capital Improvement Projects bill may be submitted to the Legislature, which identifies and authorizes projects to be financed through debt financing, which is subject to the results of the General Obligation Debt Capacity and Affordability Report submitted to the Legislature.

Debt financing should be used to finance or refinance only those capital improvements and long-term assets, or other costs directly associated with the financing of a project, which have been determined to be beneficial to the citizens of Nevada, and for which repayment sources have been identified. Bonding or other forms of indebtedness should be used only after considering alternative funding sources, such as pay-as-you-go funding from current revenues, Federal and State grants, and special assessments.

C. New Money Financing

The issuance of "new money" bonds are financings that generate bond proceeds for one of three purposes:

- (1) Direct expenditures on capital projects or equipment - These bond proceeds shall be used for acquisition, construction, reconstruction, replacement, extension or improvement of infrastructure or equipment. New money bond proceeds shall not be used to fund operational activities.
- (2) Working capital purposes - Securitizations or monetization of state revenues for working capital purposes are permitted, subject to the following requirements:
 - a) The bonds must meet US Department of Treasury requirements for working capital purposes.
 - b) The term of the bonds issued and period of time that State revenues are pledged shall not exceed 10 years.
 - c) Except in extraordinary circumstances, no more than 20% of the projected revenues from any State revenue currently allocated to the General Fund shall be pledged for repayment of debt service and/or to meet bond covenants, in order to minimize the impact on the state budget.
 - d) Such financings shall be structured as special obligation bonds (i.e., revenue bonds) so as not to impair the debt capacity of the State to issue general obligation bonds for capital projects.
- (3) In limited cases, to finance liabilities of the State, such as the case with pension obligation bonds, unemployment insurance bonds or judgment bonds, when the capital markets provide for a more efficient and economical means to finance these costs. In such cases, the following requirements apply:
 - a) The net savings, on a present value basis, must exceed 3% of the liability being refunded.

- b) Only fixed-rate coupons for any bonds issued are allowed. The use of variable-rate debt to finance such liabilities is prohibited due to the uncertainty of savings that would entail.
- c) Such financings shall be structured as special obligation bonds (i.e., revenue bonds) so as not to impair the debt capacity of the State to issue general obligation bonds for capital projects.

New money proceeds may also be used to reimburse prior capital expenditures made on a pay-as-you-go basis subject to Board approval of a reimbursement resolution to declare the Board's intent to reimburse the State for prior capital expenditures in anticipation of funding from future bond issues. The general rules applicable to such reimbursements are found under Treasury Regulation Section 1.150-2 and provide that reimbursement allocations be treated as an expenditure of proceeds for bonds issued for a governmental purpose on the date of such allocation subject to requirements therein being satisfied.

D. Refunding Bonds

The State Treasurer shall pursue a policy to refinance State debt to achieve true savings for the State as market opportunities arise. The guideline to be used in determining whether an "advance refunding" should be transacted is if a present value savings (net of expenses) of at least 3% can be achieved on the principal amount of debt being refunded. Even if these savings thresholds for advance refundings are met, the State Treasurer may choose to defer refunding the bonds until the bonds can be refunded as a current refunding (90 days within the first call date) based on an analysis of projected interest rates and escrow yields. As of the date of this policy, tax-exempt bonds are federally prohibited from "advance refundings".

The State Treasurer may justifiably consider refundings that differ from these target guidelines on a case-by-case basis, but should explain the reasons for deviation to the Board. For example, the State may consider the restructuring of a particular debt financing in order to smooth out the State's aggregate annual debt service costs. Refundings with aggregate negative present value savings will not be considered unless there is a compelling public policy objective. An exception to this policy is pass-through bonds such as bonds issued under the Municipal Bond Bank in which the entity responsible for payment of the debt has requested a restructuring of their debt that entails a net present value cost but which the entity has demonstrated the refunding debt service meets established affordability guidelines or other goals.

III. Debt Limitations

Prior to the issuance of any "new money" general obligation debt or lease financing, the State Treasurer shall conduct an analysis to determine the impact of such a financing on the State's debt capacity and debt affordability and to verify compliance with these requirements. Additionally, the State Treasurer shall monitor the State's debt levels and shall be prepared at all times to provide comprehensive tables and information to the Governor, the Legislature, the investment community, and the rating agencies about State debt. This information is published regularly in bond disclosure documents and public filings with municipal securities information repositories.

A. Debt Capacity

The State Treasurer is responsible for identifying the type of debt to be issued and all applicable legal restrictions. Article 9, Section 3 of the Constitution of the State of Nevada limits the aggregate principal amount of the State's outstanding general obligation debt to 2% of the total reported assessed valuation of the State. The limitation does not extend to debt incurred for the protection and preservation of any property or natural resources of the State or for the purpose of obtaining the benefits thereof, nor does it apply to non-general obligation lease-purchase bonds. In order to provide a buffer for possible future declines of assessed valuation of the State as a result of declining real estate values, this policy shall set a limit for

aggregate principal amount of the State's outstanding general obligation debt to be 2.00% of the total reported assessed valuation of the State at the time of issuance of bonds minus one half of the current fiscal year's debt service for non-self-supported general obligation debt in keeping with best practices.

B. Debt Affordability

In addition to verifying that there is sufficient debt capacity to issue general obligation bonds pursuant to the State's constitutional requirements, the State Treasurer shall conduct a debt affordability analysis on at least an annual basis as well as prior to the issuance of any new money general obligation debt paid from ad valorem tax revenue. The debt affordability analysis will be prepared in order to verify that projected ad valorem tax revenue dedicated to the State's general obligation bonds paid from ad valorem tax revenue (currently 17 cents per \$100 of assessed valuation) plus projected fund balances in the State's Consolidated Bond Interest and Redemption Fund are sufficient to cover the debt service requirements for any new money general obligation debt combined with existing debt service throughout the term of the State's general obligation program for general obligation debt paid from ad valorem tax revenue. The parameters of the debt affordability analysis shall include:

- (1) A minimum ending fund balance in the Consolidated Bond Interest and Redemption Fund at the end of each fiscal year equal to at least ~~one-half~~ 100% of the next fiscal year's debt service payments on its general obligation bonds (exclusive of those bonds considered to be self-supporting and paid by other available revenues) in each of the next five fiscal years. For the following fiscal years (Year #6 and beyond), a positive projected fund balance for the Consolidated Bond Interest and Redemption Fund is required.
- (2) Revenue estimates of the ad valorem taxes dedicated to the repayment of the State's general obligation bonds shall not assume any increase in the tax rate.
- (3) Revenue growth estimates of the ad valorem taxes dedicated to the repayment of the State's general obligation bonds shall be developed in consultation with the Governor's Office of Finance, Department of Taxation, Legislative Counsel Bureau and the State Treasurer's Office.

IV. Types of Authorized State Debt

A. General Obligations

General obligation bonds represent bonds secured by the full faith and credit of the State. Pursuant to *NRS 349.224*, the State may issue general obligation bonds payable solely from taxes (non-self-supporting bonds) or secured by taxes and payable from pledged revenues (self-supporting bonds). In accordance with *NRS 349.225*, the State Treasurer will obtain prior approval of the Board for the issuance of any general obligation securities, other than certain securities issued by the Colorado River Commission.

B. Special Obligation Bonds

Pursuant to *NRS 349.226*, the State may issue special obligation bonds secured by net pledged revenues but not secured by taxes or gross pledged revenues. Special obligation bonds in essence are equivalent to the term "revenue bonds" as commonly referenced in the capital markets, in that these bonds are secured by a dedicated revenue stream other than property taxes and are not secured by the full faith and credit of the State.

NRS 349.192 defines "Pledged revenues" as moneys pledged wholly or in part for the payment of bonds or other state securities issued in accordance with the provisions of the State Securities Law (*NRS 349.150-349.670*), and, subject to any existing pledges or other contractual limitations. Pledged revenues may

include the proceeds of any excise taxes levied and collected by the State and authorized by law (other than the State Securities Law) to be pledged for the payment of state securities issued in accordance with the provisions of the State Securities Law, but excluding the proceeds of any taxes as defined in *NRS 349.204*.

1. Highway Revenue (Motor Vehicle Fuel Tax) Bonds

NRS 408.273 authorizes the issuance of special obligation bonds by the Board when so requested, to provide money to enable the Department of Transportation to complete pending and currently projected highway construction projects, in an amount specified in the request.

2. Unemployment Compensation Fund Special Revenue Bonds

NRS 612.6122 authorizes the issuance of special obligation bonds by the Board when so requested, to fund the repayment of federal advances and interest thereon, to make deposits to or to establish adequate balances in this State's account in the Unemployment Trust Fund of the United States Treasury, to pay the costs of issuing bonds, to pay administrative expenses, to fund capitalized interest, to fund bond reserves, to refund or redeem prior bonds, or otherwise further the purposes of *NRS 612.6102* to *612.6134*, inclusive.

C. Installment-Purchase and Lease-Purchase Agreements/Certificates of Participation

NRS 353.550- and *353.630* Lease-revenue bonds, or lease-purchase bonds, are lease obligations whose principal and interest are payable exclusively from rental payments from a lessee. Lease-revenue bonds are structured as a series of one-year renewable obligations spread out over the life of the asset. Certificates of Participation (COP), the most commonly used form of lease-purchase financing, create a tax-exempt lease to finance capital improvement projects or to purchase essential equipment.

The State will consider issuing lease financings when a determination is made that:

- (1) The type of asset or equipment being financed is not eligible to be paid from other sources, or
- (2) The COPs are issued to finance a new building or facility of the State or make improvements to an existing building or facility and the following conditions are met:
 - a) There is a preference to pay debt service from existing state revenues rather than from ad valorem property taxes or new revenue sources, and
 - b) Existing revenues or payments of the State can be repurposed to pay debt service for a new building or facility, and those monies, coupled with any upfront equity contribution from the General Fund or other funds, are projected to be sufficient to pay associated debt service.

Due to State law (*NRS 353.550(c)*), COPs or lease-revenue bonds may not be used to make repairs or improvements to multiple facilities.

D. Interim Debentures for General Operations

NRS 349.073, if at any time the State Treasurer determines that the cash balance in the State's General Fund is insufficient to meet expected future obligations, the State Treasurer shall submit a certification of that fact to the Legislative Interim Finance Committee which includes a request for approval of the issuance of general obligation interim debentures for an amount not to exceed \$150 million.

If the Legislative Interim Finance Committee approves an issuance, the Committee will establish by resolution the maximum amount of such interim debenture may be issued up to \$150 million. The Board may issue general obligation interim debentures or special obligation interim debentures in accordance with *NRS 349.318* (described below) for the purpose of paying for the general operations of the State, at any

time or from time to time, in a face amount of not more than \$150 million or the amount established by resolution upon approval by the Interim Finance Committee.

If the Board makes the determination described above, *NRS 349.318* authorizes the issuance of general obligation interim debentures and special obligation interim debentures by the Board in the form of a note, bond or line of credit agreement with a bank or other lender under which moneys are deposited into the State's General Fund, either at one time or from time to time, to be used for the general operations of the State. Any such interim debentures and any bond administrative expenses (as defined in *NRS 349.318*) may be additionally secured by pledged revenue for the benefit of the owners of the interim debentures and the obligees under any line of credit agreement described in the prior sentence, by the pledge of, security interest in and first lien on all or a portion of the following, if applicable:

- (1) Unrestricted revenues, including tax revenues, payable to the State's General Fund to be used for the general operations of the State; or
- (2) Money related to the interim debentures held on deposit in any other fund or account under any instrument or agreement pertaining to the interim debentures, including, without limitation, reserves therefor and income on such money.

Proceeds from the sale of such interim debentures must be deposited into the State's General Fund. After deducting any applicable charges and bond administrative expenses, any interest and income earned on the proceeds of any interim debentures issued to fund the general operations of the State must be used for the general operations of the State.

Commercial Paper

Commercial Paper (CP) is an unsecured promissory note with a fixed maturity of not more than 270 days which is sold at a discount from the face value. CP is typically non-interest bearing. The Board may authorize the creation of a CP program if funding is authorized by the State Legislature. CP proceeds fund short-term liquidity needs instead of relying on a line of credit from a bank or other revolving credit facilities. The State may use CP to fund the costs of projects, to deposit into the State General Fund and be used for the general operations of the State, or to refinance previously issued CP. The debt can be issued as general obligation or special obligation debt.

V. Authorized Programs

A. State Programs

1. Historic Preservation Grants

NRS 383.530 authorizes the issuance of general obligation bonds by the Board of Finance not to exceed a total face amount of \$3 million per year. From the proceeds of any bond issuance, the Commission for Cultural Centers and Historic Preservation may grant financial assistance for educational or charitable purposes, including, without limitation, the preservation or promotion of cultural resources.

As general obligation bonds, the source of funding for the payment of debt service is included in the amount of the ad valorem tax set in law that is dedicated to the State's general obligation bonds paid from ad valorem tax revenue (currently 17 cents per \$100 of assessed valuation). As such, the Capital Improvement

Projects bill shall set the amount of funding authorized for eligible projects including the amount authorized to be funded through debt financing. These bonds are subject to the 2% Constitutional debt limitation described in Section III.A of this Policy and the expenses related to the issuance of the bonds which must be paid from the proceeds of the bonds must not exceed 2 percent of the face amount of the bonds sold.

2. Open Space

Assembly Bill 84 of the 80th Regular Session (2019) authorized ~~the~~ issuance of up to \$217.5 million in general obligation bonds to protect, preserve and obtain the benefits of the property and natural and cultural resources of the State of Nevada

As general obligation bonds, the source of funding for the payment of debt service is included in the amount of the ad valorem tax set in law that is dedicated to the State's general obligation bonds paid from ad valorem tax revenue (currently 17 cents per \$100 of assessed valuation). As such, the Capital Improvement Projects bill shall set the amount of funding authorized for eligible projects including the amount authorized to be funded through debt financing. A portion of these bonds are subject to the 2% Constitutional debt limitation described in Section III.A of this Policy and a portion of these bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy.

3. State's Capital Improvement Plan

The Department of Administration, Division of Public Works shall recommend the State's biennial Capital Improvement Plan to the Legislature during the regular session. Each biennium, a Capital Improvement Projects bill is thereby submitted to the Legislature, which identifies and authorizes projects to be financed through debt financing, which is subject to the results of the General Obligation Debt Capacity and Affordability Report submitted to the Legislature.

As general obligation bonds, the source of funding for the payment of debt service is included in the amount of the ad valorem tax set in law that is dedicated to the State's general obligation bonds paid from ad valorem tax revenue (currently 17 cents per \$100 of assessed valuation). As such, the Capital Improvement Projects bill shall set the amount of funding authorized for eligible projects including the amount authorized to be funded through debt financing paid from ad valorem tax revenue or other identified sources of funding. ~~These~~ These bonds are subject to the 2% Constitutional debt limitation described in Section III.A of this Policy.

4. Water System Grants

NRS 349.986 authorizes the issuance of general obligation bonds subject to a limit of \$125 million in principal amount outstanding at any one time to provide grants for capital improvement to publicly owned water systems. Eligible projects are determined by the Board for Financing Water Projects.

As general obligation bonds, the source of funding for the payment of debt service is included in the amount of the ad valorem tax set in law that is dedicated to the State's general obligation bonds paid from ad valorem tax revenue (currently 17 cents per \$100 of assessed valuation). As such, the Capital Improvement Projects bill shall set the amount of funding authorized for eligible projects including the amount authorized to be funded through debt financing. These bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy.

5. Lake Tahoe Environmental Improvement Projects

Assembly Bill 18 of the 75th Regular Session (2009), as amended by Senate Bill 197 of the 79th Regular Session (2019), authorized the issuance of an aggregate principal amount of general obligation bonds not to exceed \$100 million between July 1, 2009 and June 30, 2030 for the purpose of carrying out certain environmental improvement projects for the Lake Tahoe Basin.

As general obligation bonds, the source of funding for the payment of debt service is included in the amount of the ad valorem tax set in law that is dedicated to the State's general obligation bonds paid from ad valorem tax revenue (currently 17 cents per \$100 of assessed valuation). As such, the Capital Improvement Projects bill shall set the amount of funding authorized for eligible projects including the amount authorized to be funded through debt financing. These bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy.

6. Marlette Lake Water System

NRS 331.160.6 authorizes the issuance of general obligation bonds or revenue bonds by the Board when so requested, in an aggregate principal amount not to exceed \$25,000,000 to finance the capital costs of improving and modernizing the Marlette Lake Water System. Before any revenue bonds are issued pursuant to this subsection, the Board must determine that sufficient revenue will be available in the Marlette Lake Water System Fund to pay the interest and installments of principal as they become due.

State general obligation bonds issued pursuant to this NRS are considered by the State to be self-supporting. Nevertheless, if revenues from the Marlette Lake Water System are insufficient to pay amounts due with respect to such bonds, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. These bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy.

7. Nevada System of Higher Education

The 2013 Legislature authorized in AB 501 (Chapter 514) the issuance of \$85 million of general obligation bonds to finance capital improvements at the University of Nevada, Las Vegas and the University of Nevada, Reno campuses. In connection with this authorization, the legislation imposes a \$250 annual excise tax on each slot machine operated in the State. In each year a portion of this excise tax is to be deposited in the Special Capital Construction Fund for the payment of these bonds (*NRS 463.385(6)*).

State general obligation bonds issued pursuant to this NRS are considered by the State to be self-supporting. Nevertheless, if revenues from the excise tax are insufficient to pay amounts due with respect to such bonds, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. These bonds are subject to the 2% Constitutional debt limitation described in Section III.A of this Policy.

8. Colorado River Commission

The 2013 Legislature authorized in SB 438 (Chapter 246) the issuance by the Colorado River Commission of up to \$35 million of either general obligation bonds payable from taxes and additionally secured with pledged revenues, special obligations payable from pledged revenue, or any combination of the foregoing for the purpose of prepaying, financing or refinancing a portion of the capital costs which contribute to the ongoing costs of electrical capacity and energy generated from the Hoover Dam.

State general obligation bonds issued pursuant to *NRS 538.166(e)* are considered by the State to be self-supporting. Nevertheless, if pledged revenues are insufficient to pay amounts due with respect to such bonds, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. These bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy.

B. Local Assistance Programs

1. Municipal Bond Bank

The State's Municipal Bond Bank Program (the "Bond Bank") is established in Chapter 350A of the NRS to assist municipalities in undertaking local projects that foster and promote the protection and preservation

of the property and natural resources of the State by making loans that might not be otherwise available to such municipalities or that might be available only at prohibitive interest rates. In accordance with *NRS 350A.150*, the amount of outstanding State securities issued to acquire municipal securities may not exceed \$1.8 billion.

The Bond Bank Act does not, in and of itself, authorize the issuance of general obligation securities by the municipalities. Both State general obligation securities issued under the Bond Bank Act and municipality general obligation securities purchased in connection with a lending project may, but need not be, additionally secured with other pledged revenues. State general obligation bonds issued pursuant to the Bond Bank Act are considered by the State to be self-supporting. Nevertheless, if revenues from the Bond Bank payors are insufficient to pay amounts due with respect to such bonds, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. These bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy. The issuance of bonds under this program will comply with Appendix B, "Municipal Bond Bank Policy".

