

RESOLUTION NO. 1262

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

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

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

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

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

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

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

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

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

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

Part 1. Contents

1.01 The contents of this resolution are designated and contained herein or appended hereto, as follows:

Page

Part 2. General Provisions

2.01	Conditions Precedent	9
2.02	Legality	9
2.03	Construction	10
2.04	Bonds Incontestable.	10
2.05	Unconditional Obligation	10
2.06	Performance of Essence	10
2.07	Recourse to Bond Law	10
2.08	Resolution is Covenant	10
2.09	Period of Agreement.	10

Part 3. Definitions

3.01	General.	10
3.02	Acquisition.	10
3.03	Annual	11
3.04	Availability of Use Charges.	11
3.05	Board.	11
3.06	Bonds.	11
3.07	Bondholder	11
3.08	Charges.	11
3.09	Commercial Bank.	11
3.10	Cost of Project.	11
3.11	District	12
3.12	Facilities	12
3.13	Federal Government	12
3.14	Federal Securities	12
3.15	Fiscal Year.	12
3.16	Gross Revenues	12
3.17	Holder	12
3.18	Improvement.	12
3.19	Net Revenues	12
3.20	Operation and maintenance expenses	12
3.21	Operation and maintenance expenses	13
3.22	Person	14
3.23	Pledged Revenues	14
3.24	President.	14
3.25	Project.	14
3.26	Public Body.	14
3.27	Recreation Charges	14
3.28	Recreation Facilities Rate Resolution.	14
3.29	Secretary.	14
3.30	Service Charges.	15
3.31	State.	15
3.32	Trust Bank	15
3.33	United States.	15

Part 4. Authorization, Powers and Limitations

4.01	General Improvement District Law.	15
4.02	Local Government Securities Law	15
4.03	Recitals in Resolution.	15
4.04	Titles and Footnotes.	15
4.05	Purpose of Securities Law	15
4.06	Securities Law is Full Authority.	15
4.07	Powers Relating to Project.	16
4.08	Payment of Bonds.	16
4.09	Bonds Not Secured by Property Encumbrance	16
4.10	No Personal Recourse.	16
4.11	General Fund Not Liable	17
4.12	Faith and Credit Pledged.	17

Part 5. The Project

5.01	Project Description	17
	(a) The Refunding.	17
	() Burnt Cedar Beach	17
	() Incline Beach	17
	(1) Irrevocable Escrow.	17
	(2) Investment in Federal Securities.	18
	(3) Moneys Sufficient	18
	(4) Call of Revenue Bonds of 1968 Prior to Maturity	18
	(5) Moneys Continuously Secured in Escrow	18
	(b) Project and Facilities Include Burnt Cedar Beach and Incline Beach.	19
	(c) Acquisition of Golf Courses, Ski Area and Bowling Alley and Unimproved Recreational Acreage.	19
	(1) Incline Village Championship Golf Course.	19
	(2) Incline Village Executive Golf Course	19
	(3) Ski Incline	19
	(4) Bowl Incline.	19
	(5) Unimproved Recreational Acreage	19
	(6) Facilities More Particularly Described.	19
	(7) Costs of Acquisition.	19
	(8) Costs of Improvements	20
	(i) To Incline Village Championship Golf Course	20
	(ii) To Ski Incline.	20
	(d) Project and Facilities Include Golf Courses, Ski Area and Bowling Alley	20
5.02	Project Costs - Application of Bond Proceeds.	20

Part 6. The Bonds

6.01	The Bonds	21
6.02	Bond Form	22
6.03	Place and Manner of Payment	22
6.04	Payment of Bonds.	22
6.05	Negotiable Instruments.	22
6.06	Equal Parity.	22
6.07	Interest.	22

	<u>Page</u>
6.08	Coupons 22
6.09	Interest After Maturity. 22
6.10	Execution. 22
6.11	Facsimile Signatures 23
6.12	Change in Officials. 23
6.13	Adoption of Signature 23
6.14	Register 23

Part 7. Callable Bonds and Procedure

7.01	Callable Bonds 24
7.02	General. 24
7.03	Notice of Redemption 24
7.04	Form of Notice 24
7.05	Receipt of Notice Unnecessary. 24
7.06	Certificate of Notice Conclusive 25
7.07	Redemption Fund. 25
7.08	Use of Funds 25
7.09	Coupons Due. 25
7.10	Coupons Not Due. 25
7.11	Retransfers. 25
7.12	Effect of Notice of Redemption 25
7.13	Interest terminates. 26
7.14	Matured Coupons Payable. 26
7.15	Purchase of Bonds. 26

Part 8. Registration

Article 1. Against Theft

8.01	Registration 26
8.02	Principal and Interest 26
8.03	Principal Only 26
8.04	Transfer 26
8.05	Deregistration 27
8.06	Reregistration 27

Article 2. Against Delinquency

8.07	General. 27
8.08	Endorsement. 27
8.09	Setting Aside Money. 27
8.10	Notice and Payment 27
8.11	Failure to Present 27

Part 9. The Revenues

9.01	Uniform Charges. 27
9.02	Service Charges. 27
9.03	Availability of Use Charges. 28
9.04	Minimum Charges. 28
9.05	In Lieu Service Charges. 28
9.06	Discount, Deposit or Guaranty. 28
9.07	Penalties. 28
9.08	Collect With Other Charges 28
9.09	Contract for Collection. 28

	<u>Page</u>	
9.10	Collection by Suit.	29
9.11	Perpetual Suit.	29
9.12	Foreclose as Mechanics' Lien.	29
9.13	Id - Notice and Hearing	29
9.14	Election to Collect on Tax Roll	29
9.15	Id - Written Report	29
9.16	Id - Alternative Procedure.	29
9.17	Id - Property Descriptions.	29
9.18	Id - Election as to Delinquent Property Only.	29
9.19	Id - Publication of Notice.	29
9.20	Id - Mailed Notice of Hearing	30
9.21	Id - Notice After First Year.	30
9.22	Id - Hearing.	30
9.23	Id - Protests	30
9.24	Id - Determination and Finality	30
9.25	Id - Delivery of Report and Entry on Roll	30
9.26	Id - Parcels Outside District	30
9.27	Id - Parcels Not on Roll.	30
9.28	Id - Lien Same Time as Taxes.	30
9.29	Id - Inclusion in Tax Bills	31
9.30	Id - Separate Bills	31
9.31	Id - Tax Laws Apply	31
9.32	Regulations	31
9.33	Exclusive Use	31
9.34	Pledge of Revenues.	31
9.35	Pledge Automatic.	31
9.36	Priority Over Other Claims.	31
9.37	Notice Not Essential.	32
9.38	Ratio of Net Revenues	32
9.39	Independent Agency.	32
9.40	No Transfer of Funds.	32
9.41	Trust Funds	32

Part 10. Additional Bonds or Other Obligations

10.01	Limitations Upon Issuance of Parity Obligations . . .	32
10.02	Subordinate Lien Bonds.	33

Part 11. The Capital Improvement Fund

11.01	Capital Improvement Fund.	34
11.02	Application of Bond Proceeds.	34
11.03	Investment of Surplus	34
11.04	Restriction on Use.	34

Part 12. The Revenue Fund

12.01	Revenue Fund.	34
12.02	District Funds.	35
12.03	Additional Contributions.	35
12.04	Use of Revenues	35
12.05	Surplus Funds	35
12.06	Revenue Fund a Trust Fund	35

	<u>Page</u>
13.01 Bond Fund.	36
13.02 Transfers.	36
13.03 Early Transfers.	36
13.04 Minimum Transfer Time.	36
13.05 Bond Fund a Trust Fund	36
13.06 Retransfer of Balance.	36

Part 14. The Debt Service Reserve Fund

14.01 Debt Service Reserve Fund.	36
14.02 Deposit of District Funds.	36
14.03 Application of Debt Service Reserve Fund	37
14.04 Reduction of Debt Service Reserve Fund Amount.	37
14.05 Limitation on Reduction.	37
14.06 Termination of Debt Service Reserve Fund	37
14.07 Shortage in Fund	37

Part 15. Investment of Surplus Funds

15.01 Deposits and Investments	37
15.02 Sale and Reinvestment.	37
15.03 Fund Availability.	37
15.04 Use of Gain.	37

Part 16. Bank Depositories and Withdrawals

16.01 Security for Deposits.	38
16.02 Security and Procedure for Deposit	38
16.03 Changing Banks	38
16.04 Payment of Funds	38
16.05 Payments to Fiscal Agent	38
16.06 Other Payments	38
16.07 Manner and Payment	39