2. State Revolving Fund

The State has established two enterprise funds for state revolving fund programs. The Water Pollution Control Revolving Fund (*NRS 445A.120*) provides funds to make loans or to provide other assistance for certain water pollution control projects and for related purposes authorized under the state revolving loan fund provisions of the federal Clean Water Act (the "Pollution Control Projects Account"). The Safe Drinking Water Revolving Fund (*NRS 445A.255*) is used to make loans or to provide other assistance for certain drinking water projects and for related purposes authorized under the state revolving loan fund provisions of the federal Safe Drinking Water Act (the "Revolving Fund Account").

Funding for these programs is provided primarily through the federal capitalization of grant money made available to the State, receipt of which is conditioned on the State's providing matching funds. Program funds are generally used to make loans at or below market rates to eligible recipients for purposes of paying for costs of designing and constructing drinking water and wastewater infrastructure that supports public health and environmental protection. Program funds loaned to eligible recipients are repaid into the accounts and are re-used in the program, thus creating a source of funds to make payments on State bonds and a perpetual source of funding for projects. State general obligation bonds issued for State Revolving Fund Programs are considered by the State to be self-supporting. Nevertheless, if revenues from the Bond Bank payors described below are insufficient to pay amounts due with respect to such bonds, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. These bonds are exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy. The issuance of bonds under this program will comply with Appendix C, "State Revolving Fund Bond Policy".

3. Economic Development

NRS 360.991 authorizes the issuance of general obligation bonds to finance infrastructure projects identified in economic development financing agreements in an amount not to exceed \$175,000,000 per agreement and in an amount not to exceed \$200,000,000 outstanding at any one time. State general obligation bonds issued pursuant to this NRS are considered by the State to be self-supporting. Nevertheless, if revenues from any districts or areas created for the purpose of financing the infrastructure projects identified in the economic development financing proposal which are pledged for the repayment of the bonds are insufficient to pay any sums coming due on the bonds, before such bonds are paid from the State's General Fund, the local government that created the districts or areas shall promptly pay such sums to the extent of the money available in the uncommitted balance of the general fund of the local government. Ultimately, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. These bonds may be either subject to or exempt from the 2% Constitutional debt limitation described in Section III.A of this Policy.

4. Permanent School Fund Guarantee Program

NRS 387.513-387.528 provides for the Permanent School Fund Guarantee (PSFG) Program which allows school districts to enter into guarantee agreements with the State whereby the money in the Permanent School Fund is used to guarantee the debt service payments on certain bonds issued by the school districts. This program is designed to provide easier access to public credit markets and reduce borrowing costs to school districts. Fundamental to this program is the legal authorization of the Permanent School Fund (the “Fund”) to guarantee school district debt, which includes the mechanics to ensure timely debt service payment, and strong oversight and enforcement provisions. The State Treasurer, who also has responsibility for investment of the Fund, administers this program.

The total amount of bonds to be guaranteed for each school district under the PSFG Program is limited to \$60 million. In addition, the total amount of outstanding bonds guaranteed by the State Permanent School Fund (the “Fund”) is limited to 250% of the lower of the cost or fair market value of the assets in the Fund or as specified by federal tax law.

VI. Debt Structural Features

The State’s preference is to structure bonds that shall produce level annual debt service payments although principal payments may be deferred in certain circumstances where it will take a period of time before projected revenues are sufficient to pay debt service or the project being financed is growth-related and an ascending debt service schedule is appropriate. The Treasurer may also structure the amortization of principal to achieve other financial planning goals. The primary exception to the above goal is to structure the State’s overall debt portfolio (i.e., the aggregate debt service for non-self-supported debt) so as to align it to projected tax revenues and other resources.

Examples of how this can be accomplished include the issuance of refunding bonds that have varying principal repayments structured to fill in the gaps created by refunding specific principal maturities and structuring the amortization of principal for new money bonds to wrap around existing obligations. The deferral of principal or the overall extension of debt service for a refunding issue beyond the original term is discouraged except in extraordinary circumstances.

Debt financings shall also conform to the following structuring considerations or requirements.

A. Maximum Rate of Interest

State law restricts the maximum rate of interest on securities issued by the State to the Bond Buyer Index of Twenty Bonds for general obligation bonds or the Bond Buyer Index of Revenue Bonds for special obligations, whichever is applicable, plus 3% (*NRS 349.076*). The State Treasurer through its Bond Counsel monitors this cap and takes responsibility for compliance.

B. Discounted and Premium Bonds

The State may sell its securities at par, above par or below par at a discount of not more than 9% of the principal amount but the effective interest rate must not exceed the limit provided in *NRS 349.076* and *349.077*. While discounted bonds may slightly reduce the interest cost of the bonds below that of non-discount bonds, the amount of the discount must be analyzed to minimize the negative impact on the State’s future ability to refund the bonds for interest savings.

C. Interest Payment Intervals

Interest is payable at least semiannually on bonds subject to the Constitutional debt limit and at intervals determined by the Board on other debt. (*NRS 349.276*) The State Treasurer implements these requirements with appropriate provisions in the bond documents.

D. Bond Maturity

General obligation bonds, which are subject to the Constitutional debt limit, must have a maturity not to exceed 20 years from the date of passage of the act authorizing their issuance and other bonds constituting a debt which are not subject to the limitation must mature within 50 years from their date of issuance. (*NRS 349.276*) The maturity of a bond shall not exceed 120% of the estimated useful weighted life of the projects being financed.

E. Maturity of Interim Debentures

Interim debentures may mature as such time or times not exceeding a period of time equal to the estimated time needed to effect the purpose or purposes for which they are issued or for which the bonds are authorized to be issued, but not exceeding 5 years from the date of the interim debentures. In the case of interim debentures in the form of a line of credit agreement, not exceeding three (3) years from the first date on which a draw is made under the line of credit agreement, as the Board may determine. (*NRS 349.322*) Commercial Paper generally matures in 270 days or less.

F. Term/Serial Bonds

The State will structure its bond issues as serial, term or a combination of both in order to realize the lowest interest cost possible and to respond to market demand, or lack thereof, for specific bond maturities.

G. Capital Appreciation Bonds

Capital Appreciation Bonds (“CABs”) should only be considered primarily to achieve level debt service with other outstanding bonds. CABs may only be considered in order to achieve an overall economic benefit as compared to a traditional current interest bond structure.

H. Call Provisions

Generally, the State will set such provisions to provide maximum flexibility relative to the cost of the call feature and avoid conditions that restrict future refunding possibilities. Bonds issued without a call feature shall be limited and shall only be issued when investors are willing to pay a significant premium for non-callable debt or if the bond’s maturity is less than ten years. The maximum call premium under state law is 9 percent of the principal amount of each bond or other security so redeemed. (*NRS 349.290*)

I. Variable Rate Debt

Due to dislocations in the tax-exempt bond market since 2007, variable rate debt is not currently authorized, except for interim debentures issued to fund the general operations of the State (*NRS 349.227*).

J. Second Lien Debt

The State will issue second lien debt only if it is financially beneficial to the State to eliminate outdated covenants or if consistent with creditworthiness or other financing objectives.

K. Credit Enhancement.

Credit enhancement (including letters of credit and bond insurance) may be used only when net debt service on the bonds is reduced by more than the costs of the enhancement.

Bond insurance can be purchased directly by the State in a negotiated sale prior to the bond sale (direct purchase) after solicitation of quotes for bond insurance by the State’s financial advisor from qualified firms or at the underwriter’s option and expense (bidder’s option) in a competitive sale. In either case, the present value of the estimated debt service savings from insurance should be at least equal to or greater than the insurance premium. The credit enhancement provider will be chosen based on an estimate of the greatest

net present value benefit (present value of debt service savings less insurance premium) unless there are compelling reasons such as credit quality issues that may override financial considerations.

L. Capitalized Interest

Capitalized interest increases the amount of debt to be issued and therefore will be avoided unless essential from a credit or cash flow standpoint, as in the case of lease-purchase obligations. Interest on general obligation bonds will normally not be capitalized. Generally, interest on lease-purchase obligations will be capitalized for a maximum of two years following a conservatively based estimate of project completion to provide a cushion for project slippage.

M. Debt Service Reserve Fund

A debt service reserve fund is created from the proceeds of a bond issue and/or the excess of applicable revenues to provide a ready reserve to meet current debt service payments should moneys not be available from current revenues. For each bond issue, the State Treasurer's Office shall determine whether a debt service reserve fund is necessary, but generally such reserve funds are only necessary for revenue bonds or lease-purchase bonds. Debt service reserve funds are not used for general obligation debt.

VII. Credit Objectives

Credit ratings issued by bond rating agencies recognized by the Securities and Exchange Commission (SEC) (also known as Nationally Recognized Statistical Rating Organizations or NRSROs) are important in determining the cost of the State's borrowings. The State has historically enjoyed excellent credit ratings. An important task of the State Treasurer as the primary representative of the State in matters concerning any nationally recognized rating agency (*NRS 226.110(9)*) is to communicate regularly with the bond rating agencies to assure continuation of the highest practicable credit ratings for the State. This is accomplished by regular meetings and/or conference calls with rating personnel during which the State Treasurer and other State personnel make carefully researched and comprehensive presentations about the State, its financial condition and its prospects. The State shall maintain credit ratings from at least two NRSROs in order to ensure liquidity of its debt in the secondary market.

The State seeks to maintain the highest possible credit ratings for all categories of debt that can be achieved without compromising delivery of basic State services. The Board recognizes that external economic, natural or other events may from time to time affect the creditworthiness of the State's debt. Nevertheless, the Executive and Legislative branches of government are committed to ensuring that actions within their control are prudent and strive to enhance the credit standing of the State.

Credit ratings issued by the bond rating agencies are a major factor in determining the cost of borrowed funds in the municipal bond market. The concept of debt capacity, or affordability, recognizes that the State has a finite capacity to issue debt at a given credit level. It should be recognized, however, that there are no predetermined debt level/credit rating formulas available from the rating agencies. Many factors are involved. Determination of a credit rating by a rating agency is based on the rating agency's assessment of the credit worthiness of the State with respect to a specific obligation. To arrive at a judgment regarding the State's credit worthiness, the rating agencies analyze the State in four broad, yet interrelated areas: economic base, debt burden, administrative management, and fiscal management.

VIII. Methods of Sale

There are three potential methods of sale for long-term debt: competitive, negotiated and private placement. The State Treasurer shall determine the appropriate method of sale depending upon which method will ensure that the best sales results and objectives of the State are achieved (taking into account both short-range and long-range implications). Each type of bond sale has the potential to provide the lowest cost

given certain market conditions and characteristics of the bond sale. The conditions under which each type of bond sale is generally preferred are described below.

A. Competitive Sale

The customary method for selling State debt shall be by competitive bid. The conditions that generally favor a competitive method of sale include:

- The market is familiar with the issuer;
- The issuer is a stable and regular borrower in the public market;
- There is an active secondary market with a broad investor base for the issuer's bonds;
- The issuer's full faith and credit or a strong, known or historically performing revenue stream supports the debt structure;
- The issue is neither too large to be easily absorbed by the market nor too small to attract investors without a concerted sales effort;
- Interest rates are stable, market demand is strong, and the market is able to absorb a reasonable amount of buying or selling at reasonable price changes; and
- Policy considerations such as underwriting syndicate and bond allocations can be reasonably addressed through the Notice of Sale.

Any competitive sale of State debt requires formal approval of the Board by either two resolutions (i.e., the Authorizing Sale Resolution and the Bond Resolution) or one resolution authorizing the issuance and sale of the bonds and delegating to the State Treasurer or his or her designee the authority to accept the binding bid for the bonds (*NRS 349.303*). The "Authorizing Bond Sale Resolution" provides for the issuance and sale of the debt, sets forth the conditions of the sale, and directs the State Treasurer to make the necessary preparations for receiving competitive bids.

The Bond Resolution sets forth the terms and conditions of the bond and either accepts the winning bid or directs the State Treasurer or his or her designee to take the actions necessary to complete the issuance, delivery and closing of the duly authorized debt.

State debt issued by competitive bid will be sold to a responsible bidder proposing the lowest True Interest Cost to the State, provided the bid conforms to the Official Notice of Sale issued in accordance with the Authorizing Bond Sale Resolution.

B. Negotiated Sale

While the presumptive method of sale shall be the competitive method, the negotiated method of sale may be warranted when certain conditions previously described do not allow for a competitively bid selection of an underwriter at the actual time of bond sale. The negotiated method entails the selection of an underwriter or underwriting pool prior to the designated sale date. This allows the State to coordinate beforehand the complex tasks and requirements associated with the issuance directly with the underwriter, thereby increasing the probability of an optimal sale. Examples of such sales include:

- Debt issuance is so large (or small) that the number of potential bidders would be too limited to provide the State with truly competitive bids;

- Debt issuance requiring the ability to react quickly to sudden changes in interest rates, such as an advanced or current refunding-;
- Debt issuance requiring intensive marketing efforts to establish investor acceptance (e.g., lease / purchase certificates of participation, proprietary or innovative financial products);
- Debt issuance with specialized distribution requirements (e.g., bonds sold only to institutional investors); and
- Debt issuance utilizing variable rate debt securities.

In such cases where a negotiated method of sale is selected, the State Treasurer will strictly implement the following practices:

- Ensure fairness by using a competitive selection process through a solicitation process which will establish a standing pool of qualified underwriters for a designated period of time or another form of solicitation that ensures that multiple proposals are fairly considered;
- Remain actively involved in each step of the negotiation and sale processes to uphold the public trust;
- Retain a qualified, independent municipal advisor
- Avoid conflicts of interest, which may occur by prohibiting a municipal advisor retained for a particular bond issue to participate as an underwriter of the same bond issue
- Request all financial professionals submitting joint proposals or intending to enter into joint accounts or any fee-splitting arrangements in connection with a bond issue to fully disclose to the issuer any plan or arrangements to share tasks, responsibilities, and fees earned, and disclose the financing professionals with whom the sharing is proposed, the method used to calculate fees to be earned, and any changes thereto; and

Any negotiated sale of State debt will still require Board approval of an Authorizing Bond Sale Resolution, which will provide for the issuance and sale of the debt and permit the State Treasurer to conduct negotiations with an underwriter(s). Documentation supporting the authorizing resolution will be provided to the governing board by the State Treasurer and will include the goals and limitations of the proposed sale, as well as an explanation of the reasons why a negotiated sale is justified and preferred. If approved, the State Treasurer will execute a purchase contract in accordance with the Bond Resolution.

1. Pricing and Allocation of Negotiated Sales

The negotiation of terms and conditions will include, but not be limited to, prices, interest rates, underwriting fees and commissions. Guidelines will be based on prevailing terms and conditions in the marketplace for comparable issuers, including yields from secondary market trading of previously issued similarly structured State debt. The municipal advisor should be involved in all pricing negotiations.

If more than one underwriter is included in a negotiated sale of State debt, the State Treasurer will determine general guidelines of the allocation of fees and underwriting responsibilities among the underwriters, consistent with the objectives of the sale.

2. Fees and Expenses

The State Treasurer reserves the right to review and approve all fees and expenses and request substantiation. Any excess funds raised beyond those required to meet issuance expenses will be returned to the applicable bonding program to be used for the purpose that the bonds were issued for or to pay debt service on the bonds (*NRS 349.296*).

- The expense component of the underwriting spread must be finalized by the book-running senior manager and approved by the State Treasurer prior to the day of pricing. The book-running senior manager must provide an estimate of the expense component to the State Treasurer by no later than one week prior to the day of pricing.
- In general, the State Treasurer will not reimburse the book-running senior manager for clearance fees except for the Depository Trust Company (“DTC”) charge on issues that are registered in book-entry form only. All other clearance fees are subject to the review and approval of the State Treasurer prior to the day of pricing on a case-by-case basis.
- A management fee is generally not permitted except in extraordinary circumstances where the underwriter has performed additional analysis not associated with customary duties of an underwriter for the issuance of the bonds.
- Proposed takedowns for all maturities must be included as part of the proposed pricing terms submitted by the book-running senior manager to the State Treasurer. All takedowns are subject to review and approval by the State Treasurer.
- The State Treasurer expects the book-running senior manager to keep the underwriters’ expense items and costs of issuance to an absolute minimum.

3. Post-Sale Evaluation

In keeping with the State Treasurer’s policy of acknowledging good performance and building accountability into syndicate participation, the State Treasurer will conduct post-sale evaluations of the syndicate to ensure policies are adhered to and performance is documented. The evaluations will consider, among other things, the fairness of the price and whether optimal distribution structures were developed that ensured the best price; the orders placed and the allocation of the bonds; and, whether syndicate members participated meaningfully in the transaction.

- (1) The entire selling group or syndicate, including the book-running senior manager, must provide to the State Treasurer in a timely manner all necessary information required to carry out the post-sale evaluation.
- (2) The book-running senior manager must also provide to the State Treasurer a final pricing book. The final pricing book must include, but not necessarily be limited to, the following information: The distribution list; a discussion of market conditions leading up to and during the pricing; the final pricing wire; comparable issues in the market; media coverage; rating agency credit reports; a full set of final computer runs; a list of selling group members; a table on orders and allotments; a table identifying management fees and liabilities; a table on bond distribution by firm; a table identifying takedown and designation dollars by firm; a table on member allotments and retention; and a table identifying designations on net designated orders. The final pricing book must be provided to the State Treasurer no later than 14 days after the day of closing.

C. Private Placement

A Private Placement is a sale that is structured specifically for one purchaser such as a bank or other sophisticated investor. In such an arrangement, many of the documents associated with a competitive or negotiated sale such as an official statement are not necessary and certain costs of issuance are avoided. Additionally, the bonds in a private placement typically are not rated. Generally, the State shall avoid the use of private placements due to the higher interest rates associated with this type of sale except in the following circumstances:

- (1) In a case where the par amount of the planned bond sale is very low, the avoidance of certain costs of issuance may offset the higher interest rates associated with a private placement and a private placement may be the most cost-efficient type of sale. Under this rationale, the maximum par shall generally be \$5 million.
- (2) In an emergency or other situation where bond proceeds are urgently needed, a private placement sale can be conducted in a much shorter timeframe than a public sale.
- (3) In a situation where a public sale is not practical due to timing or scheduling considerations, a private placement may be considered. For instance, during the legislative session, the State budget for the upcoming biennium is not finalized and it may be difficult to obtain a rating and/or provide adequate disclosure to potential investors in a public sale.

Based upon the above factors, if the State Treasurer determines that a private placement is warranted, a municipal advisor or placement agent will be selected with experience in conducting such sales. The municipal advisor or a placement agent will be responsible for identifying sophisticated investors meeting the regulatory definition of a “sophisticated investor” that is potentially interested in purchasing these bonds. A term sheet providing an amortization schedule, requirements and other matters will be prepared by the financial advisor in consultation with bond counsel and distributed to this list of potential buyers in order to ensure a competitive sale process. The State will consider all qualified proposals received and determine the most cost-effective proposal to begin negotiations. Upon completion of the transaction, the State will conduct a post-sale evaluation of the transaction similar to the process described for negotiated sales.

IX. Selection of Outside Finance Professionals

Pursuant to *NRS 226.110(10)(b)*, the State Treasurer may, except as otherwise provided in *NRS 538.206*, employ necessary legal, financial or other professional services in connection with the authorization, sale or issuance of any State obligation, other than certain housing bonds and revenue bonds. The services of a municipal advisor(s), fiscal (paying) agent, counsel and senior underwriter will be obtained through a competitive evaluation of proposals submitted in response to a regularly issued solicitation process by the State Treasurer.

A. Municipal Advisor

The State Treasurer will select a municipal advisor (or advisors) registered by the Municipal Standards Rulemaking Board (MSRB) to assist in the issuance of all State debt. A municipal advisor(s) under contract with the State Treasurer for a particular transaction shall not purchase or sell any State debt until underwriting accounts are closed or new debt is freed from underwriter pricing restrictions, whichever occurs first. In such circumstance, municipal advisors must comply with all legal and disclosure restrictions, including but not limited to MSRB Rule G-23.

B. Legal Counsel

All debt issued by the State will include a written opinion by legal counsel affirming that the State is authorized to issue the proposed debt, that the State has met all the Constitutional and statutory requirements necessary for the issuance, and a formal determination has been made as to the proposed debt's federal income tax status. This approving opinion and other documents relating to the issuance of State debt will be prepared by a nationally recognized bond counsel with extensive experience in public finance and tax issues.

The various roles of legal counsel may include the following:

- Bond Counsel
- Tax Counsel
- Disclosure Counsel
- Underwriter's Counsel (negotiated sales only)

C. Fiscal (Paying) Agent

The State Treasurer will select a fiscal (paying) agent to provide for the regular payment of debts incurred by the State. The State Treasurer will monitor the on-going services rendered by the State's fiscal agent to ensure prompt, efficient service to bond issuers, financial institutions, and bondholders.

D. Senior Underwriter

To provide for the negotiated issuance of State debt, the State Treasurer will appoint a pool of qualified senior underwriters subject to the notification of the Board. From this pool, the State Treasurer will appoint a senior or lead underwriter (also known as the "book-runner senior manager") for each transaction. The appointment of senior underwriters will be based upon the size of the sale and the need to achieve a broad distribution of State debt among potential investors. If a selling group or syndicate is appropriate to a negotiated sale of State debt, preference will be given to the selling group members with operations in the State.

E. Selling Group or Syndicate

The State Treasurer is ultimately responsible for determining whether more than one underwriter will be used to market and sell the State's debt in a negotiated sale through the formation of a selling group or syndicate. A selling group or syndicate may be warranted based on any of the following factors:

- For a particularly large transaction, more than one underwriter may be necessary to ensure the effective marketing of the transaction to investors.
- Different underwriting firms may have different strengths, capabilities or niches that would enhance the sale and marketing of the transaction. For instance, the book-running senior manager (or "senior underwriter") may have a strong presence with institutional investors but lacks a strong retail network. In such a situation, the inclusion of underwriting firms with stronger retail distribution networks in the selling group may be warranted.
- Inclusion of minority or emerging firms in the selling group.
- To encourage and evaluate different approaches to the structuring or marketing of the transaction and to maintain competition among the underwriting team.

If the State Treasurer determines that a selling group or syndicate is warranted, the Treasurer will determine the members of the selling group or syndicate in consultation with the State's financial advisor and the book- running senior manager. Selling group/syndicate members will be eligible for designations up to an agreed- upon percentage allocation, as determined by the State Treasurer.

X. Derivatives

Derivative products such as interest rate swaps are prohibited.

XI. Disclosure Practices and Investor Outreach

The State is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, State departments, divisions, agencies and other levels of government, and the general public to share clear, comprehensive and accurate financial information. The State is committed to meeting secondary disclosure requirements on a timely and comprehensive basis.

A. Disclosure

All forms of disclosure including official statements accompanying debt issues, Comprehensive Annual Financial Reports, and continuing disclosure statements, will meet at a minimum the standards articulated by the MSRB, the Government Accounting Standard Board (GASB), the SEC, and Generally Accepted Accounting Principles (GAAP) as applicable.

The Preliminary Official Statement is the primary disclosure document issued by a governmental entity prior to the sale of bonds, notes or other financing that is used by investors to learn about the entity and the securities that are being sold in the primary market. Preparation of the Preliminary Official Statement and Final Official Statement is the responsibility of the Deputy Treasurer of Debt Management in coordination with contracted Disclosure Counsel. Information for the Official Statement is gathered primarily from State departments.

B. Continuing Disclosure

It is the policy of the State to remain in compliance with SEC Rule 15c2-12 [17CFR Section 240.15c2-12] by filing, and posting to the MSRB through its Electronic Municipal Market Access system (EMMA), the Audited Financial Statements; annual information and operating data and notice of those material events which may occur during the year as Rule 15c2-12 requires. Presently, annual financial statements must be submitted within 270 days of the end of the fiscal year and notice of material events must be filed within 10 business days. Material events include:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the bonds;
- (7) Modifications to rights of bondholders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of bonds, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;*

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- (14) Appointment of a successor or additional trustee or the change of a name of a trustee, *if material*;
- (15) Incurrence of a Financial Obligation of an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an obligated person, any of which affect security holders, *if material* (continuing disclosure undertakings entered into on or after February 27, 2019 must include this material event)-; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an obligated person, any of which reflect financial difficulties (continuing disclosure undertakings entered into on or after February 27, 2019 must include this material event).

The State Treasurer shall be responsible for ongoing disclosure to established nationally recognized municipal securities information repositories and for maintaining compliance with disclosure standards promulgated by national regulatory bodies and applicable to the State's debt.

C. Investor Outreach/Relations

- (1) *NRS 226.110(9)* establishes that the Treasurer will serve as “the primary representative of the State in matters concerning any nationally recognized bond credit rating agency for the purposes of the issuance of any obligation authorized on the behalf and in the name of the State, except as otherwise provided in NRS 538.206 and except for those obligations issued pursuant to chapter 319 of NRS and NRS 349.400 to 349.987, inclusive.”
- (2) With news reports of the financial pressures facing the State and the potential impact of those reports on the State's ability to effectively market new debt issuances, the Board recognizes the potential importance of an investor outreach and relations program. The purpose of such a program is to proactively provide accurate, up-to-date financial, demographic and statistical information to investors and the public in an open, transparent way. An investor relations program shall comply with all applicable regulatory requirements to provide consistent and accurate data to all investors, thereby avoiding accusations of providing “insider information” to certain select investors. Such a program may include:
 - a) A state website or page on the Treasurer's website providing centralized, consolidated information on the State's debt, financial condition and other statistical data. This website or page could contain links to other departments' websites such as budget information contained on the Governor's Office of Finance's website.
 - b) A periodic review of the current bondholders of State debt and outreach efforts to inform them of publicly available information and respond to any follow-up questions.

- c) Engaging in marketing activities to alert investors of a pending bond sale, especially if the debt instruments are sold competitively. Such activities may include preparation of special reports for investors, the scheduling of investor meetings, conference calls, and webcasting of issuer conference calls and on-site visits.
- (3) The Deputy Treasurer of Debt Management will be responsible for communication with existing and potential bondholders. All State departments which may receive questions regarding the State's bonds should be directed to the Deputy Treasurer of Debt Management. All efforts will be made to accommodate reasonable requests for information from investors of the State's debt. When, and if appropriate, institutional investor communications may take the form of conference calls, investor tours, and "virtual" road shows.

XII. Post-Issuance Administration of Bond Proceeds

A. Custodial Accounts for Bond Proceeds

For each securities issuance, the Deputy Treasurer of Debt Management will coordinate with the State Controller's Office and the State agency administering the program for which the bonds were issued to establishment a custodial account for the placement of the bond proceeds with certain exceptions approved by the State Treasurer.

The Deputy Treasurer of Debt Management is designated as the administrator of the custodial accounts unless the Deputy Treasurer assigns the administrative duties to the bonding program's agency.

Investment/interest earnings on the bond proceeds will be credited to the custodial account.

The custodial account's purpose is to account for the proceeds of a bond issuance which consists of the original issuance proceeds, any premium received, and the investment/interest earnings on the proceeds.

Accounting transactions within the custodial account will comply with the Office of the Controller's Accounting Policies and Procedures. All transaction will be coded with the appropriate job number assigned to the bond by the Treasurer's Office and will use the general ledger transfer numbers assigned by the Controller's Office.

Proceeds will be transferred to the appropriate budget account of the bonding program for expenditure when invoices for expenditures have been received and are approved by the bonding program agency for payment.

B. Arbitrage Rebate Reporting

The State shall maintain a system of record keeping and reporting to meet the Arbitrage Rebate Compliance Requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code"). As of July 2013, the State has committed to contracting with a qualified firm to compute arbitrage liability for each State-issued bond issuance. The contract for this firm will be managed by the State Treasurer. The arbitrage compliance firm will maintain a schedule showing the calculated arbitrage liability for each debt issuance and the due date for any payment to the IRS. This schedule will be shared on an annual basis with the following entities: Board of Finance, State Treasurer, State Controller, Department of Administration, Department of Conservation and Natural Resources, Department of Employment, Training, and Rehabilitation, Department of Transportation, Nevada System of Higher Education, and any other departments receiving bond proceeds until there is no longer any rebate liability on their outstanding bonds.

C. Investment of Proceeds

In accordance with *NRS 226.110 (4)* and the State Treasurer's investment policy, the State Treasurer may employ any necessary investment and financial advisers to render advice and other services in connection with the investment of bond proceeds.

All general obligation bond proceeds (other than refunding proceeds) shall be invested as part of the State's consolidated cash pool (General Fund Investment Portfolio) unless otherwise specified by the bond legislation or authorized by the Board of Finance. Investments will be consistent with those authorized by existing State law and by the State Treasurer's investment policies. Debt proceeds will be invested primarily to assure the safety and liquidity of such investments. The primary liquidity goal is to assure that proceeds will be available to fulfill the purposes of the issue on a timely basis.

Due to counterparty risk, recent regulatory investigations and volatility in the financial sector, presently the State Treasurer may not enter into guaranteed investment contracts (GICs) or similar arrangements or contracts. The State Treasurer may only enter into forward delivery agreements based on the following conditions:

- (1) The term of the agreement normally shall not exceed 5 years, but in no case shall exceed 10 years.
- (2) The agreement shall be based on a set schedule of future debt service payment dates and it must be competitively bid. A minimum of two bids must be received.
- (3) The State must engage an independent financial advisor, qualified financial consultant or investment advisor to assist in the preparation of the bid documents, to conduct a review of the bids received to ensure that the winning bid is competitive with current rates offered in the capital markets and to review the agreement.
- (4) The executed agreement must provide for the flexibility of the State to refund bonds at a future date.

D. Expenditure of Bond Proceeds

In compliance with the Internal Revenue Code, the State will not issue obligations except for identifiable projects with very good prospects of timely initiation. Obligations will be issued as closely in time as reflected in the cash flow model provided by the department/division to initiate a bonded project. The minimum goal will be that within six months 5% of the proceeds will be spent, and within three years 85% of the proceeds will be spent.

To ensure compliance with applicable federal and state regulations, the following procedures will be followed:

- (1) Annually, the Deputy Treasurer-Debt Management will distribute forms to departments requesting issuance of debt outlining departments' major requirements in administering bond proceeds. Departments are required to acknowledge these requirements prior to issuance of debt and receipt of bond proceeds.
- (2) Annually, the arbitrage rebate consultant contracted by the State will provide a report to the Board of Finance detailing the calculated arbitrage liability for each State debt issuance.

- (3) Annually, the State Treasurer will present a report to the Board regarding expenditures of bond proceeds. The State Treasurer's Office will prepare and distribute the forms and collect the forms from departments and agencies receiving bond proceeds.
- (4) Annually, the State Treasurer will present a report to the Board of Finance regarding reverted bond proceeds.

E. Training

At least every other year, the State Treasurer's Office will coordinate training sessions for all affected departments on the following topics: continuing disclosure, tax-exempt arbitrage and expenditure requirements, and private activity issues.

F. State Fees

In remuneration for services provided by the State Treasurer's Office to State departments and non-State governmental agencies issuing debt, the State Treasurer may set a fee to be imposed on a per-issuance basis as a cost of issuance.

XIII. Review of Policy

The State Treasurer will review this policy at least once every two years. The State Treasurer shall have the sole authority to review and approve non-material amendments to the policy, such as revisions to ensure compliance with federal and state regulations and clarifications or modifications to administrative functions. Any other changes will only be made with the approval of the Board; otherwise, it will remain in effect until amended and approved by the Board.

APPENDIX A

Glossary of Terms

Amortization: The gradual reduction in principal of an outstanding debt according to a specific repayment schedule, which details specific dates and repayment amounts on those dates.

Balloon Maturity: Final payment on a debt that is substantially larger than the preceding payments. An issue may be structured with such a Balloon Maturity when some projected event is expected to provide extra cash flow or when refinancing is anticipated.

Bond Counsel: The legal firm that provides an opinion as to the tax status, authenticity and legality of a bond or note issue as of the date of its issuance.

Bond Insurance: A financial guaranty issued by a private insurance company that guarantees the timely payment of principal and interest for a debt issue. In the event that an issuer is unable to make a timely payment, the company issuing the bond insurance is responsible to make the payment.

Bullet Bond: A debt instrument, which provides for regularly scheduled interest only payments up until a single and final principal payment is made upon the issue's maturity date.

Call Provisions: Mandatory or optional provisions that allow or require an issuer to prepay a bond prior to its stated maturity date. These provisions identify which bonds may be called, when they may be called, and what premium, if any, must be paid upon redemption prior to the stated maturity date of the bond.

Capital Appreciation Bond: Non-interest bearing bonds which are sold substantially below par value. The difference between the discounted price and par value represents the compounded annual interest rate for the investor. Capital appreciation bonds are also known as zero-coupon bonds.

Capitalized Interest: Specific interest payments of a bond issue which are funded in advance, or capitalized, through proceeds of the same bond issue. These proceeds are set aside in a specially designated fund in order to pay these designated interest payments. In other words, the bond issue pays for itself for a designated period of time.

Commercial Paper: ~~Unsecured~~Unsecured promissory notes with a fixed maturity of not more than 270 days which are sold at a discount from face value, and are typically non-interest bearing. Proceeds fund short-term liquidity needs.

Competitive Sale: A method of sale in which an issuer solicits bids from underwriters to purchase its debt offering via electronic bidding, fax, sealed envelope, verbal or other type of auction method. The issue is awarded to the bidder judged to have submitted the best bid by offering the lowest interest rate, taking into account underwriting spread, interest rates and any discounts or premiums. A competitive sale is most frequently used when the credit structure of the issue is relatively simple, market conditions are stable and the issue is highly rated or insured.

Credit Rating Agencies (or Rating Agencies): Firms that evaluate the credit quality and ability of debt issuers (corporations and governments) to repay obligations as well as their likelihood of defaulting on an

obligation. The three major credit rating agencies are Moody's Investor Service, Standard and Poor's and Fitch Ratings, Inc.

Current Coupon Bonds: Traditional "plain vanilla" bond issues where the coupon is set at a fixed rate to maturity at the time of their issuance and immediately, upon issuance, begins to accrue interest, which is payable on pre-set interest payment dates.

Debt Affordability: The principal amount of debt that an issuer can afford within the constraints of net revenues and debt service coverage requirements.

Debt: A promise to pay back a specified sum of borrowed money, or the principal loan amount, according to a specified repayment schedule. For municipalities, a debt is usually incurred in the form of a bond issue, with a specific principal and interest repayment schedule.

Debt Service Coverage: The ratio of the net revenue stream pledged against a debt to the debt service payments of the debt. Debt service coverage ratios are most often used by rating agencies to determine repayment sufficiency with respect to bonds secured by a specific revenue stream.

Debt Service Reserve Fund: Revenue bond transactions are traditionally structured with a debt service reserve fund, which assures the timely availability of sufficient moneys for the payment of debt service in the event that an issuer cannot make the required debt service payment(s). Typically, the required size of the reserve fund is determined by the lesser of: 100% of maximum annual debt service; 125% of average annual debt service; or 10% of the aggregate issue price. Reserve funds are usually fully funded out of bond proceeds and are set-aside in a separate fund held by the issue's trustee. Interest earned on the debt service reserve fund, as long as the debt service fund is fully funded, can be used to offset debt service payments.

Derivative Product: A product, such as an option or futures contract, whose value is derived from the performance of an underlying security. Forward contracts, futures contracts, calls, puts and swaps are the most common types of derivatives.

Disclosure Counsel: The legal firm that provides the legal disclosure documentation for an issue, most often in the form of the preliminary and final official statement and continuing disclosure agreement, for dissemination to the public.

Discount Bonds: Debt sold for less than the stated principal or maturity value. If a discount bond pays no coupon throughout the life of an issue, it is called a zero coupon bond.

Financial Advisor: Generally, an independent consulting firm that advises an issuer on financial matters ranging from the comprehensive financial health of an issuer to specific financings. Financial Advisors are generally not part of the underwriting syndicate that markets financings for an issuer.

Forward Purchase Agreement: An agreement between an underwriter and an issuer, where the underwriter agrees to take delivery of certain bonds, at a predetermined interest rate and structure, at some point in the future. Forward delivery bonds which are "sold today" are usually delivered three months to a year from the sale date. Forward delivery bonds are normally structured in such a way to lock in "today's" interest rates and legally perform a current refunding on bonds which are not eligible to be advance refunded.

Hedging: A strategy designed to reduce investment risk using call options, put options, short-selling, or future contracts. A hedge can help lock in profit; its purpose is to reduce the volatility of a portfolio by reducing the risk of loss.

Lease Obligation: A lease obligation generally comes in the form of a lease revenue bond or a certificate of participation and is repaid much like a standard bond issue. The lease obligation represents an undivided interest in the payments made by a public agency pursuant to a financing lease or an installment purchase agreement. A portion of each lease payment is designated as being principal and the remainder as interest. Even though leases are not treated as indebtedness of the issuer under state law (particularly the California Constitution), the federal tax law treats the lease obligation as if it were a debt, and, as a result, the interest component of each lease payment may be treated as tax-exempt interest.

Letter of Credit: An agreement issued by a bank that guarantees the payment of a customer's drafts for a specified period and up to a specified amount. A letter of credit can be a form of supplement or, in some cases, direct security for a municipal bond under which a commercial bank or private corporation guarantees debt service payment on the bond under certain specified conditions.

Line of Credit: An arrangement in which a bank or other financial institution extends a specified amount of unsecured credit to a specified borrower for a specified time period.