Part 17. Fiscal Agent and Paying Agent

17.01 Appointment of Fiscal Agent.	39
17.02 Acceptance by Fiscal Agent	39
17.03 Annual Report.	39
17.04 Registration Agent	39
17.05 Appointment of Paying Agent.	39
17.06 Paying Agents.	39
17.07 Liability of Agents.	39
17.08 Inquiry as to District Performance	40
17.09 Trust Funds.	40
17.10 When Collateral Required	40
17.11 Security for Deposits.	40
17.12 Accounts	40
17.13 Interest	40
17.14 Agent of Fiscal Agent.	40
17.15 Notice to Agents	41
17.16 Right to Inspect Bonds	41
17.17 Certificates as Proof.	41
17.18 Conclusive Reliance.	41
17.19 Arrangements Between Fiscal Agent and Any Paying Agent	41
17.20 Compensation	41

	<u>Page</u>	
17.21	Indemnity	42
17.22	Ownership of Bonds by Agents.	42
17.23	Resignation of Fiscal Agent	42
17.24	Removal of Fiscal Agent	42
17.25	Appointment of Successor Fiscal Agent	42
17.26	Effective Date of Successor	42
17.27	Notice of Successor	43
17.28	Appointment by Court.	43
17.29	Qualification of Successor.	43
17.30	Documents and Succession.	43
17.31	Merger and Consolidation of Agents.	44
17.32	Resignation and Discharge of Paying Agent	44
17.33	Fiscal Agent as Successor Paying Agent.	44
17.34	Execution of Documents by District.	44
17.35	Fiscal Agent to Act as Trustee for Bondholders.	44
17.36	Action by Trustee	44
17.37	When Bondholders Sue.	45
17.38	Fiscal Agent Constituted Attorney in Fact for Bondholders.	45
17.39	Appointment of Substitute Trustee for Bondholders	46
17.40	District's Duties When No Fiscal Agent is Acting.	46

Part 18. Modifications

18.01	Modifications	46
18.02	Consent Binding	47
18.03	Calling Bondholders' Meeting.	47
18.04	Board Discretion.	47
18.05	Notice of Meeting	47
18.06	Mailing	47
18.07	List of Owners.	47
18.08	Certificate of Deposit.	47
18.09	Limit on Voting	47
18.10	Attendance and Voting by Proxy.	48
18.11	Issuer-Owned Bonds.	48
18.12	Quorum and Procedure.	48
18.13	Officers.	48
18.14	Votes	48
18.15	Vote Required	48
18.16	Certificate of Notice Conclusive.	48
18.17	Filing Certificate.	49

Part 19. Covenants

19.01	General	49
19.02	Acquire Project	49
19.03	Operate Project	49
19.04	Good Repair	49
19.05	Preserve Security	49
19.06	Collect Revenues.	49
19.07	Service Bonds	49
19.08	Pay Claims.	49
19.09	Encumbrances.	50
19.10	Insurance	50
19.11	Fidelity Bonds.	50
19.12	Engineers	50
19.13	Audit and Report.	50
19.14	Sale of Project or Facilities	51

Part 20. Events of Default and Procedure

20.01	Event of Default.	52
20.02	Principal	52
20.03	Interest.	52
20.04	Covenants	52
20.05	Bankruptcy.	52
20.06	Acceleration.	52
20.07	Application of Bonds.	53
20.08	Costs and Expenses.	53
20.09	Interest on Undue Bonds	53
20.10	Principal and Interest on Due Bonds	53
20.11	Insufficient Funds.	53

Part 21. Remedies of Bondholders

21.01	Bondholders' Remedies	53
21.02	Mandamus.	54
21.03	Accounting.	54
21.04	Receiver.	54
21.05	Injunction.	54
21.06	Operation by Trustee or Receiver.	54
21.07	Remedies Non-Exclusive.	54
21.08	Delays.	54
21.09	Waiver.	55
21.10	Enforcement	55
21.11	Status Quo.	55

Part 22. Issuance of Refunding Bonds

22.01	General	55
22.02	The Law	55
22.03	Purpose - Bonds	55
22.04	Id - Reduce Interest.	55
22.05	Id - Modification	55
22.06	Id - Combination.	55
22.07	Prohibition as to Noncallable Bonds	55
22.08	State-Held Bonds.	56
22.09	Other Bonds	56
22.10	Loans	56
22.11	Exchange or Sale.	56
22.12	Id - Federal Securities	56
22.13	Time Limitation - The Bonds	56
22.14	Id - Refunding Bonds.	56
22.15	Maximum Refunding Amount.	56
22.16	Minimum Refunding Amount.	57
22.17	Application of Proceeds	57
22.18	Incidental Costs.	57
22.19	Premiums and Accrued Interest	57
22.20	Escrowed Funds - Source	57
22.21	Id - Investment	57
22.22	Id - Trust Bank	57
22.23	Id - Id - Security.	57
22.24	Id - Amount	58
22.25	Id - Id - Certified Public Accountant	58
22.26	Id - Purchaser Not Responsible.	58
22.27	Source of Payment of Refunding Bonds.	58
22.28	Issue or Series	58

	<u>Page</u>
22.29 Effect of Abolished District	58
22.30 Id - Issuance If Not Assumed	58
22.31 Id - Issuance If Assumed	58
22.32 Resolution Applicable.	59
22.33 General Limitation	59
22.34 Subsequent Law	59
22.35 Determination Final.	59
22.36 Contract Clause.	59

Part 23. Miscellaneous

23.01 Mutilated or Defaced Bonds	59
23.02 Id - Form of Bond.	60
23.03 Id - Application	60
23.04 Id - Deposit	60
23.05 Id - Indemnification	60
23.06 Id - Resolution.	60
23.07 Id - Issuance.	60
23.08 Id - Exchange.	60
23.09 Id - Identification.	60
23.10 Id - Cancellation.	60
23.11 Id - Lost or Destroyed Bonds	60
23.12 Id - Procedure	60
23.13 Id - Refusal to Issue.	61
23.14 Id - Application to Show Cause	61
23.15 Id - Hearing and Order	61
23.16 Id - Endorsement	61
23.17 Id - Filing Security	61
23.18 Id - Commercial Code	61
23.19 Destruction of Paid Bonds and Coupons.	61
23.20 Securities Law	61
23.21 Validity Not Dependent	61
23.22 Id - Application of Funds.	61
23.23 Bonds Exempt from Taxes.	62
23.24 Investment in Bonds.	62
23.25 Bond Register.	62
23.26 Bond Delivery.	62
23.27 Arbitrage.	62
23.28 Temporary Bond	62
23.29 Transcript	62
Form of Escrow Deposit Agreement.	Exhibit "A"
Form of Definitive Bond	Exhibit "B"
Form of Temporary Bond.	Exhibit "C"

Part 2. General Provisions

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

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

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

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

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

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

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

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

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

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

Part 3. Definitions

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

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

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

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

3.05 Board means the Board of Trustees of the District.

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

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

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

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

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

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

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

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

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

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

(f) The costs of contingencies;

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

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

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

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

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

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

3.11 District means the Incline Village General Improvement District.

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

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

3.14 Federal Securities mean bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States.

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

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

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

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

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

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

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

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

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

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

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

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

(a) Any allowance for depreciation;

(b) Any costs of improvements;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.29 Secretary means the Secretary of the District.

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

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

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

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

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

3.33 United States means the United States of America.

Part 4. Authorization, Powers and Limitations

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

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

4.03 Recitals in Resolution. The recitals in this Resolution which are duplicative of either Law provided in Sections 4.01 and 4.02 shall have the meaning prescribed in said Law, unless a discretion is granted in said Law in which event it shall have the meaning provided in this Resolution.

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

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

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

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

(c) The powers conferred by said Law shall be in addition and supplemental to, and not in substitution for, and the limitations imposed by said Law shall not affect the powers conferred by, any other law.

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

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

4.07 Powers Relating to Project. In connection with the Project, the District, acting through its Board, excepting as otherwise provided by law, may:

(a) Sue and be sued;

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

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

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

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

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

(g) Perform any other function authorized by law.