Liquidity Facility: Variable rate securities are often secured by a liquidity facility, either in the form of a letter of credit or a line of credit. Such credit enhancement assures note holders that in the event of a tender and failed remarketing, funds will be available to purchase the notes on the tender date, with the issuer becoming obligated to the letter of credit or line of credit bank on a prearranged basis.

Long Term Debt: Loans and other financial obligations with a maturity of longer than one year; usually accompanied by interest payments.

Maturity Date: The date upon which a specified amount of principal or bonds matures, or becomes due and payable by the issuer of the bonds.

Negotiated Sale: A method of sale for bonds, notes or other financing vehicles in which an issuer selects in advance, on the basis of proposals received or by other means, one or more underwriters to work with it in structuring, marketing and finally offering an issue to investors. The negotiated sale method is often used when the issue is: a first time sale by a particular issuer (a new credit), a complex security structure, such as a variable rate transaction, an unusually large issue, or in a highly volatile or congested market.

Official Statement: The comprehensive statement issued by a governmental entity after the sale of the bonds, notes or other financing vehicles that describes the details of the transaction. It contains all the salient facts concerning the issuer, the issuer's financial condition, the security pledged for the securities, the stated use of the proceeds of the sale, and other relative facts deemed necessary regarding the transaction. Includes final debt service payments, yields and interest rates. Also known as the Disclosure Statement.

Preliminary Official Statement: A comprehensive statement issued by a governmental entity prior to the sale of bonds, notes or other financing vehicles that contains all the salient facts concerning the issuer, the issuer's financial condition, the security pledged for the securities being offered, the projected use of the proceeds of the sale, and other facts deemed necessary to enable the investor to judge the quality of the securities being offered. Also known as the Disclosure Statement.

Private Placement: A private placement is a variation of a negotiated sale in which an issuer, usually with the help of a financial advisor or placement agent, will attempt to place the entire issue directly with an investor. The investor will negotiate the specific terms and conditions of the financing before agreeing to purchase the issue.

Redemption: Depending on an issue's call provisions, an issuer may on certain dates and at certain premiums, redeem or call specific outstanding maturities. When a bond or certificate is redeemed, the issuer is required to pay the maturities' par amount, the accrued interest to the call date, plus any premium required by the issue's call provisions.

Rule 15c2-12: A Securities and Exchange Commission obligation on public issuers of securities to provide annual updating of financial information and operating data of the type included in the official statement for the bonds.. The issuer is also obligated to provide notice of the occurrence of certain material events.

Securities: Instruments of debt or ownership sold or traded on publicly organized exchanges and/or in over-the-counter markets.

Selling Group: A group of different underwriting firms who assist the senior managing underwriter in the negotiated sale of a new securities issue but are not responsible for any unsold securities. This differs from a syndicate where each syndicate member has a direct obligation to buy unsold bonds.

Senior Lien Debt: Debt whose terms require it to be repaid with a priority claim on pledged revenues.

Senior Underwriter (also called "Senior Managing Underwriter", "Lead Managing Underwriter" or "Book-Runner Senior Manager"): On a negotiated sale, the Senior Underwriter is the sole underwriter or lead underwriter in a syndicate or selling group arrangement. An Underwriter purchases bonds from an issuer with the intent to resell the bonds to investors. The underwriter is primarily responsible for the marketing of the debt issuance.

Short-Term Debt: Generally, debt which matures in one year or less. However, certain securities that mature in less than three years may be considered short-term debt.

Subordinate Lien Debt: Debt whose terms require it to be repaid with pledged revenues net of the amount necessary to make debt service payments on senior lien debt.

Surety Bond: An alternative to a fully funded debt service reserve fund. A surety bond can be purchased from a bond insurance provider to fulfill the role of a debt service reserve fund and can be drawn upon in the event an issuer cannot make a regularly scheduled debt service payment. A surety bond must be purchased and is subject to credit approval by a bond insurance provider. The provider charges an upfront fee for the surety bond of approximately 3.00% to 5.00% of the debt service reserve requirement.

Syndicate: A group of different underwriting firms who assist the senior managing underwriter in the negotiated sale of a new securities issue. Each syndicate member has, through the agreement among underwriters and the bond purchase agreement, a direct obligation to the issuer to buy any unsold bonds.

Tender: With variable rate debt, a bond or note holder has the option of tendering or putting their bonds or notes back to the remarketing agent upon specific dates (monthly, weekly) for the full par amount held. The remarketing agent then re-offers the tendered notes to investors. The proceeds received by the remarketing agent from the sale of the tendered notes are paid to the tendering note holder in full satisfaction of the obligation to purchase the notes on the tender date. A new interest rate is set at the lowest rate necessary to remarket the tendered notes at par.

|

Underwriter: A securities dealer who purchases a bond or note issue from an issuer and resells it to investors. If a syndicate or selling group is formed, the underwriter who coordinates the financing and runs the group is called the senior or lead manager.

Variable Rate Demand Bonds (or Notes): Variable rate demand bonds, which are often referred to as floating rate debt, are instruments that provide the purchaser with an option to tender or “put” the bonds back to the issuer, at par, at the end of each tender or “re-set” period. For example, an issue with a term of 30 years could have a tender period that is daily, weekly, monthly, quarterly or semi-annually. Since the variable rate bonds give the purchaser the option of a put at par at the end of each tender period, the yield on each bond approximates the yield on comparably rated securities having a final maturity equal to the selected tender period. In other words, a holder of an issue with a weekly tender period is only entitled to a seven-day interest rate. Variable rate issues can be viewed as short-term instruments containing a built-in refinancing mechanism.

Yield: The net rate of return, as a percentage, received by an investor on an investment. Yield calculations on a fixed income investment, such as a bond issue, take purchase price and coupon into account when calculating yield to maturity.

Zero Coupon: Non-interest bearing bonds which are sold substantially below par value. The difference between the discounted price and par value represents the compounded annual interest rate for the investor. Zero coupon bonds are also known as capital appreciation bonds.

APPENDIX B

Municipal Bond Bank Policy

The State's Municipal Bond Bank Program (the "Bond Bank") is established in Chapter 350A of the NRS to assist municipalities in undertaking local projects that foster and promote the protection and preservation of the property and natural resources of the State by making loans that might not be otherwise available to such municipalities or that might be available only at prohibitive interest rates. In accordance with *NRS 350A.150*, the amount of State securities, issued to acquire municipal securities, outstanding at any time may not exceed \$1.8 billion.

Under this program, the State may make loans to municipalities by purchasing securities which are obligations of the municipality (i.e., cities, counties, districts and certain water authorities organized as political subdivisions). A municipality must obtain whatever authorization is required by statute, including, in some cases, approval of its electorate, before it may issue general obligation securities, and such securities are subject to all statutory restrictions, including local indebtedness limitations. The State then issues general obligation bonds to fund the purchase of those securities issued by the municipality. The security issued by the municipality and purchased by the State is structured so that the payments to the State match the debt service payments on the general obligation bonds that are issued. This is done so that the debt service payments are a pass-through obligation of the municipality. The Bond Bank Program is able to save a municipality debt financing costs by pooling multiple smaller issues of municipalities into a larger bond financing thus achieving efficiencies in costs of issuance as well as in certain cases, due to the State's higher credit rating versus many municipalities' lower or nonexistent credit rating.

Chapter 350A also authorizes the Bond Bank to issue revenue bonds to purchase local government obligations for any purpose permitted by law (subject to certain exceptions). Revenue bonds issued to acquire such local government obligations would not be general obligations of the State, and would be secured solely by repayments of local bonds and certain revenues distributable by the State to the local governments. The State is also permitted to issue general obligation bonds to purchase revenue securities issued by a water authority for a purpose related to natural resources, subject to satisfying certain conditions.

The Bond Bank Act does not, in and of itself, authorize the issuance of general obligation securities by the municipalities. Both State general obligation securities issued under the Bond Bank Act and municipality general obligation securities purchased in connection with a lending project may, but need not be, additionally secured with other pledged revenues. State general obligation bonds issued pursuant to the Bond Bank Act are considered by the State to be self-supporting. Nevertheless, if revenues from the Bond Bank payors described below are insufficient to pay amounts due with respect to such bonds, the State is obligated to pay any deficiency from state-wide property taxes or the State's General Fund. State general obligation securities issued for the Bond Bank Program are not subject to the Constitutional debt limit.

NRS 350A.140 designates the State Treasurer as administrator of the Bond Bank. The State Treasurer will comply with the following policy and procedural requirements when evaluating municipalities' applications for the Bond Bank and structuring the Bond Bank financing:

- For the purchase of revenue bond securities, the State Treasurer will not issue securities to acquire revenue bond securities unless:

- (a) The State Treasurer presents to the Board of Finance findings which indicate that the revenues and taxes pledged to the payment of the revenue securities are sufficient to repay the State securities; and
- (b) The Board of Finance approves the findings.
- (c) See “State Revolving Fund Bonds – Substitution of a Revenue Security”

APPENDIX C

State Revolving Fund Bond Policy

The State has established two enterprise funds for State Revolving Fund (SRF) programs. The Account to Finance the Construction of Treatment Works and the Implementation of Water Pollution Control Revolving Fund Projects (the "Clean Water State Revolving Fund") (NRS 445A.120) provides funds to make loans or to provide other assistance for certain water pollution control projects and for related purposes authorized under the state revolving loan fund provisions of the federal Clean Water Act (33 U.S.C. §§ 1381 et seq.). ~~(the "Pollution Control Projects Account").~~ The Safe Drinking Water Revolving Fund Account for the Revolving Fund and Account for Set-Aside Programs (the "Drinking Water State Revolving Fund") (NRS 445A.255) is used to make loans or to provide other assistance for certain drinking water projects and for related purposes authorized under the state revolving loan fund provisions of the federal Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.). ~~(the "Revolving Fund Account").~~

Funding for these programs is provided primarily through federal capitalization of grant money made available to the State, receipt of which is conditioned on the State's providing matching funds. Program funds are generally used to make loans at or below market rates to eligible recipients for purposes of paying for costs of designing and constructing drinking water and wastewater infrastructure that supports public health and environmental protection as eligible under the two Acts. Program funds loaned to eligible recipients are repaid into the accounts and are re-used in the program, thus creating a source of funds to make payments on State bonds and a perpetual source of funding for projects.

~~The Director of the State Department of Conservation and Natural Resources, with the approval of the Office of Finance, is permitted to authorize the State Treasurer to issue general obligation bonds of the State to support the purposes of the Pollution Control Projects Account.~~ The Administrator of the Nevada Division of Environmental Protection (NDEP) of the State Department of Conservation and Natural Resources is permitted to authorize the State Treasurer to issue general obligation bonds of the State to support the purposes of the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund Revolving Fund Account or to provide money from the State to match federal grants as required by the federal Safe Drinking Water Act. In both cases, such bonds are not subject to the constitutional limitation as to the amount imposed on general obligation bonds. The loans made from the proceeds of bonds are secured by debt instruments of the municipal borrowers. The State has considered bonds previously issued for purposes of the Pollution Control Projects Program Clean Water State Revolving Fund and the Public Water System Program Drinking Water State Revolving Fund to be self-supporting because State bonds issued for these purposes are secured by loan payments made by municipal loan recipients. There is no statutory cap on the principal amount of general obligation bonds that may be issued for the Safe Drinking Water Program or the Pollution Control Program.

The interest rate for tax-exempt, general obligation bonds or revenue bonds ~~SRF project loans~~ shall be:

- For general obligation bonds or revenue bonds that receive grants requiring a federal match bond terms up to 20 years.

- ~~The State shall charge an interest rate on the outstanding principal of the bond equal to 59% of the 20 Bond Buyer Index (20BBI) most recently published prior to bond closing.~~ If the 20-BBI Index is not available, then ~~the SRF~~NDEP and their financial advisors, in consultation with the State Treasurer's Office and their financial advisors, shall use ~~as an~~ applicable index that is widely available to produce an equitable rate.
- If the borrower is ~~willing to comply with~~selected as a Federal Equivalency ~~Requirements—project~~ or is identified as a Disadvantaged Community/project, the State shall charge a reduced interest rate on the outstanding principal equal to ~~50~~4% of the ~~20 Bond Buyer Index (20BBI) most recently published prior to bond closing.~~
- For bond terms up to 30 years,
 - The State shall charge an interest rate on the outstanding principal of the bond equal to 59% of the 20BBI plus an adjustment to the 20BBI for the 30-year term using the Municipal Market Data AAA Curve scale (MMD). If the 20BBI or MMD is not available, then NDEP and their financial advisors, in consultation with the State Treasurer's Office and their financial advisors, shall use an applicable index that is widely available to produce an equitable rate.
 - If the borrower is selected as a Federal Equivalency project or is identified as a Disadvantaged Community/project, the State shall charge a reduced interest rate on the outstanding principal equal to 50% of the 20BBI plus an adjustment to the 20BBI for the 30-year term using the MMD. If the 20BBI or MMD is not available, then NDEP and their financial advisors, in consultation with the State Treasurer's Office and their financial advisors, shall use an applicable index that is widely available to produce an equitable rate.
- For bond terms up to 40 years,
 - Drinking water State Revolving Fund projects and/or systems that are identified as disadvantages communities are eligible to receive bond terms up to 40 years, or the useful life of the assets, whichever is shorter. In this instance, the interest rate shall be the same as a 30-year term.
- For ~~general obligation bonds or revenue bonds~~project bonds that receive supplemental grant appropriations or program funding that do not require a federal match, the ~~SRF~~NDEP and their financial advisors, through consultation with the State Treasurer's Office and their financial advisors, shall publish the interest rate methodology in the programs' required Intended Use pPlans that satisfy federal requirements and ensures the program maintains a minimum 1.0 times debt service coverage for state issued bonds.

- For restructuring existing ~~SRF~~ project ~~loans~~ ~~bonds~~, the State shall charge an interest rate on the outstanding principal of the bond equal to the rate of the current ~~Municipal Market Data (MMD) AAA Curve~~ scale corresponding to the average life of the refunding bonds (rounded up to the next full year).
- ~~Restructuring existing SRF project loans bonds are considered on a first-come, first-served basis. The recipient must demonstrate a need for refinancing and be in good standing with all existing obligations. Loans Bonds must be open for a minimum of five (5) years. The refinancing must not violate any bond covenants or rules for tax exempt issuances. Restructuring is at the discretion of NDEP and the State Treasurer.~~

~~The interest rate for taxable SRF project loans shall be: general obligation bonds or revenue bonds, shall be established similar to tax-exempt bonds using the 20-year U.S. Treasury Bond Index instead of the 20BBI.~~

~~Should the terms and interest rates outlined above create an excess of funds in the programs that conflict with federal requirements for timely use of funds, NDEP and their financial advisors, through consultation with the State Treasurer's Office and their financial advisors, shall publish the interest rate methodology and terms in the programs' required Intended Use Plans that satisfy federal requirements and ensures the program maintains a minimum 1.0 times debt service coverage for state issued bonds.~~

- ~~For bonds that receive grants requiring a federal match, the State shall charge an interest rate on the outstanding principal of the bond equal to 62.5% of an available index of taxable bonds, adjusted for a yield to maturity, most recently published prior to the bond closing.~~
- ~~For bonds that receive supplemental grant appropriations that do not require a federal match, the SRF, through consultation with the State Treasurer's Office their financial advisors, shall publish the interest rate methodology in the programs' required intended use plans that satisfy federal requirements and ensures the program maintains a 1.0 times debt service coverage for state issued bonds.~~
- ~~For restructuring existing SRF project loans, the State shall charge an interest rate on the outstanding principal of the bond equal to the rate of the current Municipal Market Data (MMD) AAA Curve scale corresponding to the average life of the refunding bonds (rounded up to the next full year).~~
 - ~~Restructuring existing SRF project loans are considered on a first-come, first-served basis. The recipient must demonstrate a need for refinancing and be in good standing with all existing obligations. Loans must be open for a minimum of five (5) years. The refinancing must not violate any bond covenants or rules for tax exempt issuances.~~

~~Substitution~~Special conditions for use of a Revenue Bond by a municipality

State law authorizes the Treasurer to acquire and hold municipal securities. In most instances, a general obligation bond will be required. With the express permission and at the sole discretion of the State Treasurer, the municipality may evidence the loan with a revenue bond in lieu of a general obligation bond additionally secured by pledged revenues ~~if one or more of the following conditions are met:~~

- ~~• Issuance of a general obligation bond, additionally secured by pledged revenues, has been protested, overturned, otherwise hindered or not available;~~
- ~~• The health and welfare of citizenry is at risk; an emergency has been declared; or the timing of receipt of funds creates an economic or health burden; or~~

~~For good cause shown.~~for good cause shown.

~~Once the State Treasurer has determined that one or more of the above requirements have been met and approves the substitution, the following applies~~If a revenue bond is accepted, the entity must demonstrate:

-

- a) At the time of adoption of the instrument, ordinance or resolution authorizing the issuance of the revenue bond, the local government shall not be in default in the payment of principal of or interest on any securities payable from the net pledged revenues that will secure the payment of the revenue bond.
- b) The revenue bond must generally constitute a first lien on the net pledged revenues, unless ~~for good cause shown~~the entity can demonstrate sufficient security to the State Treasurer for acceptance of another lien position and; the State Treasurer agrees to accept another lien position.
- c) If the revenue bond is to be issued by ~~a local government~~an entity that has less than 10,000 customers of its ~~sewer and/or water~~ system, the net revenue (subject to adjustments as hereinafter provided) projected by the ~~local government~~entity to be derived in the later of (i) the fiscal year immediately following the fiscal year in which the facilities to be financed with the proceeds of the revenue bond are projected to be completed or (ii) the first fiscal year for which no interest has been capitalized for the payment of any parity securities, including the revenue bond proposed to be issued, will be sufficient to pay at least an amount equal to 1.25 times the principal and interest requirements (to be paid during that fiscal year) of the proposed revenue bond and any other outstanding parity securities of the local government (excluding any reserves therefore), and the governing body must covenant not to issue additional securities on a parity with or superior to the revenue bond without meeting this test.
- d) If the revenue bond is to be issued by ~~a local government~~an entity that has greater than 10,000 customers of its ~~sewer and/or water~~ system, the net revenue (subject to adjustments as hereinafter provided) projected by the ~~local government~~entity to be derived in the later of (i) the fiscal year immediately following the fiscal year in which the facilities to be financed with the proceeds of the revenue bond are

projected to be completed or (ii) the first fiscal year for which no interest has been capitalized for the payment of any parity securities, including the revenue bond proposed to be issued, will be sufficient to pay at least an amount equal to 1.02 times the principal and interest requirements (to be paid during that fiscal year) of the proposed bond and any other outstanding parity securities of the local government (excluding any reserves therefore), and the governing body must covenant not to issue additional securities on a parity with or superior to the revenue bond without meeting this test. The entity will provide annual confirmation of the coverage calculations to NDEP.