4.08 Payment of Bonds. The Bonds and the interest thereon are payable solely from the Net Revenues.

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

4.10 No Personal Recourse. No recourse shall be had for the payment of the principal of, any interest on, and any prior redemption premiums due in connection with the Bonds or for any claim based thereon or otherwise upon this Resolution or other instrument appertaining hereto, against any individual member of the

Board or any officer or other agent of the District, past, present or future, either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released.

4.11 General Fund Not Liable. None of the covenants, agreements, representations and warranties contained in this Resolution, or in any other instrument appertaining hereto, in the absence of any breach hereof, shall ever impose or shall be construed as imposing any liability, obligation or charge against the District (except the special funds pledged therefor) or against the general credit of the District, payable out of the general fund of the District, or out of any funds derived from taxation.

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

Part 5. The Project

5.01 Project Description. The Project consists of the following refunding and acquisitions and improvements:

(a) The Refunding. Pursuant to Resolution No. 420, adopted by the Board on October 5, 1967, as amended, the District issued \$2,685,000 principal amount of its Revenue Bonds of 1968 to fund the costs of acquisition of the following two community beaches:

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

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

As of the date of adoption of this resolution there is outstanding \$2,260,000 principal amount of the Revenue Bonds of 1968, which principal amount shall, in accordance with the applicable provisions of said Resolution No. 420 and of the Securities Law, be refunded in advance, as follows:

(1) Irrevocable Escrow. \$2,001,607.52 principal amount of the proceeds of the Bonds, shall, simultaneously with the delivery of the Bonds, be placed in an Irrevocable Escrow

with the Nevada National Bank, Reno, Nevada, the Escrow Holder, for the uses and purposes provided in the agreement entitled "Escrow Deposit Agreement," a copy of which is attached hereto as Exhibit "A", and hereby made a part hereof. Execution of such agreement is hereby approved and the Chairman of the Board and President of the District is hereby authorized and directed to execute said agreement on behalf of the District and the Secretary of the District is authorized to attest his signature thereto and to affix thereto the corporate seal of the District.

(2) Investment in Federal Securities. Simultaneously with the deposit of said \$2,001,607.52 principal amount into escrow, the Escrow Holder shall invest \$1,995,000 of said principal amount in the following described federal securities:

<u>Security</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
United States Treasury Certificates of Indebtedness	7/1/77	\$ 45,000	6.13%
United States Treasury Note	7/1/78	35,000	6.79
United States Treasury Note	7/1/79	35,000	7.09
United States Treasury Note	7/1/80	45,000	7.28
United States Treasury Note	7/1/81	45,000	7.42
United States Treasury Note	7/1/82	50,000	7.54
United States Treasury Note	7/1/83	50,000	7.62
United States Treasury Bond	7/1/84	55,000	7.67
United States Treasury Bond	7/1/85	60,000	7.70
United States Treasury Bond	7/1/86	65,000	7.72
United States Treasury Bond	7/1/87	70,000	7.73
United States Treasury Bond	7/1/88	80,000	7.74
United States Treasury Bond	7/1/89	85,000	7.74
United States Treasury Bond	7/1/90	85,000	7.75
United States Treasury Bond	1/1/91	1,190,000	7.76

all in accordance with the further provisions of said Escrow Deposit Agreement.

(3) Moneys Sufficient. It is hereby determined that such proceeds, cash and investments in escrow, together with interest to be earned thereon, shall be in an amount at all times sufficient to pay principal, interest, and the prior redemption premiums due on the outstanding Revenue Bonds of 1968; provided, however, that prior to delivery of the Bonds, such sufficiency shall be verified by Harris Kerr Forster & Company, Reno, Nevada, licensed Certified Public Accountants and it is further hereby determined that the limitations imposed by Part 20 of said Resolution No. 420, as amended, on the issuance of refunding bonds have been met.

(4) Call of Revenue Bonds of 1968 Prior to Maturity. All of the Revenue Bonds of 1968 which would otherwise be outstanding on January 1, 1991, shall be called for prior redemption and paid by the Escrow Holder on January 1, 1991; such call and payment to be made on behalf of the District in accordance with the further provisions of the Escrow Deposit Agreement.

(5) Moneys Continuously Secured in Escrow. Moneys deposited in said escrow, but not invested, shall be continuously secured by a collateral pledge of federal securities in an amount at all times at least equal to the total uninvested amount of such moneys in such escrow, all as more particularly provided in the Escrow Deposit Agreement.

(b) Project and Facilities Include Burnt Cedar Beach and Incline Beach. All references in this Resolution to Project and to Facilities include therein Burnt Cedar Beach and Incline Beach, together with all improvements thereto now existing or hereafter made and such references shall specifically include, without limitation, revenues attributable to Burnt Cedar Beach and Incline Beach as included within the Pledged Revenues of the Project and of the Facilities.

(c) Acquisition of Golf Courses, Ski Area and Bowling Alley and Unimproved Recreational Acreage. The District has entered into agreements with Japan Golf Promotion (U.S.A.) Inc., dated respectively, March 19, 1976, and June 30, 1976, to acquire the following described land and facilities:

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

(2) "Incline Village Executive Golf Course." This golf course is an 18-hole golf course consisting of fourteen par 3 and four par 4 holes. The course was also designed by Robert Trent Jones and is 3,440 yards in length. The facilities include a clubhouse with a pro shop and snack bar.

(3) "Ski Incline." Ski Incline consists of approximately 120 acres of north and northwest facing slopes at an elevation ranging from 6,700 to 7,600 feet. The facilities consist of five double chair lifts, a T-bar and a permanently installed snow making system. The facilities also include a main lodge at the bottom of the ski area. The main lodge houses a cafeteria, a rental shop, a repair shop, ticket booths and a first aid room. Surrounding the main lodge is a 900 space parking lot. There is a snack bar at the Snowflake Lodge located on the upper slopes.

(4) "Bowl Incline." Bowl Incline is a 16-lane bowling alley located in a 165 ft. by 100 ft. frame building and includes a bar and snack bar and a large parking area.

(5) "Unimproved Recreational Acreage." The District is also acquiring approximately two acres of unimproved land adjacent to the Incline Village Championship Golf Course. This acreage is being acquired for potential future recreational development.

(6) Facilities More Particularly Described. The facilities being acquired from Japan Golf Promotion (U.S.A.) Inc., including all lands, structures, equipment, leases and licenses are more particularly described in the above referred to agreements dated March 19, 1976, and June 30, 1976, and said descriptions are hereby incorporated herein for the purposes of this Resolution.

(7) Costs of Acquisition. \$2,700,000, being the total cost of acquisition of the above described land and Facilities shall be paid from the proceeds of the Bonds in the manner set forth hereinafter in this Part 5.

(8) Costs of Improvements. \$600,000, being the estimated costs of improvements shall be paid from the proceeds of the Bonds, such improvements being generally described as follows:

(i) To Incline Village Championship Golf Course. Golf Course water system improvements shall be made consisting of the replacement of mains, laterals and sprinkler heads in all fairways excepting holes numbered 14, 15 and 16.

(ii) To Ski Incline. Ski area improvements shall be made consisting of the acquisition of additional vehicle acquisition, ski lift and ski lodge alteration, parking lot resurfacing and the acquisition and installation of additional snow making equipment and water distribution lines.

(d) Project and Facilities Include Golf Courses, Ski Area and Bowling Alley. All references in this Resolution to Project and to Facilities include therein the Incline Village Championship Golf Course, the Incline Village Executive Golf Course, Ski Incline and Bowl Incline, together with all improvements thereto, now existing or hereafter made, and such references shall specifically include, without limitation, revenues attributable to the Incline Village Championship Golf Course, the Incline Village Executive Golf Course, Ski Incline and Bowl Incline as included within the Pledged Revenues of the Project and of the Facilities. The Unimproved Recreational Acreage is not so included within the references to Project and to Facilities for purposes of determining Pledged Revenues.