- e) In determining whether or not a revenue bond may be issued in accordance with one of the foregoing tests in paragraphs c and d above:
- i) Consideration may be given to any probable estimated increase or reduction in operation and maintenance expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the revenue bond;
 - ii) Consideration may be given to rate increases that have been adopted and have taken effect or are scheduled to take effect in the fiscal year immediately following the issuance of the revenue bond; and
 - iii) The respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any trust bank, including the known minimum yield from any investment in permitted securities.
 - iii)iv) Consideration may be given to other debt covenants issued by the entity.

A written certificate or written opinion by an authorized representative of the local government, an independent accountant or consulting engineer that one of the foregoing tests in paragraphs c, d, and e above as applicable, is met must be delivered to the State on or before the date of delivery of the revenue bond to the State.

The local government must covenant in the instrument, resolution or ordinance authorizing the issuance of the revenue bond to charge against its customers of the ~~sewer and/or water~~ system, such fees, rates and other charges as shall be sufficient to produce gross revenues annually which, together with any other funds available therefore will be in each fiscal year at least equal to the sum of:

- a) An amount equal to the annual operation and maintenance expenses for the system for such fiscal year;
- b) An amount equal to: (i) in the case of a revenue bond issued by a local government that has less than 10,000 customers of its ~~water and/or sewer~~ system, 1.25 times, and in the case of a revenue bond issued by a local government that has more than 10,000 customers of its ~~water and/or sewer~~ system, 1.02 times, the debt service due in such fiscal year on any then outstanding superior securities, the revenue bond and any outstanding parity securities; and
- c) Any amounts payable from the net revenues and pertaining to the system, including, without limitation, debt service and reserve requirements on any subordinate securities and any other securities pertaining to the system, operation

and maintenance reserves, capital reserves and prior deficiencies pertaining to any account relating to gross revenues.

~~Unless expressly waived by the Treasurer's Office for good cause shown, t~~The instrument, resolution or ordinance authorizing the revenue bond must generally provide for a reserve fund which may be funded from bond or loan proceeds or other available monies in the minimum reserve amount equal to 10% of the par amount of the revenue bond, average annual debt service on the revenue bond or the maximum annual debt service on the revenue bond, whichever is less, to be deposited with the State Treasurer in the Local Government Investment Pool (the "LGIP"). The interest on the reserve fund is to be accrued and distributed to the benefit of the applicant. Other cash of the entity may be considered to satisfy this requirement if sufficient cash available for debt service can be demonstrated by the entity and the Treasurer agrees to a waiver for a reserve fund.

##END##



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (Board) Members

FROM: Cari Eaton, Deputy Treasurer - Debt Management

SUBJECT: February 8, 2024, Agenda Item #7 State of Nevada 2024 Highway Revenue Bond Issuance

DATE: January 19, 2024

Overview:

Nevada Revised Statutes (NRS) 408.273 authorizes the issuance of special obligation bonds by the State Board of Finance when so requested by the Board of Directors of the Nevada Department of Transportation (NDOT). The issuance of special obligation (highway revenue) bonds will allow NDOT to complete pending and ongoing 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. The bonds must be secured by:

- (a) A pledge of the appropriate federal highway grants payable to the State; or
- (b) The appropriate federal highway grants payable to the State and taxes which are credited to the State Highway Fund, other than taxes that would cause the bonds to create a public debt within the meaning of Section 3 of Article 9 of the Constitution of the State of Nevada and must mature within not more than 30 years from their issuance date.

The division of bonds into different series is determined by the State's bond counsel based upon whether the debt is subject to or exempt from the State's debt limit, the debt's revenue stream utilized to pay the debt, and the nature of the projects to be financed. The sale of these bonds does not impact the State's debt limit.

Pursuant to NRS 226.110 and 408.273, the State Treasurer in cooperation with NDOT, shall issue such obligations as soon as practicable after receiving a request from the NDOT Board of Directors.

CARSON CITY OFFICE

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

STATE TREASURER PROGRAMS

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

LAS VEGAS OFFICE

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

Report:

Agenda items #7A through #7B encompass the State's 2024 Highway Revenue Bond issuance. The issuance is comprised of one series of Highway Improvement Revenue (Motor Vehicle Fuel Tax) bonds, and one series of Highway Improvement Revenue (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) bonds.

Pursuant to NRS 349.255, prior to the issuance by the State Treasurer, a resolution (Attachment A) describing the authority to issue and/or refund prior securities issuances must be approved by the State Board of Finance.

The NDOT Board of Directors approved the resolution requesting the Board to issue the 2024A and 2024B Highway Improvement Revenue Bonds at its December 11, 2023 meeting.

Item 7A:

For Possible Action – Discussion and possible action on a resolution designated by the short title "2020A Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2024A in the maximum aggregate principal amount of \$100,000,000; 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.

- Series 2024A - \$100 million to partially fund the Henderson Interchange; US 395 North Valleys project; and I-15 at Tropicana Interchange.
 - To be paid with motor vehicle fuel taxes.

Item 7B:

For Possible Action – Discussion and possible action on a resolution designated by the short title "2020B Highway Improvement Revenue Bond Resolution"; authorizing the sale and issuance of the State of Nevada, Highway Improvement Revenue (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) Bonds, Series 2024B in the maximum aggregate principal amount of \$50,000,000; 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.

- Series 2024B - \$ 50 million to partially fund the Henderson Interchange and the I-15 at Tropicana Interchange.
 - To be paid with Fuel Revenue Indexing (FRI II) revenue, with motor vehicle fuel taxes also available as pledged revenue.

Attachment A

2024A Highway Improvement Revenue Bond Resolution

2024B Highway Improvement Revenue Bond Resolution

RESOLUTION

A RESOLUTION DESIGNATED BY THE SHORT TITLE "2024A HIGHWAY IMPROVEMENT REVENUE BOND RESOLUTION"; AUTHORIZING THE SALE AND ISSUANCE OF THE STATE OF NEVADA, HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS, SERIES 2024A IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$100,000,000; 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 (excluding fuel taxes imposed and collected pursuant to NRS 373.0663) 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").

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

ARTICLE I

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

Section 101. Short Title. This resolution may be cited and designated by the short title "2024A 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) "Bondholder" or "registered owner" or any similar term means any person who shall be the registered owner of any Bond or Bonds.

(6) "Bonds" means the securities herein authorized and designated as the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2024A".

(7) "2020A Bonds" means the securities issued and designated as the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2020A".

(8) "2020B Bonds" means the securities issued and designated as the "State of Nevada, Highway Improvement Revenue (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) Bonds, Series 2020B".

(9) "2018 Bonds" means the securities issued and designated as the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2018".

(10) "2017 Bonds" means the securities issued and designated as the State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2017".

(11) "2016 Bonds" means the securities issued and designated as the "State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2016".

(12) "2014 Bonds" means the securities issued and designated as the "State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2014".

(13) "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 Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal 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 Fiscal 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 Fiscal Year shall be included as a principal amount so becoming due on such date or dates in each such Fiscal 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 Fiscal Year shall be correspondingly adjusted to reflect such payment of principal under the schedule of mandatory prior redemption of securities.

(14) "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.

(15) "Construction Account" means the special and separate account designated as the "State of Nevada, Highway Improvement Revenue Bonds, Series 2024A Construction Account" created in Section 401 hereof.

(16) "Controller" means the de jure or de facto controller of the State, or such officer's successor in functions, if any.

(17) "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

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

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

(19) "Direct Distributions and Other Exclusions" means the distributions and other exclusions of revenues from the Fuel Taxes 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.

(20) "Director" means the de jure or de facto director of the Department, or such officer's successor in functions, if any.

(21) "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.

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

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

(24) "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.

(25) "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.

(26) "Fuel Tax Act" means, collectively, chapter 365 and chapter 366 of NRS, and all laws amendatory thereof, 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.

(27) "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.

(28) "Governor" means the de facto or de jure governor of the State, or such officer's successor in functions, if any.

(29) "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 any Parity Securities and from a portion of the State's Fuel Taxes, as more specifically designated in the 4th preamble hereof.

(30) "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.

(31) "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.

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

(33) "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.

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

(35) "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 2020A Bonds, the 2018 Bonds, the 2017 Bonds, the 2016 Bonds and the 2014 Bonds.

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

(37) "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.

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

(39) "Rebate Account" means the special and separate account designated as the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2024A Rebate Account" created in Section 505 hereof.

(40) "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.

(41) "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.

(42) "Resolution" means this Resolution, cited in Section 101 hereof by the short title "2024A 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.

(43) "Secretary" or "Secretary of State" means the de facto or de jure secretary of state of the State or such officer's successor in functions, if any.

(44) "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.

(45) "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.

(46) "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.

(47) "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.

(48) "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.

(49) "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 and on a parity with the lien thereon of the 2020B Bonds.

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

(51) "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.

(52) "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 15c-12(b)(1) 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 irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, except as herein otherwise expressly provided.

Section 107. Repealer. All bylaws, orders and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of 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 II

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 \$100,000,000 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 \$10,000,000.

ARTICLE III

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 2024A" in the aggregate principal amount as set forth in the Certificate of the Treasurer (not to exceed \$100,000,000 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, 2024; 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 the 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 electronically or 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 20 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 State Treasurer 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 20 days but not more than 60 days prior to the redemption date, to the Owner of any Bond all or a part of which is called for redemption at the Owner's address as it last appears on the registration records kept by the Registrar, and electronically (1) to the Disclosure Dissemination Agent or (2) if Digital Assurance Certification, L.L.C. no longer serves as the Disclosure Dissemination Agent and the State has not appointed a successor Disclosure Dissemination Agent, to the Municipal Securities Rulemaking Board ("MSRB") via its Electronic Municipal Market Access system. 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 the Bonds, the Bonds called for redemption will be paid. Actual receipt of the notice by the Disclosure Dissemination Agent, MSRB or the Owners of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the Disclosure Dissemination Agent, 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 conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the Owners of the Bonds called for redemption in the same manner as the original notice of redemption 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 such Owner's 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 such Owner's 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 such officer's 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 such officer's own facsimile signature the facsimile signature of such officer's 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 2024A

No. _____ \$ _____

Interest Rate Maturity Date Dated As Of CUSIP

% per annum _____ 1, _____ _____, 2024

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, 2024, 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 Trust Company, 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 Trust Company, 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 "2024A Highway Improvement Revenue Bond Resolution" (the "Resolution"), duly adopted by the Board on February 8, 2024. 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 such owner's 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 such owner's 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.

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 _____, 2024.

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 TRUST COMPANY, 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.

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

(End of Form of Prepayment Panel)

(Form of Assignment for Bonds)

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney to transfer the same on the 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 IV

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 2024A 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 V

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 2024A 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 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 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 Subordinate Securities on the Gross Pledged Revenues and the pledge thereof for the payment of such Subordinate 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 VI

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. No 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 such Fiscal 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 such Fiscal 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 VII

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 Parity 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 712 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 Fiscal 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 revenues 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 revenues 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 712 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 Section 712 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 Parity Securities Not Refunded. If only a part of the Outstanding Bonds and other Outstanding Parity 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 Fiscal 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 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 Fiscal Year, or if there is none in the Fiscal Year in which the additional Parity Securities or Subordinate

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 or Subordinate Securities.

ARTICLE VIII

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 Taxes, 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 registered 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 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) of the Tax Code. 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. The State makes no covenant with respect to taxation of interest on the Bonds as a result of the inclusion of that interest in the "adjusted financial statement income" of "applicable corporations" (as defined in Sections 56A and 59(k), respectively, of the Tax Code).

Section 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 IX

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, electronically or otherwise, 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 such Owner's attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership 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 such Owner's 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 the securities were held by the Owner, 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 X

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 such Owner's 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 Taxes 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 Taxes 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 XI

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 such Owner's 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 such Owner held the same may be proved as provided by Section 904 hereof.

ADOPTED on February 8, 2024.

Joe Lombardo, Governor, Chair
State Board of Finance

Attest:

Lori Hoover, Secretary
State Board of Finance

STATE OF NEVADA)
)
CARSON CITY) ss.

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

1. The foregoing pages constitute a true, correct, complete and compared copy of the 2024A Highway Improvement Revenue Bond Resolution, which resolution was passed and adopted by the Board at the duly held meeting of February 8, 2024, at 555 E. Washington Avenue, Las Vegas, Nevada.

2. The original of the 2024A Highway Improvement Revenue Bond Resolution was signed by the chair of the Board and authenticated by me as ex officio secretary of the Board and was recorded in the minutes 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 2024A Highway Improvement Revenue Bond Resolution:

Governor:	Joe Lombardo
Treasurer:	Zachary B. Conine
Controller:	Andy Matthews
Other Members:	Benjamin Edwards
	David R. Navarro

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

5. Written notice of such meeting was given at least three working days before the meeting pursuant to NRS 241.020.

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 2024A Highway Improvement Revenue Bond Resolution.

IN WITNESS WHEREOF, I have hereunto set my signature on February 8, 2024.

Lori Hoover, Secretary
State Board of Finance

APPENDIX I
(Copy of Notice of Meeting)

RESOLUTION

A RESOLUTION DESIGNATED BY THE SHORT TITLE "2024B HIGHWAY IMPROVEMENT REVENUE BOND RESOLUTION"; AUTHORIZING THE SALE AND ISSUANCE OF THE STATE OF NEVADA, HIGHWAY IMPROVEMENT REVENUE (INDEXED TAX AND SUBORDINATE MOTOR VEHICLE FUEL TAX) BONDS, SERIES 2024B IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$50,000,000; 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, as more particularly defined herein, the "Fuel Tax Act"); NRS 373.0663, 373.0675 and 373.120, and all laws amendatory thereof (collectively, as more particularly defined herein, the "Indexed 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 and the Fuel Tax 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 projects for the construction, maintenance and repair of state highways in Clark County, Nevada (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 (excluding fuel taxes imposed and collected pursuant to NRS 373.0663) for the payment of principal of and interest on the Bonds (the "Gross Fuel Tax Pledged Revenues") and after payment of the Bond Requirements of Superior Securities (as defined herein) in connection with Outstanding Superior Securities as defined herein (the "Gross Subordinate Fuel Tax 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, the Bonds shall be payable from the annual increases in the taxes authorized by paragraphs (e) and (g) to (j), inclusive, of subsection 1 of NRS 373.0663 and imposed by the ordinance of Clark County, Nevada, after November 8, 2016, deposited with the State Treasurer to the credit of the State Highway Fund, accounted for separately in the State Highway Fund and used by the Department only to finance projects for the construction, maintenance and repair of state highways in Clark County, Nevada (as more particularly defined herein, the "Indexed Taxes") but excluding Direct Distributions and Other Exclusions; and

WHEREAS, other than to the Outstanding Superior Securities (as defined herein), the State has not pledged nor in any way hypothecated the Gross Fuel Tax 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 defined herein) or for any other purpose, excluding the Direct Distributions and Other Exclusions; and

WHEREAS, other than the Outstanding Parity Securities (as defined herein), the State has not pledged nor in any way hypothecated the Gross Indexed Tax and Subordinate Fuel Tax 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 defined herein) or for any other purpose, excluding the Direct Distributions and Other Exclusions, with the result that the proceeds of the Gross Indexed Tax and Subordinate Fuel Tax 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, the Indexed Tax 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. After the payment of the Bond Requirements of Superior Securities (as defined herein) on the now Outstanding Superior Securities from Gross Fuel Tax Pledged Revenues, the total of all revenue bonds and any other securities payable from the Gross Indexed Tax and Subordinate Fuel Tax 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, 366.195, 373.0663(1)(e) and (g) to (j), inclusive, 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, the Indexed Tax 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 Indexed Tax and Subordinate Fuel Tax 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 taxes levied and collected pursuant to NRS 365.170, 365.175, 366.190, 373.0663(1)(e) and (g) to (j), inclusive, 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 Indexed Tax and Subordinate Fuel Tax 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, from any Fuel Taxes now conditionally imposed by NRS 365.185 and 366.195, and from Indexed Taxes, 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, NRS 373.120 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 Superior Securities Outstanding and hereafter issued, the Parity Securities and Parity Securities hereafter issued, 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, the Indexed 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, the Indexed 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").

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

ARTICLE I

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

Section 101. Short Title. This resolution may be cited and designated by the short title "2024B 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 Indexed Tax and Subordinate Fuel Tax 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 securities payable from all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues, or such part of such other securities pertaining to those revenues as may be designated, as such principal, any such premiums, and such interest become due.

(5) "Bond Requirements of Superior Securities" means the principal of, the interest on and any prior redemption premiums due and any required deposits for rebate and deposits for any reserves in connection with any Outstanding Superior Securities and any other securities payable from all or a portion of the Gross Fuel Tax Pledged Revenues, or such part of such other securities pertaining to those revenues as may be designated, as such principal, any such premiums, and such interest become due, and deposits for rebate and deposits for any reserves become required.

(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 (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) Bonds, Series 2024B".

(8) "2024A Bonds" means the securities authorized and designated as the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2024A".

(9) "2020A Bonds" means the securities issued and designated as the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2020A".

(10) "2020B Bonds" means the securities issued and designated as the "State of Nevada, Highway Improvement Revenue (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) Bonds, Series 2020B".

(11) "2018 Bonds" means the securities issued and designated as the "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2018".

(12) "2017 Bonds" means the securities issued and designated as the State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2017".

(13) "2016 Bonds" means the securities issued and designated as the "State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2016".

(14) "2014 Bonds" means the securities issued and designated as the "State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2014".

(15) "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 Indexed Tax and Subordinate Fuel Tax 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 Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal 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 Fiscal 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 Fiscal Year shall be included as a principal amount so becoming due on such date or dates in each such Fiscal 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 Fiscal Year shall be correspondingly adjusted to reflect such payment of principal under the schedule of mandatory prior redemption of securities.

(16) "Combined Maximum Annual Principal and Interest Requirements of Superior Securities" means the maximum sum of the principal of and the interest on Outstanding Superior Securities secured by the Gross Fuel Tax 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 Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal 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 Superior

Securities 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 706 B hereof, the computation pertains to the Outstanding Superior Securities; and the calculations pertaining to such computations with respect to any Superior Securities proposed to be issued shall be adjusted as provided by Section 706 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 with respect to Superior Securities, if all or any part of the Superior Securities, and, in the case of a computation of the historic earnings test in Section 706 B hereof, the Superior 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 Fiscal 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 Fiscal Year shall be included as a principal amount so becoming due on such date or dates in each such Fiscal 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 Fiscal Year shall be correspondingly adjusted to reflect such payment of principal under the schedule of mandatory prior redemption of securities.

(17) "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.

(18) "Construction Account" means the special and separate account designated as the "State of Nevada, Highway Improvement Revenue Bonds, Series 2024B Construction Account" created in Section 401 hereof.

(19) "Controller" means the de jure or de facto controller of the State, or such officer's successor in functions, if any.

(20) "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.