5.02 Project Costs - Application of Bond Proceeds. Following is a summary of Project Costs and the application thereto of the proceeds of the Bonds:

SOURCE

Special Obligation Bonds of 1976

Principal \$ 5,710,000

Less Discount - 5% 285,500

Plus Accrued Interest
to August 3, 1976

3,807

2462 *CRD*

\$ 5,428,307

\$ 426,962 *CRD*

DISBURSEMENT

Refund 1968 Bonds - Purchase of
Federal Securities to Escrow

Principal	\$ 1,995,000	
Cash	<u>6,607</u>	\$ 2,001,607
Golf Courses and Bowling Alley		
Repay Short-Term Financing, including Accrued Interest	\$ 754,250	
Repay District Advance	450,000	
Improve Golf Course Water System	<u>150,000</u>	1,354,250
Ski Area and Recreational Acreage		
Pay and Redeem Interim Debenture No. 2	\$ 1,495,000	
Repay District Down Payment	5,000	
Improvements to Ski Area	445,123	1,950,000 ^{1,945,123} <i>MSJ</i>
Incidental Expenses		123,520
Accrued Interest		<u>2,462</u>
		<u>\$ 5,426,962</u>

Part 6. The Bonds

6.01 The Bonds. The Bonds shall be serial in nature, of an issue designated Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement), in the total aggregate principal amount of \$5,710,000, of the denomination of \$5,000 each, shall be numbered consecutively from the earliest to the latest maturity, shall be dated August 1, 1976, and shall mature on August 1 in the following amounts and in the following years:

<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>
\$105,000	1977	\$230,000	1989
110,000	1978	250,000	1990
120,000	1979	270,000	1991
125,000	1980	295,000	1992
135,000	1981	315,000	1993
140,000	1982	340,000	1994
150,000	1983	370,000	1995
165,000	1984	400,000	1996
175,000	1985	435,000	1997
185,000	1986	470,000	1998
200,000	1987	510,000	1999
215,000	1988		

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

6.03 Place and Manner of Payment. The Bonds and interest thereon shall be payable in lawful money of the United States of America at the Head Office of the Nevada National Bank, Reno, Nevada, which is hereby designated as the Fiscal Agent and the Paying Agent, or, at the option of the holder, at any paying agency of the District in San Francisco or Los Angeles, California; Chicago, Illinois; or New York, New York.

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

6.05 Negotiable Instruments. The Bonds are negotiable instruments and title thereto, unless registered, shall pass by physical delivery thereof. The holders of the Bonds shall have all of the rights possessed by holders of negotiable instruments payable to bearer.

6.06 Equal Parity. All of the Bonds shall be equally and ratably secured without preference or priority by reason of number, date, date of sale, execution or delivery of any of the Bonds by a first and prior lien upon the Net Revenues in accordance with this Resolution.

6.07 Interest. The Bonds bear interest from their date to their respective dates of maturity payable on February 1 and August 1 of each year commencing on February 1, 1977, upon presentation and surrender of the coupons evidencing such interest at the rates per annum of: 5.50% for Bonds maturing in 1977, 5.75% for Bonds maturing in 1978, 6.00% for Bonds maturing in 1979, 6.25% for Bonds maturing in 1980, 6.50% for Bonds maturing in 1981, 6.75% for Bonds maturing in 1982, 7.00% for Bonds maturing in 1983, 7.15% for Bonds maturing in 1984, 7.30% for Bonds maturing in 1985, 7.45% for Bonds maturing in 1986, 7.60% for Bonds maturing in 1987, 7.75% for Bonds maturing in 1988, 7.90% for Bonds maturing in 1989, 8.00% for Bonds maturing in 1990 and 1991, 8.10% for Bonds maturing in 1992 and 1993, 8.20% for Bonds maturing in 1994 and 1995, 8.25% for Bonds maturing in the years 1996 through 1999, inclusive.

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

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

6.10 Execution. The Bonds shall be executed in the name of the District, shall be signed by the President and the Treasurer

and shall be attested by the Secretary and shall be authenticated by the seal of the District affixed thereto. Any coupons shall be signed by the Treasurer.

6.11 Facsimile Signatures. The Bonds, including without limitation any certificates endorsed thereon, may be executed with facsimile signatures and seals as provided in the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351 of NRS. Facsimile signatures shall be used on the coupons.

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

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

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

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

Part 7. Callable Bonds and Procedure

7.01 Callable Bonds. Bonds maturing by their terms on or before August 1, 1981, shall not be subject to call prior to their fixed maturity date. Bonds maturing on or after August 1, 1982, shall, by their terms, be subject to call and redemption, at the option of the District, as a whole or in part, in inverse numerical order, on August 1, 1981 (but not prior thereto), or on any interest payment date thereafter and prior to their maturity date or dates at the principal amount thereof and accrued interest to the date of redemption, plus a redemption premium equal to one-quarter of one percent ($1/4$ of 1%) of such principal amount for each whole twelve (12) months, and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the respective maturity date of the Bond or Bonds called; provided, however, that in no event shall the premium paid on prior redemption of any Bond exceed two and one-half percent ($2-1/2\%$) of said principal amount; and, provided further, that no premium shall be paid on prior redemption of any Bond called on or after August 1, 1986.

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

7.03 Notice of Redemption. At least thirty (30) days and not more than sixty (60) days prior to the day of call of any Bonds, notice of redemption shall be published once by the Treasurer in a financial paper published in San Francisco or New York, and such notice shall be mailed by registered mail to the last known holder or holders of any bearer Bonds so called, and to the registered owner or owners of registered Bonds. No interest shall accrue on said Bonds called for redemption or on any interest coupons thereon after the redemption date specified in said notice.

7.04 Form of Notice. The notice of redemption shall:

(a) State the redemption date.

(b) State the redemption price.

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

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

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

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

7.05 Receipt of Notice Unnecessary. The actual receipt by the holder of any Bond of notice of such redemption shall not be

a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

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

7.07 Redemption Fund. When the Board determines to call and redeem any of the Bonds, the Treasurer shall establish with the Fiscal Agent a fund to be described and known as the Incline Village General Improvement District Special Obligation Bonds of 1976 Bond Redemption Fund, or other designation conforming to banking requirements or good accounting practices, herein called "Redemption Fund." Prior to the publication of the notice of redemption, there must be set aside in said Redemption Fund moneys available for the purpose and sufficient to redeem, at the premiums payable as herein provided, the Bonds designated in such notice of redemption.

7.08 Use of Funds. The moneys set aside in the Redemption Fund shall be used solely for the purpose thereof and shall be applied on or after the redemption date to payment for the Bonds to be redeemed upon presentation and surrender of such Bonds and shall be used solely for that purpose.

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

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

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

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

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

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

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

Part 8. Registration

Article 1. Against Theft

8.01 Registration. Any Bond is subject to registration either as to principal and interest or as to principal only upon written request of the Bondholder and presentation of the Bond to the Fiscal Agent.

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

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

8.04 Transfer. A registered Bond may only be transferred by the registered owner in writing, in person, or by attorney duly

authorized, on presentation of the Bond to the Fiscal Agent and by his endorsing thereon and in his record the fact of the transfer.

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

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

Article 2. Against Delinquency

8.07 General. Bonds may be registered in the event of delinquency.

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

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

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

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

Part 9. The Revenues

9.01 Uniform Charges. The District has by resolution established, may from time to time revise, and shall maintain and collect, Recreation Charges to the persons using the Facilities and to properties within the District, which Charges shall be uniform as to all persons or properties which are of the same class, which Charges shall be of the nature and collected in the manner provided in this Part.

9.02 Service Charges. The Board has established Service Charges for the furnishing of the services and Facilities of the Project and the operation thereof by the District, which shall be collected from the users thereof.

9.03 Availability of Use Charges. The Board has established Availability of Use Charges to residential and hotel-motel properties within the District for the availability of use of the services and Facilities of the Project.

9.04 Minimum Charges. In the Service Charges so established, the Board may establish minimum Charges for said purpose.

9.05 In Lieu Service Charges. In determining the amounts of Availability of Use Charges, the Board may fix them at amounts sufficient so that no Service Charges shall be required for the services of one or more of the Facilities.

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

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

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

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

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

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

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

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

9.11 Perpetual Lien. Until paid, all Availability of Use Charges shall constitute a perpetual lien on and against the property served.

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

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

9.14 Election to Collect on Tax Roll. The Board, by resolution, elected to have the Availability of Use Charges collected on the tax roll in the same manner, by the same persons and at the same time as, together with and not separately from, its general taxes. The Board covenants to continue such election so long as Bonds shall be outstanding and the Board shall be authorized by law to so make such election.

9.15 Id - Written Report. In such event, it shall cause a written report to be prepared and filed with the Secretary, which shall contain a description of each parcel of real property receiving such services and Facilities and the amount of such Charge for each parcel for such year, computed in conformity with the Availability of Use Charges prescribed by Resolution No. 419, adopted October 5, 1967, as last amended by Resolution No. 1261, adopted July 13, 1976.

9.16 Id - Alternative Procedure. The powers authorized by Section 9.14 of this Resolution shall be alternative to other procedures which may be adopted by the Board for the collection of such Charges.

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

9.18 Id - Election as to Delinquent Property Only. The Board may hereafter make the election specified in Section 9.14 with respect only to delinquent Charges and may do so by preparing and filing the written report, giving notice and holding the hearing therein required only as to such delinquencies.

9.19 Id - Publication of Notice. The Secretary shall cause notice of the filing of the report and of a time and place of hearing thereon to be published once a week for two (2) weeks prior to the

date set for hearing, in a newspaper of general circulation printed and published within the District, if there is one, and, if not, then in a newspaper printed and published in the County of Washoe, Nevada.

9.20 Id - Mailed Notice of Hearing. Before the Board had such Charges first collected on the tax roll, the Secretary caused a notice in writing of the filing of the report proposing to have such charges for the forthcoming Fiscal Year collected on the tax roll and of the time and place of hearing thereon, to be mailed to each person to whom any parcel or parcels of real property described in the report is assessed in the last equalized assessment roll available on the date the report is prepared, at the address shown on the assessment roll or as known to the Secretary.

9.21 Id - Notice After First Year. Since the Board has heretofore adopted the report, the requirements for notice in writing do not apply to hearings on reports prepared in subsequent Fiscal Years but notice by publication is by law adequate.

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

9.23 Id - Protests. If the Board finds that protest is made by the owners of a majority of separate parcels of property described in the report, then the report shall not be adopted and the Charges shall be collected separately from the tax roll and shall not constitute a lien against any parcel or parcels of land under Sections 9.14, et seq., of this Part, but shall continue to be subject to the lien provided in Section 9.11 and shall be and remain subject to all of the other methods of collection and remedies provided in this Part.

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

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

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

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

9.28 Id - Lien Same Time as Taxes. The amount of the Charges shall constitute a lien against the lot or parcel of land against

which the Charge has been imposed as of the time when the lien of taxes on the roll attach.

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

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

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

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

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

9.34 Pledge of Revenues. All of the Gross Revenues are pledged, as a prior first charge and lien thereon, and shall be used and applied in the order of priority provided in this Resolution.

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

9.36 Priority Over Other Claims. The lien of such pledge and the obligation to perform the contractual provisions made in

this Resolution or other instrument appertaining hereto shall have priority over any or all other obligations and liabilities of the District.

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

9.38 Ratio of Net Revenues. The Board shall establish, revise, maintain and collect Recreation Charges sufficient, with other revenues received, after taking into consideration anticipated delinquencies, to provide Net Revenues equal to 1.30 times the sum of the combined aggregate amount of the principal of and interest on the Bonds which shall become due for each next succeeding Fiscal Year.

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

9.40 No Transfer of Funds. None of the Revenues shall be transferred from the Revenue Fund to any other utility or other fund heretofore or hereafter created, provided that surplus funds may be used for the purposes in Section 12.05 of Part 12 provided.

9.41 Trust Funds. The Revenues shall constitute trust funds for the operation and maintenance of the Project, to pay the principal of and interest on the Bonds, and to provide for their security and protection.

Part 10. Additional Bonds or Other Obligations

10.01 Limitations Upon Issuance of Parity Obligations. Nothing in this Resolution contained shall be construed in such a manner as to prevent the issuance by the District of additional bonds or other additional obligations payable from the Pledged Revenues of the Project and constituting a lien upon the Pledged Revenues on a parity with, but not prior nor superior to, the lien of the Bonds herein authorized; provided, however, that before any such additional parity bonds or other additional parity obligations are authorized or actually issued:

(a) The District is not, and has not been, in default as to any payments required by the provisions of this Resolution for a period of not less than twelve (12) months immediately preceding the issuance of such additional parity bonds or other additional parity obligations;

(b) The Pledged Revenues of the Project for the Fiscal Year immediately preceding the year of the issuance of such additional parity obligations shall have been sufficient to pay the Operation and Maintenance expenses of the Project for said Fiscal Year, and, in addition, sufficient so that the Net Revenues for such preceding Fiscal Year equal an amount representing 1.30 times the average annual principal and interest requirements of the outstanding Bonds and any other obligations of the District payable

from the Pledged Revenues of the Project plus the average annual principal and interest requirements of the Bonds or other obligations proposed to be issued.

(c) A written certification by an Independent Certified Public Accountant that the 1.30 times Net Revenues requirement of Part 10.01 (b) has been satisfied and shall be obtained and shall be conclusively presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver said additional bonds or other additional obligations on a parity with the Bonds.

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

Part 11. The Capital Improvement Fund

11.01 Capital Improvement Fund. There is hereby created and shall be maintained by the Treasurer a fund and bank account in the Nevada National Bank, Head Office, Reno, Nevada, separate and distinct from all other funds of the District, to be known as the Incline Village General Improvement District Capital Improvement Fund, or other designation conforming to banking requirements or good accounting practices, herein called "Capital Improvement Fund," into which shall be deposited all of the proceeds of the sale of the Bonds, including any premiums and accrued interest thereon.

11.02 Application of Bond Proceeds. The bond proceeds deposited in the Capital Improvement Fund shall be used and expended in accordance with the application of bond proceeds described in Part 5 of this Resolution and as follows:

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

(b) Refunding and Acquisition Costs. The costs of refunding the outstanding Revenue Bonds of 1968 and the costs of acquiring lands and Facilities for the Project shall be paid in accordance with the provisions of Part 5 of this Resolution;

(c) Improvement Costs. The costs of improvements to the Project under contracts for construction work shall be paid to persons entitled thereto, on certificates of the District Engineer as to the work completed substantially in accordance with the plans and specifications adopted or to be adopted by the Board therefor and as said certificates are approved by it;

(d) Incidental Expenses. The incidental expenses of the Project, including engineering, inspection, legal, accounting and Fiscal and Paying Agents' fees and the costs of authorizing and issuing the Bonds as approved by the Board shall be paid to those persons entitled thereto or the appropriate District fund reimbursed therefor;

(e) Surplus. Any unexpended balance in the Capital Improvement Fund, after all purposes now or hereafter provided therefor have been accomplished, shall be transferred to the Bond Fund.

11.03 Investment of Surplus. All surplus of said funds shall be deposited in time or other interest earning deposits, for the benefit of said Fund.

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

Part 12. The Revenue Fund

12.01 Revenue Fund. There is hereby created and shall be maintained by the Treasurer, a fund and bank account in the Nevada

National Bank, Head Office, Reno, Nevada, separate and distinct from all other funds of the District, to be known as the Incline Village General Improvement District Recreational Facilities Revenue Fund, or other designation conforming to banking requirements or good accounting practices, herein called "Revenue Fund," into which the Gross Revenues shall be deposited forthwith upon their receipt. The Treasurer may, however, have Revenue Fund bank accounts (subject to the further provisions relating to bank accounts) in other banks for purposes of convenience, provided that all such accounts shall be accounted for and be the Reserve Fund. In addition, all moneys and assets now accounted for in the Beach Recreation Revenue Fund created pursuant to said Resolution No. 420, as amended, shall be deposited forthwith in and become a part of the Revenue Fund.

12.02 District Funds. The District shall annually budget and transfer to the Revenue Fund a fair and reasonable sum from its General Fund or other available moneys for services rendered by the Project to the District.

12.03 Additional Contributions. No provision of this Resolution or other instrument appertaining hereto shall be deemed to limit or restrict the power of the Board, annually or at other convenient times, to make other contributions from available funds to the Revenue Fund or to any other fund created and maintained pursuant hereto.

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

- (a) The costs of Operation and Maintenance of the Project;
- (b) The principal of and interest on the Bonds by payments to the Bond Fund;
- (c) To maintain the Debt Service Reserve Fund; and
- (d) To administer surplus funds.

12.05 Surplus Funds. Funds remaining in the Revenue Fund, after having applied or designated funds for the purposes provided in Section 12.04 of this Part, shall constitute surplus funds and may be used for any of the following purposes in the following order of priority:

- (a) To pay the cost of unusual or extraordinary maintenance of or repair to the Project;
- (b) To pay the principal of and interest on any subordinate lien obligations which may have been issued to provide additional recreational facilities in or for the District;
- (c) To improve, extend, enlarge or replace any recreational facilities in or for the District;
- (d) To acquire or construct additional recreational facilities in or for the District;
- (e) To pay the principal, interest, premiums and costs of any Bonds called or purchased prior to their fixed dates of maturity, which shall have been issued to provide recreational facilities in or for the District;
- (f) For any other lawful purpose.