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

(22) "Direct Distributions and Other Exclusions" means the distributions and other exclusions of revenues from the Fuel Taxes, Subordinate Fuel Taxes and the Indexed Taxes 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, Subordinate Fuel Taxes and Indexed Taxes imposed and collected for the benefit of counties and certain political subdivisions therein, and administration costs of collecting certain Fuel Taxes, Subordinate Fuel Taxes and Indexed Taxes, as more specifically delineated in the preambles hereof.

(23) "Director" means the de jure or de facto director of the Department, or such officer's successor in functions, if any.

(24) "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.

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

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

(27) "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.

(28) "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.

(29) "Fuel Tax Act" means, collectively, chapter 365 and chapter 366 of NRS, and all laws amendatory thereof, 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 Subordinate Fuel Tax Pledged Revenues, but excluding therefrom the Direct Distributions and Other Exclusions.

(30) "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 Subordinate Fuel Tax 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.

(31) "Governor" means the de facto or de jure governor of the State, or such officer's successor in functions, if any.

(32) "Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues" means the Gross Subordinate Fuel Tax Pledged Revenues and the Indexed Taxes.

(33) "Gross Fuel Tax 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 Bond Requirements of Superior Securities, costs of issuance, costs of insurance, and any

other costs incidental to the sale of the Superior Securities and from a portion of the State's Fuel Taxes, as more specifically designated in the 4th preamble hereof.

(34) "Gross Subordinate Fuel Tax 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 any Parity Securities and from a portion of the State's Subordinate Fuel Taxes, as more specifically designated in the 4th preamble hereof.

(35) "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.

(36) "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.

(37) "Indexed Tax Act" means paragraphs (e) and (g) to (j), inclusive, of subsection 1 of NRS 373.0663, NRS 373.0675, NRS 373.120 and the Clark County Municipal Code, pursuant to which Clark County, Nevada, imposes and collects motor vehicle and special fuel taxes for credit to the State Highway Fund and for inclusion in the Indexed Taxes, but excluding therefrom the Direct Distributions and Other Exclusions.

(38) "Indexed Tax" or "Indexed Taxes" means the annual increases in the taxes authorized by paragraphs (e) and (g) to (j), inclusive, of subsection 1 of NRS 373.0663 and imposed by the ordinance of Clark County, Nevada, for the period after November 8, 2016 and until June 30 of the Fiscal Year that is 5 full fiscal years after the Bonds are issued, which annual increases are deposited with the State Treasurer to the credit of the State Highway Fund, accounted for separately in the State Highway Fund and used by the Department only to finance

projects for the construction, maintenance and repair of state highways in Clark County, Nevada, but excluding therefrom the Direct Distributions and Other Exclusions. Such increases in the taxes authorized by paragraphs (e) and (g) to (j), inclusive, of subsection 1 of NRS 373.0663 are further limited by the provisions of the Clark County Code in effect on the date of issuance of the Bonds. The Indexed Taxes, however, may be modified by the State as provided in the preambles hereof, but subject to the provisions of Section 214 hereof and NRS 373.120.

Such annual increases in the taxes may hereafter consist of any excise taxes pertaining to motor vehicle fuel or special fuels of at least an equivalent value and pledged in lieu of such present taxes by the Board or by statute or of any such excise taxes of any value pledged in supplementation thereof. Any annual increases in the taxes authorized by paragraphs (e) and (g) to (j), inclusive, of subsection 1 of NRS 373.0663 for the period after November 8, 2016 are specifically not pledged to the 2020A Bonds, the 2018 Bonds, the 2017 Bonds, the 2016 Bonds and the 2014 Bonds. Any annual increases in the taxes authorized by paragraphs (e) and (g) to (j), inclusive, of subsection 1 of NRS 373.0663 for the period after November 8, 2016 and until June 30 of the Fiscal Year that is 5 full fiscal years after the Bonds are issued are specifically pledged to the Bonds and no other bonds unless otherwise specifically pledged by the Board and may be pledged to a portion of the Superior Securities, Parity Securities and Subordinate Securities and not pledged to all Superior Securities, Parity Securities and Subordinate Securities. The Indexed Taxes that are in effect on June 30 of the Fiscal Year that is 5 full fiscal years after the Bonds are issued must continue to be pledged to the Bonds until they are paid in full.

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

(40) "Outstanding" when used with reference to the Bonds, Superior Securities, Parity Securities, Subordinate Securities or any other designated securities and as of any particular date means all the bonds or any such other securities payable from the Gross Indexed Tax and Subordinate Fuel Tax 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.

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

(42) "Parity Securities" means bonds or securities pertaining to the State's public highway facilities in Clark County, Nevada, and secured by and payable from all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues on a parity with the lien thereon of the Bonds and the 2020B Bonds.

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

(44) "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.

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

(46) "Rebate Account" means the special and separate account designated as the "State of Nevada, Highway Improvement Revenue (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) Bonds, Series 2024B Rebate Account" created in Section 505 hereof.

(47) "Redemption Date" means the date fixed for the redemption prior to their respective maturities of any designated securities payable from the Gross Indexed Tax and Subordinate Fuel Tax 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.

(48) "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.

(49) "Resolution" means this Resolution, cited in Section 101 hereof by the short title "2024B 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.

(50) "Secretary" or "Secretary of State" means the de facto or de jure secretary of state of the State or such officer's successor in functions, if any.

(51) "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.

(52) "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.

(53) "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 Indexed Taxes and the Fuel Taxes, among other revenues, and to which fund the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues pertain.

(54) "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.

(55) "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.

(56) "Subordinate Fuel Tax" or "Subordinate 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 Subordinate Fuel Tax Pledged Revenues, but excluding therefrom the Direct Distributions and Other Exclusions. Such taxes specifically exclude on each payment date or date of transfer under Sections 503, 505 and 506, the amount of any such taxes necessary to make payments in connection with any Outstanding Superior Securities, including payment of the Bond Requirements of Superior Securities, on any such payment date or date of transfer, excluding amounts on deposit to pay capitalized interest or otherwise on deposit to make such payment. The Subordinate Fuel Taxes, however, may be modified by the State as provided in the preambles hereof, but subject to the provisions of Section 214 hereof.

(57) "Subordinate Securities" means bonds or securities pertaining to the State highway system and secured by and payable from all or a

portion of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues subordinate and junior to the lien thereon of the Bonds and any Parity Securities.

(58) "Superior Securities" means bonds or securities currently Outstanding and hereafter issued pertaining to the State highway system and secured by and payable from all or a portion of the Gross Subordinate Fuel Tax Pledged Revenues prior and superior to the lien thereon of the Bonds and any Parity Securities. Currently the 2020A Bonds, 2018 Bonds, the 2017 Bonds, the 2016 Bonds and the 2014 Bonds constitute Superior Securities with a lien on the Gross Fuel Tax Pledged Revenues prior and superior to the lien on the Gross Subordinate Fuel Tax Pledged Revenues of the Bonds. The 2024A Bonds are authorized to be issued and if issued will constitute Superior Securities.

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

(60) "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.

(61) "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(b)(1) 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 irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, except as herein otherwise expressly provided.

Section 107. Repealer. All bylaws, orders and other instruments, or parts thereof, inconsistent herewith are hereby repealed to the extent only of 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 II

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, the Indexed 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, the Indexed 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 Indexed Tax and Subordinate Fuel Tax 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, the Indexed 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 Indexed Tax and Subordinate Fuel Tax 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 Indexed 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, Indexed Taxes, the Subordinate Fuel Taxes or the Gross Indexed Tax and Subordinate Fuel Tax 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 \$50,000,000 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 \$5,000,000.

ARTICLE III

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 (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) Bonds, Series 2024B" in the aggregate principal amount as set forth in the Certificate of the Treasurer (not to exceed \$50,000,000 for the Project) are hereby authorized to be issued pursuant to the Project Act, the Fuel Tax Act, the Indexed Tax Act and the Bond Act; the Bonds are payable as to all Bond Requirements solely out of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues; and the State pledges irrevocably, but not necessarily exclusively, the Gross Indexed Tax and Subordinate Fuel Tax 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, 2024; 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 the 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 electronically or 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 Indexed Tax and Subordinate Fuel Tax 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 20 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 State Treasurer 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 20 days but not more than 60 days prior to the redemption date, to the Owner of any Bond all or a part of which is called for redemption at the Owner's address as it last appears on the registration records kept by the Registrar, and electronically (1) to the Disclosure Dissemination Agent or (2) if Digital Assurance Certification, L.L.C. no longer serves as the Disclosure Dissemination Agent and the State has not appointed a successor Disclosure Dissemination Agent, to the Municipal Securities Rulemaking Board ("MSRB") via its Electronic Municipal Market Access system. 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 the Bonds, the Bonds called for redemption will be paid. Actual receipt of the notice by the Disclosure Dissemination Agent, MSRB or the Owners of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the Disclosure Dissemination Agent, 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 conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the Owners of the Bonds called for redemption in the same manner as the original notice of redemption 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 the Owner's 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 the Owner's 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 such officer's manual signature certified by such officer 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 such officer's own facsimile signature the facsimile signature of such officer's 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
(INDEXED TAX AND SUBORDINATE MOTOR VEHICLE FUEL TAX) BOND
SERIES 2024B

No. _____ \$ _____

Interest Rate Maturity Date Dated As Of CUSIP

% per annum _____ 1, _____ _____, 2024

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, 2024, 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 Trust Company, 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 Trust Company, 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 "2024B Highway Improvement Revenue Bond Resolution" (the "Resolution"), duly adopted by the Board on February 8, 2024. 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 the owner's 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 the owner's 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.

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 Indexed Tax and Subordinate Fuel Tax Pledged Revenues Interest and Bond Retirement Fund," into which account the State covenants to pay from the revenues, after payment of the Bond Requirements of Superior Securities (as defined in the Resolution) from Gross Fuel Tax Pledged Revenues (as defined in the Resolution), 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 Indexed Tax and Subordinate Fuel Tax 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 all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues.

The Bonds, the Parity Securities and any Parity Securities hereafter issued are equally and ratably secured by a lien on the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues, and the Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues subordinate to the lien on the Gross Fuel Tax Pledged Revenues of the Superior Securities. Bonds and other securities, in addition to the Bonds, subject to expressed conditions, may be issued and made payable from all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax 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"); NRS 373.0663(1)(e) and (g) through (j), inclusive (the "Indexed 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 Indexed Tax 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 _____, 2024.

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 TRUST COMPANY, 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.

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

(End of Form of Prepayment Panel)

(Form of Assignment for Bonds)

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and hereby irrevocably constitutes and appoints _____ attorney to transfer the same on the 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 IV

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 2024B 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 V

ADMINISTRATION OF AND ACCOUNTING FOR GROSS INDEXED TAX AND SUBORDINATE FUEL TAX 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 Indexed Tax and Subordinate Fuel Tax 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 all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues are on a parity with the lien thereon of the Bonds, the Parity Securities and any Parity Securities hereafter issued; subject to any Outstanding Superior Securities, the liens of which Superior Securities on all or a portion of the Gross Fuel Tax Pledged Revenues are superior to the lien on the Gross Subordinate Fuel Tax Pledged Revenues 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 Indexed Tax and Subordinate Fuel Tax Pledged Revenues. After payment of the Bond Requirements of Superior Securities from Gross Fuel Tax Pledged Revenues as set forth in the resolutions authorizing the Superior Securities, so long as any of the Bonds shall be Outstanding, during each Fiscal Year the Gross Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Pledged Revenues as provided in Sections 503 through 507 hereof. Gross Subordinate Fuel Tax Pledged Revenues shall exclude on each payment date or date of transfer under Sections 503, 505 and 506, the amount of any such taxes constituting Gross Fuel Tax Pledged Revenues necessary to make payment of the Bond Requirements of Superior Securities on any Outstanding Superior Securities on any such payment date or date of transfer, monthly or otherwise, excluding amounts on deposit to pay capitalized interest or otherwise on deposit to make such payment.

Section 503. Bond Fund Payments. First, from the Indexed Taxes, there shall be credited to a special account hereby created and designated as the "State of Nevada, Highway Parity Revenue Bonds, Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues Interest and Bond Retirement Fund" (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 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. To the extent the Indexed Taxes are insufficient to make any of the required monthly transfers described in the prior sentence, on each interest and principal installment payment date for the Outstanding Bonds, the Outstanding Parity Securities and any Outstanding Parity Securities hereafter issued, moneys from the Gross Subordinate Fuel Tax Pledged Revenues, together with any other money from time to time available therefor from whatever source, shall be credited to the Bond Fund and any bond funds created by resolutions authorizing the issuance of any Parity Securities in an amount sufficient (when combined with any moneys then on deposit from the Indexed Taxes) 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. As described in this Section, the moneys from Indexed Taxes shall be used first before any moneys from Gross Subordinate Fuel Tax Pledged Revenues.

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 Indexed Tax and Subordinate Fuel Tax 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 (Indexed Tax and Subordinate Motor Vehicle Fuel Tax) Bonds, Series 2024B 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 Indexed Tax and Subordinate Fuel Tax 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 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 Indexed Tax and Subordinate Fuel Tax Pledged Revenues may be used by the State for the payment of the principal of, interest on and redemption premium of any Subordinate Securities payable from all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax 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 Subordinate Securities hereafter issued on all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues and the pledge thereof for the payment of such Subordinate Securities shall be subordinate to the lien and pledge of the Bonds, the Parity Securities and any Parity Securities hereafter issued and the lien and pledge of Superior Securities on the Gross Fuel Tax Pledged Revenues, 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 Indexed Tax and Subordinate Fuel Tax 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 VI

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 Indexed Tax and Subordinate Fuel Tax 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. No 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 Fuel Tax Pledged Revenues or Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues. Nothing herein requires in connection with Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues received in any Fiscal Year the accumulation in

any account for the payment in such Fiscal Year of Bond Requirements due in connection with any series of bonds or other securities payable from Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues and herein or hereafter authorized, in excess of such Bond Requirements due in such Fiscal 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 Indexed Tax and Subordinate Fuel Tax 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 all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax 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 VII

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 Indexed Tax and Subordinate Fuel Tax Pledged Revenues on a parity with the lien thereon of the Outstanding Parity Securities and any Outstanding Parity Securities hereafter issued and subordinate to the lien on the Gross Subordinate Fuel Tax Pledged Revenues of any Outstanding Superior Securities heretofore or 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 Indexed Tax and Subordinate Fuel Tax Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Gross Indexed Tax and Subordinate Fuel Tax 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 all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues and constituting a lien thereon on a parity with or prevents the issuance of bonds or other securities refunding all or a part of the Bonds, except as provided in Sections 708 through 712 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 Indexed Taxes derived for the last Fiscal Year for which audited Indexed Taxes 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 200% of the Combined Maximum Annual Principal and Interest Requirements to be paid during any one Fiscal 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 Indexed Taxes. 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 Indexed Taxes 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 Indexed Taxes and constituting all or a part of the Indexed Taxes, whether a change in the annual increase in the tax rate for the Indexed

Taxes, the amount periodically paid per gallon, or the portions of the collections thereof credited to the Indexed Taxes, or modifications to the Direct Distributions and Other Exclusions, or otherwise, during the next preceding Fiscal Year, as if the schedule of such modified amount of Indexed Taxes 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. A written certification or written opinion by an Independent Accountant, the Controller or the Treasurer that such annual revenues, when adjusted as provided in subsections C and D of Section 706, are sufficient to pay such amounts, as provided in subsection B of Section 706 hereof, shall be conclusively presumed to be accurate in determining the right of the State to authorize, issue, sell and deliver additional Superior 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 all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

Section 706. Issuance of Superior Securities Payable from Gross Fuel Tax Pledged Revenues. 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 all or a portion of the Gross Fuel Tax Pledged Revenues and constituting a lien thereon prior and superior to lien of the Bonds on the Gross Subordinate Fuel Tax Pledged Revenues or prevents the issuance of bonds or other securities refunding all or a part of any Superior Securities, except as provided in Sections 708 through 712 hereof; and before any additional Superior Securities are authorized or actually issued (excluding any Superior Securities which are refunding securities, other than any securities refunding Superior 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 Superior Securities, the State shall not be in default in making any payments required by Article V hereof.

B. Historic Earnings Test. The Gross Fuel Tax Pledged Revenues (but excluding any federal aid included as Gross Fuel Tax Pledged Revenues) derived for the last Fiscal Year for which audited Gross Fuel Tax Pledged Revenues are available immediately preceding the date of the issuance of the additional Superior 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 of the Superior Securities to be paid during any one Fiscal Year of the Outstanding Superior Securities and the Superior Securities proposed to be issued (excluding any reserves therefor), except as hereinafter otherwise expressly provided.

C. Adjustment of Gross Fuel Tax Pledged Revenues. In any computation of such earnings tests as to whether or not additional Superior Securities may be issued as provided in subsection B of this Section, the amount of the Gross Fuel Tax 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 revenues and constituting all or a part of the Gross Fuel Tax Pledged Revenues, whether a change in the amount periodically paid per gallon, or the portions of the collections thereof credited to the Gross Fuel Tax 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 revenues 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 707. Use of Proceeds. The proceeds of any additional bonds or other additional securities (other than funding or refunding securities) payable from the Gross Indexed Tax and Subordinate Fuel Tax 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 all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues or the Gross Fuel Tax 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 all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues or the Gross Fuel Tax Pledged Revenues is changed (except as provided in Section 706 and Sections 710 through 712 hereof). Refunding securities with a lien on all or a portion of the Gross Fuel Tax Pledged Revenues may be issued as provided in the resolutions authorizing the issuance of Superior Securities.

Section 709. Limitations Upon Refundings. Any refunding bonds or other refunding securities payable from all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax Pledged Revenues must be issued with such details as the Board may by instrument provide, subject to the provisions of Section 712 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 all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax 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 Fiscal 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 Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax 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. Either (a) 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, or (b) the refunding bonds are issued in compliance with Section 706 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 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 Indexed Tax and Subordinate Fuel Tax 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 Fiscal Year, or if there is none in the Fiscal Year in which the additional Parity Securities or Subordinate 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 or Subordinate Securities.

ARTICLE VIII

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 Indexed Tax and Subordinate Fuel Tax 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 Taxes and Indexed Taxes, as herein provided, and the proper segregation of the proceeds of the Bonds and any other securities pertaining to the Gross Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax 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, the Indexed 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 Indexed Tax and Subordinate Fuel Tax 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, the Indexed 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 all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax 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 all or a portion of the Gross Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax Pledged Revenues.

Section 812. Rights Concerning Records. Any Owner of any of the Bonds or any other Outstanding securities payable from the Gross Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax Pledged Revenues upon any claim arising out of the receipt, application or disbursement of any of the Gross Indexed Tax and Subordinate Fuel Tax 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 registered 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 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) of the Tax Code. 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. The State makes no covenant with respect to taxation of interest on the Bonds as a result of the inclusion of that interest in the "adjusted financial statement income" of "applicable corporations" (as defined in Sections 56A and 59(k), respectively, of the Tax Code).