12.06 Revenue Fund a Trust Fund. The moneys in the Revenue Fund shall constitute a trust fund for the objects and purposes stated herein, and said moneys shall not be used for any other purpose during the time that any of the Bonds and the interest thereon are outstanding and unpaid.

Part 13. The Bond Fund

13.01 Bond Fund. The Fiscal Agent shall create and maintain a fund to be known as the Incline Village General Improvement District Special Obligation Bonds of 1976 Bond Fund, or other designation conforming to banking requirements and good accounting practices, herein called "Bond Fund," into which it shall deposit the following described Revenues received from the Treasurer.

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

(a) One month prior to the due date, the amount necessary to pay the next maturing installment of interest on the Bonds;

(b) One month prior to the due date, the amount necessary to pay the next maturing installment of principal of the Bonds.

13.03 Early Transfers. Amounts required to be set aside, transferred to and placed in the Bond Fund may be prepaid in whole or in part by being earlier set aside, transferred to and placed in the Bond Fund, and in that event, the transfer which has been so prepaid need not be made at the time appointed therefor.

13.04 Minimum Transfer Time. In any event, at least five (5) days prior to the due date of any maturity or installment of principal of or interest on the Bonds, all sums required for the payment thereof must be in the Bond Fund.

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

13.06 Retransfer of Balance. After full payment of the Bonds and the interest thereon, any balance in the Bond Fund shall be returned to the Revenue Fund.

Part 14. The Debt Service Reserve Fund

14.01 Debt Service Reserve Fund. The Fiscal Agent shall create and maintain a fund to be known as the Incline Village General Improvement District Special Obligation Bonds of 1976 Debt Service Reserve Fund, or other designation conforming to banking requirements and good accounting practices, herein called "Debt Service Reserve Fund," in the amount of not less than \$400,000 subject to reduction in amount as in Section 14.04 of this Part provided.

14.02 Deposit of District Funds. The Fiscal Agent shall deposit in the Debt Service Reserve Fund the sum of \$400,000 to be paid to it by the Treasurer from available District funds.

14.03 Application of Debt Service Reserve Fund. Moneys in the Debt Service Reserve Fund shall be drawn by the Fiscal Agent and used:

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

(b) If the Debt Service Reserve Fund is not terminated prior thereto, then to pay the principal of and interest on the last maturing Bonds.

14.04 Reduction of Debt Service Reserve Fund Amount. Moneys shall be released from the Debt Service Reserve Fund in \$100,000 increments which shall be paid over to the District by the Fiscal Agent upon presentation of evidence to the Fiscal Agent that the Net Revenues for the preceding Fiscal Year were equal to 1.60 times the combined amount of principal and interest due on the Bonds in the then current Fiscal Year. The Net Revenues for the preceding Fiscal Year shall be conclusively established for purposes of such evidence to the Fiscal Agent by the determination and certification of the Independent Certified Public Accountant that prepares and certifies the District's Annual Audit for such preceding Fiscal Year, all as provided in Section 19.13(g) of this Resolution.

14.05 Limitation on Reduction. The Debt Service Reserve Fund may be reduced only at the rate of \$100,000 in any one Fiscal Year, provided that upon any such reduction the obligation of the Fiscal Agent and of the District to maintain the amount of the Debt Service Reserve Fund shall be reduced accordingly.

14.06 Termination of Debt Service Reserve Fund. Upon release of four increments of \$100,000 from the Debt Service Reserve Fund, the obligation of the Fiscal Agent and of the District to maintain the Debt Service Reserve Fund shall terminate for all purposes of the Bonds and this Resolution. Any funds then remaining in the Debt Service Reserve Fund shall be paid over to the District.

14.07 Shortage in Fund. If at any time the amount in the Debt Service Reserve Fund is less than required by the provisions of this Resolution, the Treasurer shall make up the deficiency by paying to the Fiscal Agent all funds in the Revenue Fund over and above the following amounts:

(a) Moneys required for the current Operation and Maintenance of the Project;

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

(c) Failure of the District to replace such deficiency in full within a period of one year from the date such deficiency occurred shall constitute an event of default for all purposes of the Bonds and this Resolution.

Part 15. Investment of Surplus Funds

15.01 Deposits and Investments. The Board, subject to any contractual limitations imposed upon the District by this Resolution may cause to be invested and reinvested any proceeds of Pledged Revenues, including moneys held by the Fiscal Agent, and any proceeds of the Bonds in federal securities and other securities of the Federal Government and may cause such proceeds of Revenues,

Bonds, federal securities and other securities of the Federal Government to be deposited in any trust bank or trust banks within or without or both within and without the State and secured in such manner and subject to such terms and conditions as herein provided, with or without the payment of any interest on such deposit, including without limitation time deposits evidenced by certificates of deposit.

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

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

15.04 Use of Gain. Any gain from any such investments or reinvestments shall be credited to the fund or account from which it was invested.

Part 16. Bank Depositaries and Withdrawals

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

16.02 Security and Procedure for Deposit. NRS Chapter 356, Sections 010 through 110, relating to the deposit of State Funds, the amount and nature of the security and the procedure for the deposit of funds pursuant hereto in Nevada banks, shall apply.

16.03 Changing Banks. The designation herein of any bank as depositary shall not be exclusive. Such funds may be deposited in another bank or withdrawn and deposited in another bank.

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

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

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

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

Part 17. Fiscal Agent and Paying Agent

17.01 Appointment of Fiscal Agent. The District hereby appoints Nevada National Bank, Head Office, Reno, Nevada, an institution authorized by law to receive deposits of funds of the District, as Fiscal Agent for all purposes of this Resolution.

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

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

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

17.05 Appointment of Paying Agent. The District hereby appoints Nevada National Bank, Head Office, Reno, Nevada, as Paying Agent to pay the principal and interest of the Bonds, the Paying Agent's fees for such services as Paying Agent to be mutually agreed upon in writing prior to the delivery of the Bonds to the purchaser thereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17.20 Compensation. The Fiscal Agent and any Paying Agent appointed by the District hereunder shall be entitled to reasonable compensation (on a basis to be agreed upon with the District) for all services rendered hereunder and also all reasonable expenses, charges, counsel fees and other disbursements and those of their attorneys, agents, engineers or other technical advisers and employees incurred in the performance of their powers and duties hereunder, and the expenses of the Fiscal Agent under this Section shall include the compensation and expense of any independent certified public accountant, independent engineer or other expert and, to the extent that funds may not be available from other sources, the cost of preparation of the audits provided for in Section 17.03 hereof, and to the extent now or hereafter permitted by law, reimbursement for its reasonable compensation and expenses in connection with any action taken by it hereunder to protect the interests of the holders of the Bonds in its capacity as trustee or attorney in fact as provided herein, or moneys advanced for the

reasonable compensation and expenses of any other person who may be such trustee or attorney in fact as provided.

17.21 Indemnity. The Fiscal Agent, before taking any action referred to in Section 17.02 of this Part, may in its discretion from time to time require from the Bondholders indemnity satisfactory to it against its expenses and liabilities in connection with such action.

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

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

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

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

17.26 Effective Date of Successor. Such appointment shall be effective upon and shall be evidenced by the filing with such new Fiscal Agent of an instrument in writing signed on behalf of

the District and by an instrument or concurrent instruments in writing signed by such Bondholders or their duly authorized attorneys, notification thereof being given to the predecessor Fiscal Agent; provided, nevertheless, that, if pending the appointment of a new Fiscal Agent under Section 17.25 of this Part, there would be a vacancy in the office of the Fiscal Agent, the Board, without the consent of the Bondholders, by a duly executed written instrument, shall appoint a Fiscal Agent to fill such vacancy until a new Fiscal Agent shall be appointed as herein provided.

17.27 Notice of Successor. The District shall publish notice of any appointment made by it without the consent of the Bondholders, once a week for two (2) consecutive calendar weeks, in one or more financial newspapers published in San Francisco or New York, the first publication to be made within ten (10) days after such appointment. Any new Fiscal Agent so appointed by the District without the consent of the Bondholders shall, immediately and without further act, be superseded by the new Fiscal Agent appointed by the District with the consent of the Bondholders as herein provided or by a court as hereinafter provided.