Section 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 IX

MISCELLANEOUS

Section 901. Defeasance. When all Bond Requirements of a Bond or any other securities of any other issue payable from the Gross Indexed Tax and Subordinate Fuel Tax 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, electronically or otherwise, 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 Indexed Tax and Subordinate Fuel Tax 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 such Owner's 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 such Owner's 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 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 X

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 Indexed 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 Indexed Tax and Subordinate Fuel Tax 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 such Owner's 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 Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax 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 Indexed Tax and Subordinate Fuel Tax 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 Taxes and Indexed Taxes 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 Taxes and Indexed Taxes 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 Indexed Tax and Subordinate Fuel Tax 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 XI

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 continue the pledge of the Indexed Taxes as permitted by NRS Chapter 373;

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

F. 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 such Owner's 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 holding the same may be proved as provided by Section 904 hereof.

ADOPTED on February 8, 2024.

Joe Lombardo, Governor, Chair
State Board of Finance

Attest:

Lori Hoover, Secretary
State Board of Finance

STATE OF NEVADA)
)
CARSON CITY) ss.

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

1. The foregoing pages constitute a true, correct, complete and compared copy of the 2024B Highway Improvement Revenue Bond Resolution, which resolution was passed and adopted by the Board at the duly held meeting of February 8, 2024, at 555 E. Washington Avenue, Las Vegas, Nevada.

2. The original of the 2024B Highway Improvement Revenue Bond Resolution was signed by the chair of the Board and authenticated by me as ex officio secretary of the Board and was recorded in the minutes 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 2024B Highway Improvement Revenue Bond Resolution:

Governor:	Joe Lombardo
Treasurer:	Zachary B. Conine
Controller:	Andy Matthews
Other Members:	Benjamin Edwards
	David R. Navarro

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

5. Written notice of such meeting was given at least three working days before the meeting pursuant to NRS 241.020.

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 2024B Highway Improvement Revenue Bond Resolution.

IN WITNESS WHEREOF, I have hereunto set my signature on February 8, 2024.

Lori Hoover, Secretary
State Board of Finance

APPENDIX I
(Copy of Notice of Meeting)

Zach Conine
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Board of Finance (BoF) Members

FROM: Steven Hale, Deputy Treasurer - Investments

SUBJECT: September 2023 BoF Agenda Item 8 – State Treasurer Investment Report

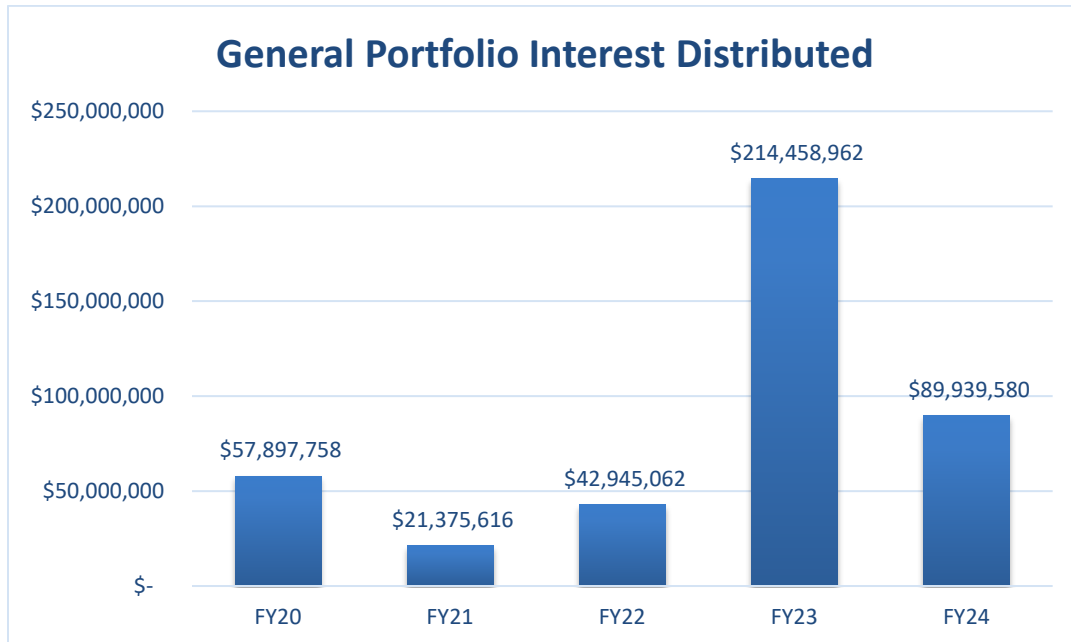
DATE: February 08, 2024

Agenda Item #8

For discussion and possible action: on the approval of the State Treasurer’s quarterly investment report for the quarter ended September 30, 2023.

General Fund Interest Distributed Fiscal Year 2020 To 2024 1st Quarter

The chart below provides the historical interest distributed for Fiscal Year 2024 1st quarter and by each prior fiscal year for the General Portfolio. Interest is distributed to statutorily approved funds, such as the State General Fund and statutorily approved budget accounts.



** FY24 bar shown above represents the 1st quarter interest distributed.*

Fixed Income Market Highlights as of September 30, 2023

- U.S. 10- year Treasury yields rose by 78 basis points during the fiscal first quarter of 2024 and closed the quarter at 4.59%. Over the same period, 1 month T-Bill rates increased 31 basis points from 5.24% to 5.55%.
- The Fed continued to raise rates to reduce inflation with a 25 basis point increase in the Fed Fund rates in July. However, at the next meeting in September, they opted to pause and not raise rates. The Fed Funds Rate closed the September 2023 quarter in the range of 5.25% to 5.50%.

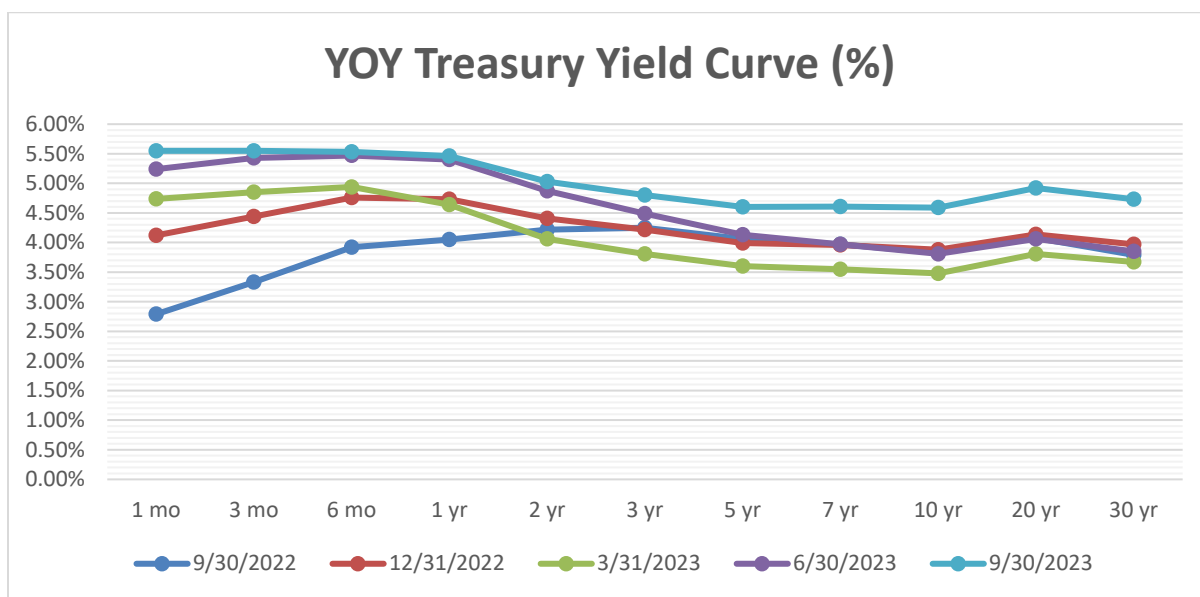


Chart is for illustrative purposes only. Investment Policy prohibits the General Portfolio from investing in Treasuries beyond 10 years.

Investment Performance as of September 30, 2023

Local Government Investment Pool (LGIP)

As of September 30, 2023, the total assets under management (AUM) were \$1.86 billion. The yield to maturity as of September 30, 2023, was 5.22% which is 35 basis points below the benchmark yield of 5.57%.

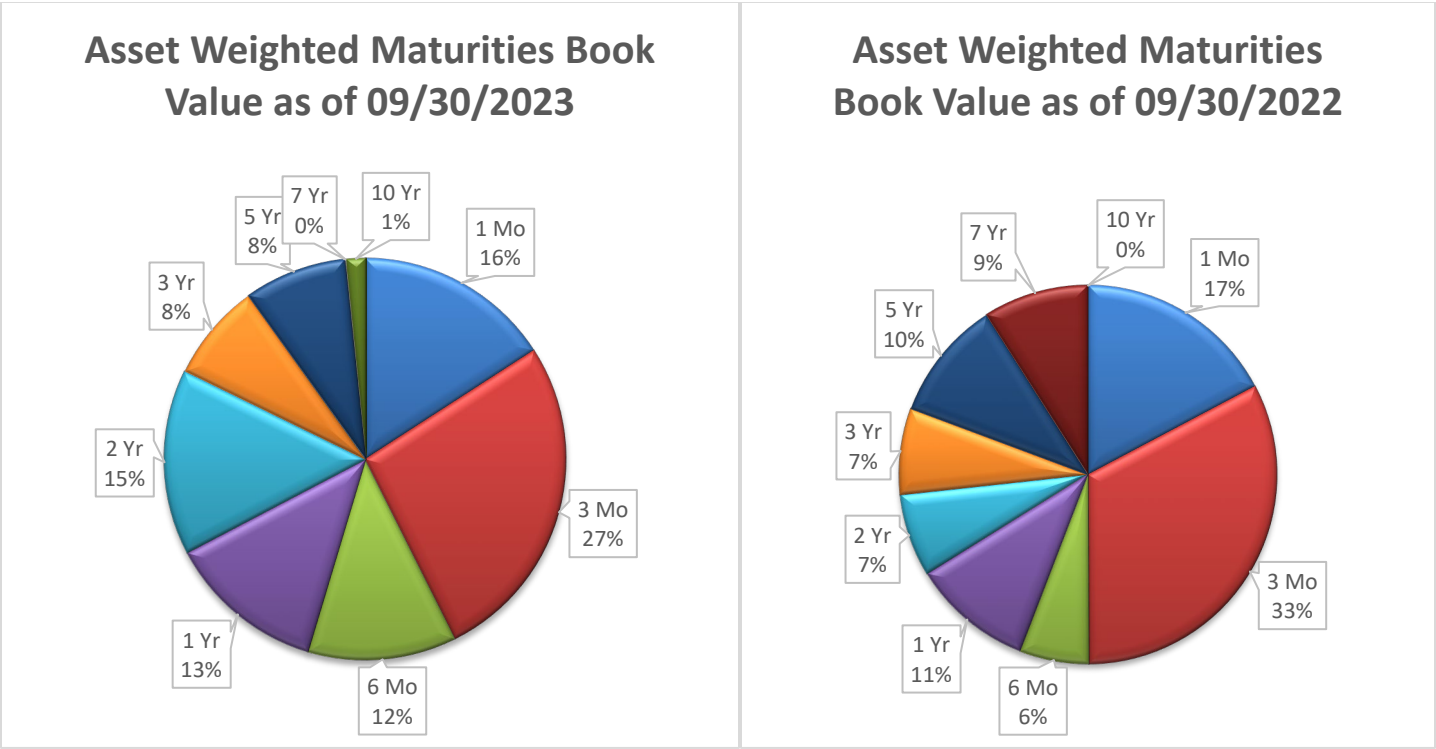
General Portfolio

As of September 30, 2023, the AUM for the General Portfolio was \$8.8 billion (book value) with 81.87% managed internally and 18.13% managed by outside managers. Please see the charts on pages 3 and 4 for more information on each manager.

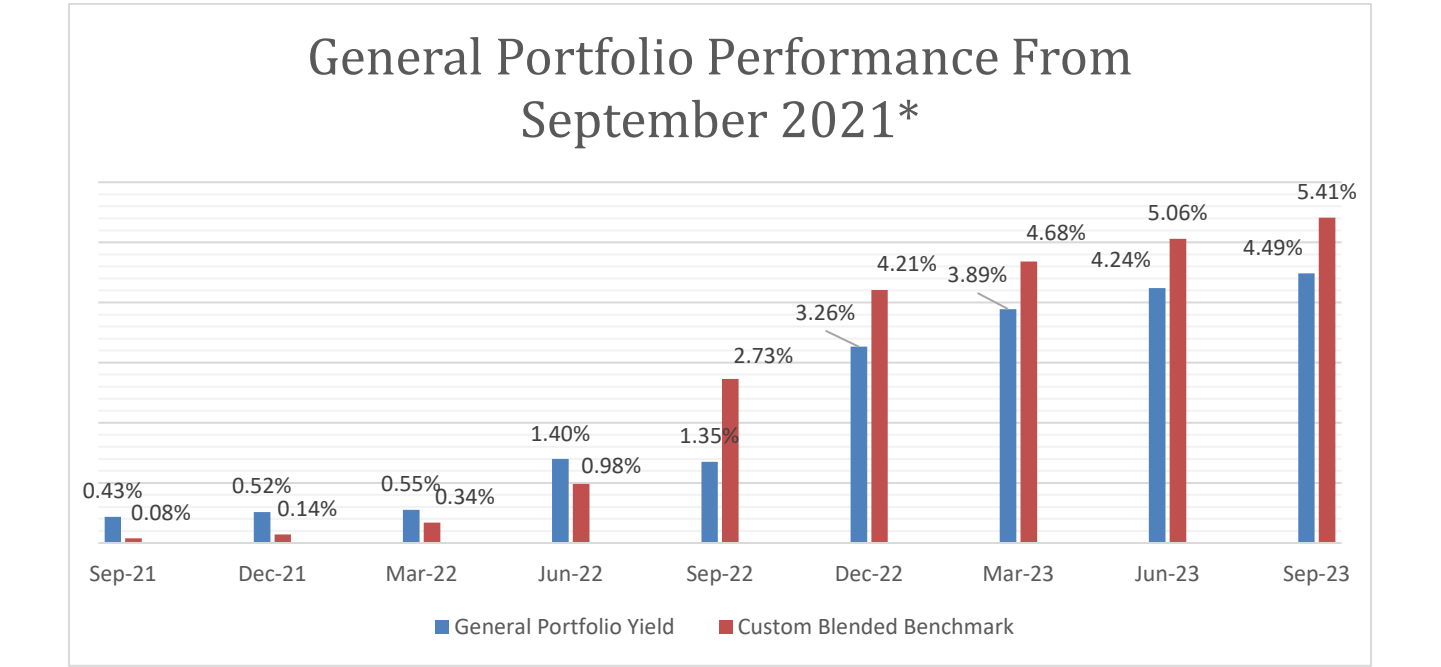
The overall yield to maturity (YTM) as of September 30, 2023 was 4.12% for the General Portfolio. Below is the YTM breakdown by portfolio:

- Internally managed portfolios were 4.485%
- Buckhead Capital Management portfolio was 3.06%
- Western Asset Management portfolio was 2.28%

Below is a graphical representation of the asset weighted maturities in the General Portfolio as of September 30, 2023 versus one-year prior.



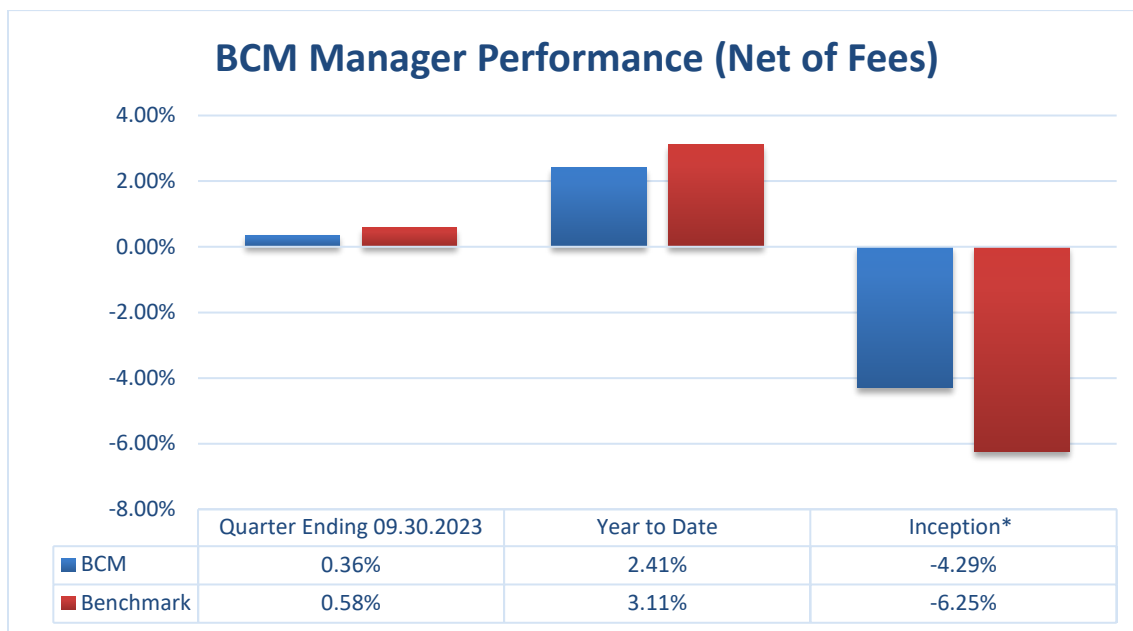
The chart below shows the internally managed portfolio performance against the custom benchmark for the past nine quarters.



- Custom benchmark yield matches the asset-weighted maturities of the General Portfolio, internally managed portion, for each quarter to the appropriate Treasury yield.

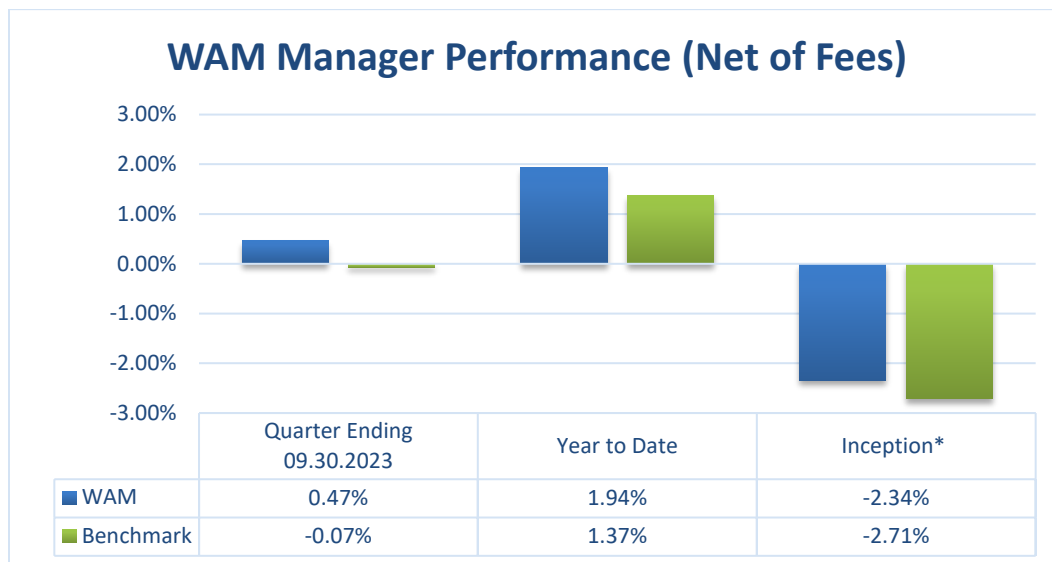
General Portfolio Outside Managers' Performance as of 9/30/2023

Buckhead Capital Management (BCM) began managing \$150 million in September 2020, \$130 million was distributed in June 2021, \$220 million distributed in September 2021, \$200 million in December 2021 and \$240 million was distributed in March 2022, for a total of \$940 million in total distributions.



1. Benchmark used for the BCM mandate is the Bloomberg Barclays CMBS AAA Index and inception date is October 2020.

Western Asset Management (WAM) began managing \$80 million in General Portfolio Assets on November 16, 2020, \$70 million was distributed in June 2021, \$200 million was distributed in September 2021, and \$400 million was distributed in March 2022. In May 2022, \$10 million was pulled back, while in March 2023 another \$10 million was distributed for a total of \$750 million in assets distributed.



2. Benchmark used for the WAM mandate is the ICE BofA 3 – 5 Year AA US Corporate & Yankee Index and the inception date is November 2020.



INVESTMENTS

GENERAL PORTFOLIO

FISCAL YEAR 2024

Period Ending
Sept 30, 2023

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 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

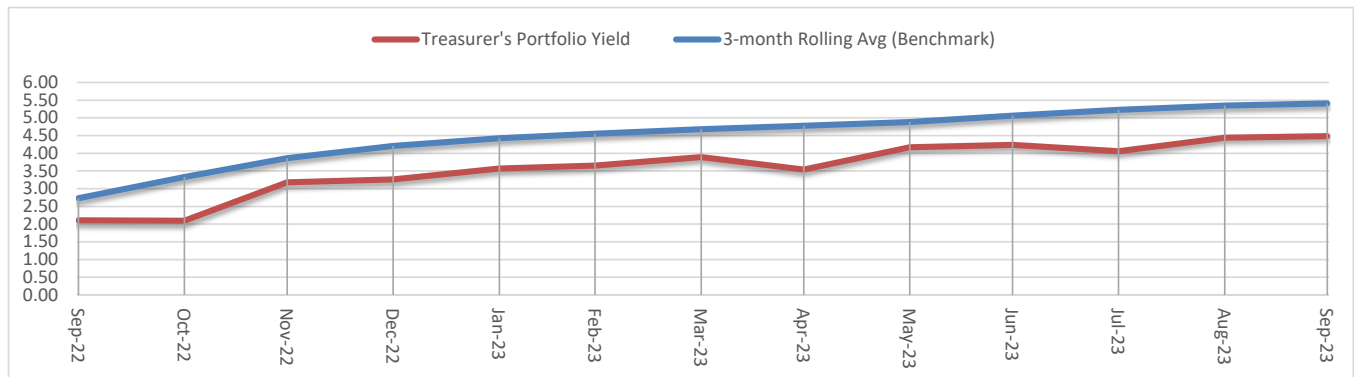
The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, foreign notes, international development notes, asset-backed securities, municipal bonds 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.

In-House Performance

As of September 30, 2023, the yield on the in-house portion of the General Portfolio was 4.485%. A three month rolling average of this benchmark for this period was 5.41% with the average days to maturity at 218 days. The average days to maturity for the portfolio was 389 days.

In-House Performance vs. Benchmark

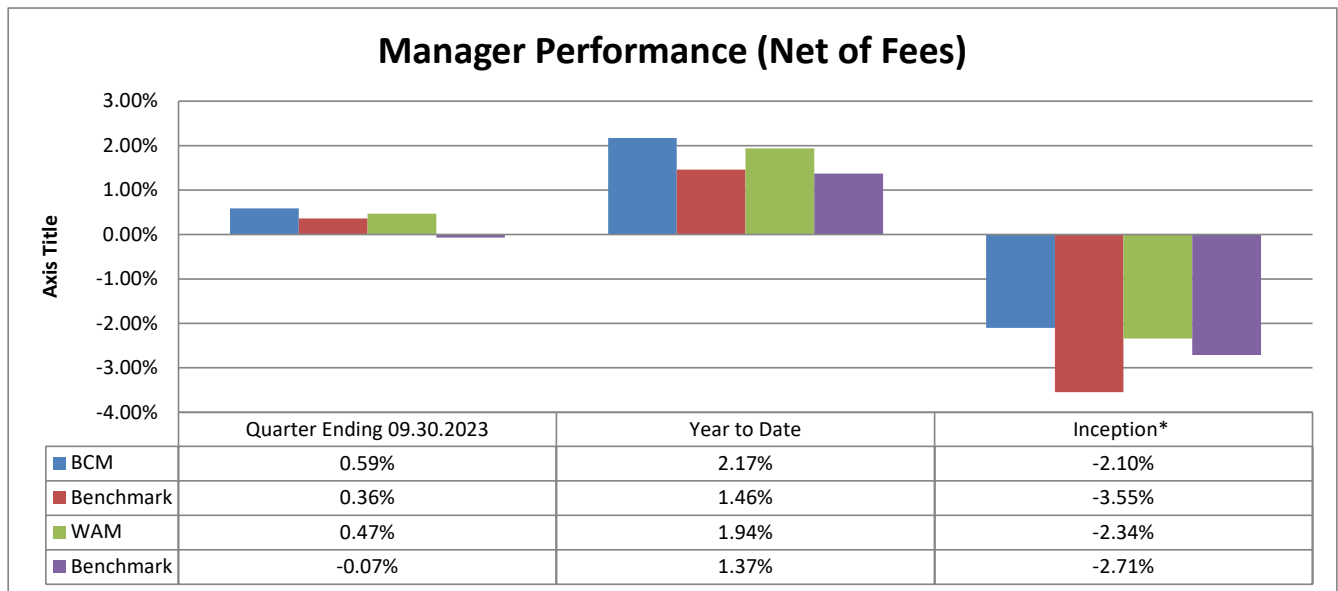


* Benchmark is 3-month rolling weighted average of 80% 3-month Treasuries and 20% 2-year Treasuries

Outside Manager Performance

The annualized performance since inception for period ending June 30, 2023 for Buckhead Capital Management (BCM) is -4.29%* and for Western Asset Management (WAM) is -2.34%*. BCM has been contracted to provide investment management services for securitized assets in the State General Portfolio. BCM has been assigned the Bloomberg Barclays CMBS AAA Index benchmark. WAM has been contracted to provide investment management services for corporate assets in the State General Portfolio. WAM has been assigned the ICE BofA 3-5 Year AA US Corporate & Yankee Index benchmark. *BCM inception date was October 2020 and WAM was November 2020. No new funding occurred in these two accounts during the previous quarter.

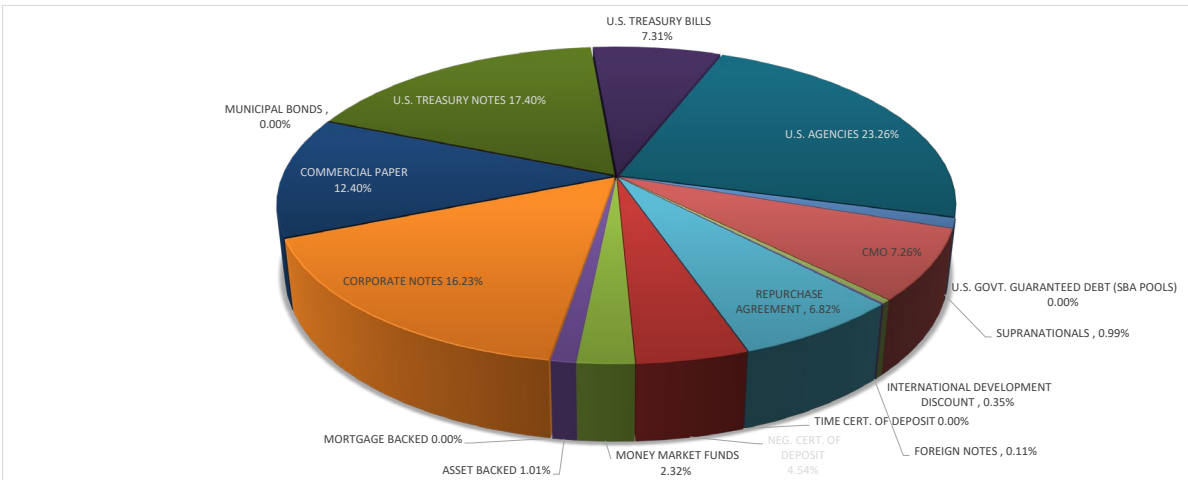
Outside Managers' Performance vs. Benchmark



*Inception date for BCM is October 2020 and WAM is November 2020

GENERAL PORTFOLIO
Amortized Book Value

	<u>September 30, 2023</u> <u>Amortized Book Value</u>				<u>June 30, 2023</u> <u>Amortized Book Value</u>	
	<u>Treasurer In-House</u>	<u>Buckhead Capital Management</u>	<u>Western Asset Management</u>	<u>Total Portfolio</u>	<u>Total Portfolio</u>	
TIME CERTIFICATES OF DEPOSIT	\$ -	\$ -	\$ -	\$ -	\$ -	-
NEGOTIABLE CERTIFICATES OF DEPOSIT	400,000,000	-	-	400,000,000	435,000,000	-
MONEY MARKET FUNDS	189,004,641	12,886,030	2,556,696	204,447,368	283,714,276	-
ASSET-BACKED SECURITIES	-	88,828,057	-	88,828,057	96,326,377	-
MORTGAGE-BACKED SECURITIES	-	-	-	-	-	-
CORPORATE NOTES	712,630,085	-	716,536,007	1,429,166,092	1,373,404,455	-
COMMERCIAL PAPER	1,091,500,778	-	-	1,091,500,778	940,429,375	-
MUNICIPAL BONDS	-	-	-	-	-	-
U.S. TREASURY NOTES	1,495,147,001	-	36,405,061	1,531,552,062	1,502,137,919	-
U.S. TREASURY BILLS	643,554,273	-	-	643,554,273	895,010,567	-
U.S. AGENCIES	1,838,097,032	209,698,172	-	2,047,795,204	1,922,646,918	-
U.S. GOVERNMENT GUARANTEED DEBT	-	-	-	-	-	-
SUPRANATIONALS	87,012,081	-	-	87,012,081	87,013,944	-
COLLATERALIZED MORTGAGE OBLIGATION	207,125	639,122,646	-	639,329,770	636,718,340	-
INTERNATIONAL DEVELOPMENT DISCOUNT	24,885,903	-	5,822,375	30,708,278	129,865,466	-
FOREIGN NOTES	10,000,000	-	-	10,000,000	10,000,000	-
REPURCHASE AGREEMENTS	600,000,000	-	-	600,000,000	600,000,000	-
TOTAL	\$ 7,092,038,918	\$ 950,534,905	\$ 761,320,139	\$ 8,803,893,962	\$ 8,912,267,636	



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
TOTAL PORTFOLIO	\$8,803,893,962	\$7,819,039,313

State of Nevada
Office of the State Treasurer
Schedule of General Fund Interest Revenue

	Quarter Ended 09/30/2023	Quarter Ended 12/31/2023	Quarter Ended 03/31/2024	Quarter Ended 06/30/2024	Totals
<u>Average Daily Balances of Funds</u>					
General Fund	\$ 5,360,686,927				\$ 5,360,686,927
All Funds	8,882,134,912				8,882,134,912
<u>Annualized Interest Rate</u>					
Cash Basis (see Note 1)	4.0372%				4.0372%
Accrual Basis	4.0469%				4.0469%
<u>Interest Distribution for General Fund (Cash Basis)</u>					
General Fund Interest Collected	54,262,379				54,262,379
General Fund Interest Revenue - Distributed	54,262,015				54,262,015
Undistributed General Fund Interest Revenue					-
<u>Interest Distribution for All Funds (Cash Basis)</u>					
All Funds Interest Collected	89,939,580				89,939,580
All Funds Interest Revenue - Distributed	89,939,580				89,939,580

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, 2023, there were 100 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.

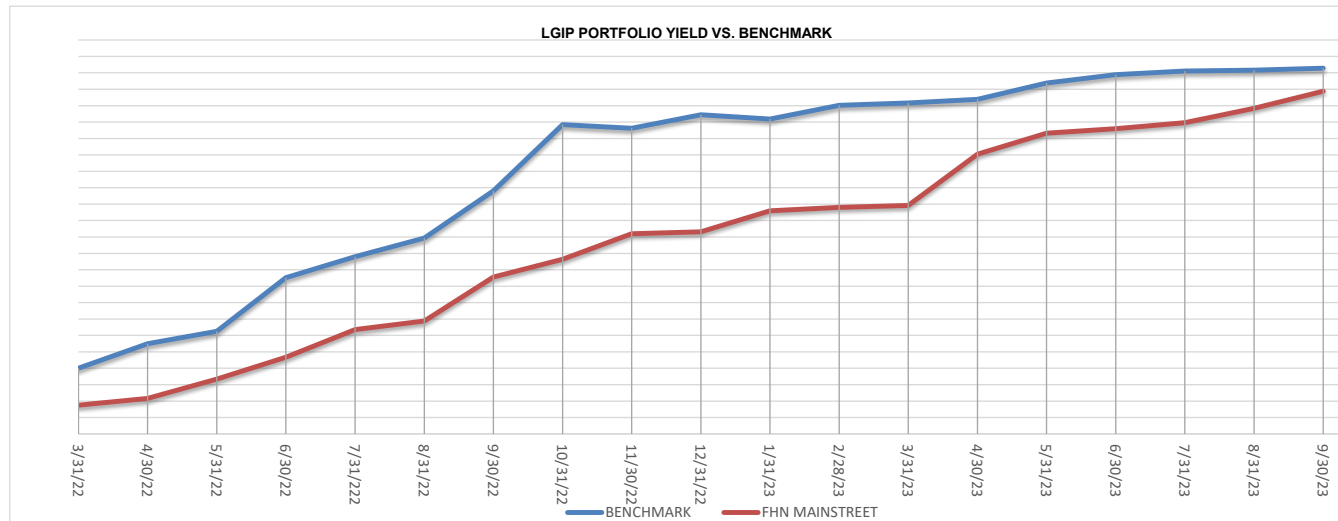
Investment Guidelines

The permissible investments of the LGIP include United States Treasury and Agency securities, repurchase agreements, high quality commercial paper, negotiable certificates of deposit, foreign notes, international development notes, 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 6.7% of the fund matures on a daily basis, ensuring sufficient liquidity to meet both anticipated and unanticipated withdrawals. Additionally, approximately 74% 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

FHN Financial began managing the LGIP portfolio in July 2015. As of September 30, 2023, the LGIP's portfolio book yield was 5.22%, and the blended benchmark was 5.57%. The average days to maturity of the LGIP portfolio was 93 days.



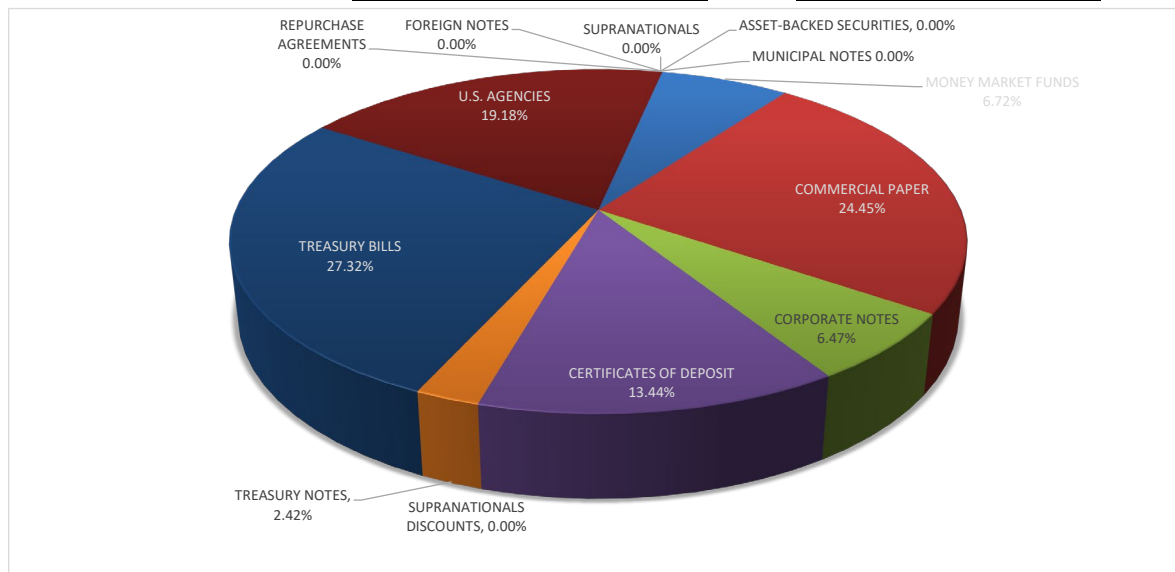
* Benchmark is 3-month rolling weighted average of 55% Dealer Commercial Paper 150-Day Index, 30% Agency Note 180 Day Index, and 15% Dreyfus Institutional Preferred Government Money Markey Fund.

**Benchmark was updated July 2020. This graph represents that change.

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, 2023</u>		<u>June 30, 2023</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 125,112,396	\$ -	\$ 184,512,382	\$ -
COMMERCIAL PAPER	454,918,136	-	375,939,090	-
CORPORATE NOTES	120,351,788	-	135,490,928	-
CERTIFICATES OF DEPOSIT	250,000,000	-	250,000,000	-
SUPRANATIONALS DISCOUNTS	-	-	-	-
TREASURY NOTES	44,932,014	-	104,858,544	-
TREASURY BILLS	508,257,592	-	411,339,873	-
U.S. AGENCIES	356,909,740	-	310,934,416	-
FOREIGN NOTES	-	-	-	-
SUPRANATIONALS	-	-	-	-
ASSET-BACKED SECURITIES	-	-	-	-
MUNICIPAL NOTES	-	-	-	-
REPURCHASE AGREEMENTS	-	-	-	-
TOTAL	\$ 1,860,481,666	\$ -	\$ 1,773,075,232	\$ -
GRAND TOTAL	\$ 1,860,481,666	\$ 1,860,481,666	\$ 1,773,075,232	\$ 1,773,075,232



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
TOTAL PORTFOLIO	\$1,860,481,666	\$2,106,644,879