17.28 Appointment by Court. If no appointment of a successor Fiscal Agent shall have been made by the Board, with the consent of the Bondholders, under Section 17.25 of this Part, upon the expiration of one hundred twenty (120) days after any event shall have occurred which required the appointment of a successor Fiscal Agent by the Board with the consent of the Bondholders, as herein provided, the then Fiscal Agent shall, and the Board or the holder of any outstanding Bond may, apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, prescribe and appoint a successor Fiscal Agent.

17.29 Qualification of Successor. Any Fiscal Agent appointed under the provisions of this Part in succession to the then Fiscal Agent shall be a bank or trust company organized under the laws of the State or a national banking association, doing business in the State, in either case having capital and surplus aggregating at least \$10,000,000 and authorized by law to fully perform all the duties and obligations imposed on it by this Resolution, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms; otherwise some other bank or trust company or national banking association, having an office in the State and otherwise similarly qualified as herein provided, shall be appointed.

17.30 Documents of Succession. Any successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor Fiscal Agent, and also to the District, an instrument accepting such appointment, and thereupon such successor Fiscal Agent, without any further act, deed or covenant shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor with like effect as if originally named as Fiscal Agent herein; but the Fiscal Agent ceasing to act shall nevertheless, upon the written request of the District or of the successor Fiscal Agent, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required to more fully and certainly vest in and confirm to such successor Fiscal Agent all the right, title and interest of the Fiscal Agent in and

to any property held by it, and shall pay over, assign and deliver to the successor Fiscal Agent any money or other property subject to the trusts and conditions herein set forth. Should any resolution, deed, conveyance or instrument in writing from the District be required by the new Fiscal Agent for more fully and certainly vesting in and confirming to such new Fiscal Agent any such estates, rights, powers and duties, any and all such resolutions, deeds, conveyances and instruments in writing shall upon request, so far as may be authorized by law, be adopted, executed, acknowledged and delivered by the District.

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

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

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

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

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

17.36 Action by Trustee. Upon any default or other occasion giving rise to a right in such trustee to represent the Bondholders,

such trustee may take such action on behalf of the Bondholders as may seem appropriate to it and, upon the request in writing of the holders or registered owners of twenty percent (20%) in principal amount of all the Bonds then outstanding, which request shall specify such default or occasion and the action to be taken by the trustee, and upon being furnished with indemnity satisfactory to it, such trustee shall take such action on behalf of the Bondholders as may have been so requested.

17.37 When Bondholders Sue. Except as in this Part expressly provided, no holder or registered owner of any Bond or of any interest coupon appertaining to any coupon Bond shall have any right by virtue or by availing of any provision of this Resolution or provisions of applicable law, to institute any suit, action or proceeding, at law or in equity, for the appointment of any trustee in bankruptcy, receiver, liquidator or custodian of the Revenues and other funds pledged or held hereunder, unless such holder or registered owner shall previously have given to the trustee written notice of an existing default, and unless, also, there shall have been tendered to the trustee security and indemnity satisfactory to it against all costs, expenses and liabilities which might be incurred in or by reason of such action, suit or proceeding, and unless, also, the holders or registered owners of twenty percent (20%) in aggregate principal amount of all the Bonds then outstanding shall have requested the trustee in writing to take action with respect to such default and the trustee shall have declined to take such action or failed so to do within thirty (30) days thereafter; it being intended that no one or more such holders or registered owners of such Bonds or interest coupons shall have any right in any manner to institute or prosecute any action, suit or proceeding for the appointment of a trustee in bankruptcy, receiver, liquidator or custodian of the Revenues and other funds pledged or held hereunder, except in the manner herein provided, and for the equal, proportionate benefit of all holders and registered owners of all outstanding Bonds and interest coupons; provided, that nothing contained in this Resolution or in the Bonds shall affect or impair the right of action, which is absolute and unconditional, of the holders or registered owners of the Bonds to otherwise enforce payment thereof by virtue of the contract embodied in the Bonds and in this Resolution, and in the Constitution and laws of the State, or to enforce any of the covenants or provisions in the Bonds, this Resolution, and in the Constitution and laws of the State, except as hereinabove provided with respect to suits, actions or proceedings for the appointment of any trustee in bankruptcy, receiver, liquidator or custodian of the Revenues and other funds pledged or held hereunder.

17.38 Fiscal Agent Constituted Attorney in Fact for Bondholders. The Fiscal Agent is hereby appointed (and the successive respective holders and registered owners of the Bonds and interest coupons, by taking and holding the same, shall be conclusively deemed to have so appointed the Fiscal Agent) the true and lawful attorney in fact of the respective holders and registered owners of all Bonds and interest coupons, with authority to make or file, irrespective of whether the Bonds or any of them are in default as to payment of principal or interest, in the respective names of the holders and registered owners of the Bonds or interest coupons, or on behalf of all holders and registered owners of the Bonds, or of interest coupons pertaining to the Bonds, as a class or classes, any proof of debt, amendment of proof of debt, petition or other

document, to receive payment of any sum or sums becoming distributable on account thereof, and to execute any and all other papers and documents and to do and perform any and all acts and things for and on behalf of the respective holders and registered owners as a class or classes, as may be necessary or advisable in the opinion of such attorney in fact in order to have the respective claims of such holders or registered owners of Bonds or interest coupons allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings to which the District may at any time be a party, and to receive payment of or on account of such claims; and each and every receiver, assignee or trustee in bankruptcy is hereby authorized by each of the respective holders and registered owners of the Bonds and the interest coupons to make such payments to such attorney in fact, and, in the event that such attorney in fact shall consent to the making of such payments directly to such holders or registered owners, to pay to such attorney in fact any amount which may be due to it for compensation and expenses, including counsel fees, incurred by it up to the date of such distribution.

17.39 Appointment of Substitute Trustee for Bondholders.

By written consent or affirmative vote of a meeting of Bondholders in the manner specified in Part 18 of this Resolution (except that the consent of the holders of only a majority in principal amount of all of the Bonds, excluding any Bonds held by or for the account of the District, need be obtained) all the rights, powers and duties hereby or intended to be given to the Fiscal Agent may be vested in another banking or trust company, or in any other corporation, company, association, committee, individual or individuals, regardless of their place of doing business or residence, without, however, thereby altering or affecting any right, power or duty of the Fiscal Agent under any other provision of this Resolution.

17.40 District's Duties When No Fiscal Agent is Acting.

If for any reason and at any time there should not be a Fiscal Agent acting hereunder, or to the extent that the Fiscal Agent should not be able to fully discharge all duties herein imposed upon it, the District covenants that it will administer or cause to be administered all Revenues, funds and moneys herein referred to in the same manner as it is herein required that such Revenues, funds and moneys shall or may be administered by the Fiscal Agent as an independent trustee, and the District will discharge or cause to be discharged the duties herein imposed upon the Fiscal Agent in the same manner as it is herein required that such duties shall be discharged by the Fiscal Agent, until such time as a successor Fiscal Agent shall lawfully be appointed or the Fiscal Agent be fully able to discharge such duties.

Part 18. Modifications

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

18.02 Consent Binding. Any amendment, alteration or modification which shall have received the consent of the holders of the percentage of said outstanding Bonds as provided in Section 18.01 of this Part shall be binding on the holders of all of the Bonds and coupons appertaining thereto, either attached to or detached from the Bonds. If any alteration, amendment or modification shall affect less than all outstanding Bonds of this issue, then the provisions of Section 18.01 of this Part shall apply only to the Bonds affected by the amendment, alteration or modification.

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

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

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

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

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

18.08 Certificate of Deposit. A holder of bearer Bonds may deposit his Bonds with a bank, trust company, investment banker, bond dealer or broker within or without the State, and obtain from the depository a certificate of deposit which shall constitute proof of ownership and entitle the depositor named therein to vote upon filing it with the Treasurer who shall add it to the list of owners. The Treasurer may designate a depository where the Bonds may be deposited, which shall be an agency for that purpose.

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

18.10 Attendance and Voting by Proxy. Attendance and voting by a Bondholder at the meeting may be by proxy. An owner of registered Bonds may, by an instrument in writing under his hand, appoint any person as his proxy to vote at the meeting for him, and that instrument when presented at the meeting shall be sufficient to entitle that person to vote as the proxy of the registered owner. Any person may vote as the proxy of the owner of a bearer Bond on presentation of the Bond or certificate of deposit thereof and an instrument in writing under the hand of the Bondholder appointing the person as his proxy to vote at the meeting for him, or if the instrument in writing has been delivered to the agency designated by the District at the time the Bond was delivered to the agency as provided in Section 18.08 of this Part and the person's name appears on the list delivered by the Treasurer to the chairman of the meeting, the certificate of deposit may verify him as the proxy of the owner of the bearer Bond.

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

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

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

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

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

18.16 Certificate of Notice Conclusive. The actual receipt by a Bondholder of the notice required to be given by Section 18.05 of this

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

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

Part 19. Covenants

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

19.02 Acquire Project. It will commence the acquisition, improvement and completion of the Project and continue the same with all practical dispatch and in a sound and economical manner.

19.03 Operate Project. It will operate the Project in an efficient and economical manner and prescribe, revise and collect such charges in connection therewith that the services, Facilities and properties of the Project may be furnished at the lowest possible cost consistent with sound economy and prudent management.

19.04 Good Repair. It will operate, maintain, preserve and keep the Project and every part thereof in good repair, working order and condition.

19.05 Preserve Security. It will preserve and protect the security of the Bonds and the rights of the holders thereof, and warrant and defend such rights against the claims and demands of all persons whomsoever.

19.06 Collect Revenues. It will collect and hold in trust the Revenues and other funds pledged to the payment of the Bonds and apply such Revenues or other funds only as provided by this Resolution.

19.07 Service Bonds. It will pay and cause to be paid punctually the principal of the Bonds and the interest thereon on the date or dates and at the place or places and in the manner mentioned in the Bonds and in the coupons thereto appertaining and in accordance with this Resolution.

19.08 Pay Claims. It will pay and discharge any and all lawful claims for labor, materials and supplies which, if unpaid,

might by law become a lien or charge upon the Revenues of the Project, or any part of said Revenues, or any funds in the hands of the Treasurer prior or superior to the lien of the Bonds or which might impair the security of the Bonds, to the end that the priority and security of the Bonds shall be fully preserved and protected.

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

19.10 Insurance. It will procure and keep in force insurance upon all buildings and structures of the Project and the machinery and equipment therein, which are usually insured by entities operating like property, in good and responsible insurance companies. The amount of the insurance shall be such as may be required to adequately protect it from loss due to any casualty, and in the event of any such loss, the proceeds shall be used to repair or restore the Project or for the payment of the Bonds issued under this Resolution. In addition, it will procure and keep in force public liability (bodily injury and property damage) insurance (if available in the open market from reputable companies) with limits of not less than \$100,000 for one person and \$300,000 for more than one person involved in one accident, with excess liability coverage of \$5,000,000, and property damage coverage with limits of not less than \$100,000, as shall protect the District from claims for damages because of bodily injury, including accidental death and from claims for property damages, which may arise from operation of the Project.

19.11 Fidelity Bonds. It will procure suitable fidelity bonds covering all of its officers and other employees charged with the operation of the Project and the collection and disbursement of Revenues therefrom.

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

19.13 Audit and Report. It will employ a certified public accountant who shall prepare in conjunction with the annual audit requirements of NRS 354.624 and file with the purchaser of the Bonds, with the Fiscal Agent and with the Treasurer, annually within seven (7) months after the close of each Fiscal Year, an annual audit for the preceding Fiscal Year which shall include, as to accounts maintained by the Treasurer:

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

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

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

(d) Rate Schedules. The schedules of the rates and charges prescribed by the Recreational Facilities Rate Resolution, as from time to time amended and supplemented;

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

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

(g) Net Revenue Certification. A determination and certification of the total Net Revenues collected by the District in the preceding Fiscal Year and the factor by which such Net Revenues did or did not exceed the combined amount of principal of and interest on the Bonds due in the then current Fiscal Year;

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

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

19.14 Sale of Project or Facilities. The District may at any time and from time to time sell, as otherwise authorized by law, the property of the Project or Facilities, or a portion or portions thereof, subject to the following covenants:

(a) If the value of the property to be sold, together with a cumulative value of all properties theretofore sold pursuant to this Section 19.14, shall be less than 15% of the original principal amount of the Bonds, then the property may be sold upon:

(1) Deposit with the Fiscal Agent of a certification by an Independent Certified Public Accountant that the sale of the property will not significantly impair the Recreation Charge earnings attributable to one or more of the following:

(i) The Incline Village Championship Golf Course, the Incline Village Executive Golf Course, Ski Incline, Burnt Cedar Beach and Incline Beach;

(2) Deposit with the Fiscal Agent of a written appraisal of the property to be sold prepared by an MAI Appraiser; and

(3) Deposit of the proceeds of sale in the Revenue Fund established in Part 12 of this Resolution; and

(b) If the value of the property to be sold, together with the cumulative value of all properties theretofore sold, shall equal or be in excess of 15% of the original principal amount of the Bonds, then the property may be sold upon:

(1) Deposit with the Fiscal Agent of a certification by an Independent Certified Public Accountant that the sale of the property will not significantly impair the Recreation Charge earnings attributable to the Facilities described in subsection (a)(1) or, in the alternative, certification by an Independent Certified Public Accountant that the proceeds of sale of property will be more than adequate to protect the Bondholders against any impairment in such Recreation Charge earnings;

(2) Deposit with the Fiscal Agent of a written appraisal of the property prepared by an MAI Appraiser;

(3) Deposit of the proceeds in the Bond Fund to be used to call Bonds prior to maturity, if such Bonds are then callable, and if such Bonds are not then callable, then to be deposited in an escrow in the manner provided herein for refunding in advance, until such Bonds are so callable and shall be so called prior to maturity; and

(4) Deposit with the Fiscal Agent of an opinion of nationally recognized bond counsel that the proposed transaction will not affect the tax-free status of the interest payable on any of the Bonds then outstanding for federal income tax purposes.

Part 20. Events of Default and Procedure

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

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

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

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

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

20.06 Acceleration. Upon the happening of an event of default, the holders of not less than sixty-six and two-thirds

percent (66-2/3%) in aggregate principal amount of the Bonds at the time outstanding shall be entitled, upon notice in writing to the District, to declare the principal of all of the Bonds then outstanding and the interest accrued thereon to be due and payable immediately, and upon such declaration the same shall become and shall be immediately due and payable.

20.07 Application of Bonds. All or any Gross Revenues pledged to the payment and security of the Bonds, including all sums in all of the funds provided therefor upon the date of the happening of an event of default, and all sums thereafter received by the District shall be applied by it, upon presentation of the several Bonds and coupons, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid, in the order provided in Sections 20.08 through 20.11 of this Part.

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

20.09 Interest on Undue Bonds. In case the principal of the Bonds shall not have become due and shall not then be due and payable, said moneys shall be applied to the payment of the interest in default, first, in the order of registration under Article 2 of Part 8 of this Resolution, and then in the order of maturity of the installments of the interest.

20.10 Principal and Interest on Due Bonds. In case the principal of the Bonds shall have become and shall be then due and payable, said moneys shall be applied to the payment of the principal and interest of the Bonds, first, in the order of registration under Article 2 of Part 8 of this Resolution, and then in the order of the maturity of the installments of principal and interest.

20.11 Insufficient Funds. In case the moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, under Sections 20.09 and 20.10 of this Part, then the moneys shall be applied to the payment, first, of interest, and then of principal, ratably to the aggregate of the interest or principal then due to the persons entitled thereto without discrimination or preference.

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

Part 21. Remedies of Bondholders

21.01 Bondholders' Remedies. Subject to any contractual limitations binding upon the holders of the Bonds, or trustee

therefor, including but not limited to the restriction of the exercise of any remedy to a specified proportion, percentage or number of such holders, as provided in Part 17 of this Resolution, and subject to any prior or superior rights of others, any holder of Bonds, or trustee therefor, shall have the right and power, for the equal benefit and protection of all holders similarly situated, as provided in this Part.

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

21.03 Accounting. By action or suit in equity, they may require the District to account as if it were the trustee of an express trust.

21.04 Receiver. By action or suit in equity, they may cause the appointment of a receiver, which receiver may enter and take possession of any Facilities and any Pledged Revenues for the payment of the Bonds, prescribe sufficient fees to be derived from the Facilities, and collect, receive and apply all Pledged Revenues or other moneys pledged for the payment of the Bonds in the same manner as the District itself might do in accordance with the obligations of the District, subject to the limitations provided in Part 17 of this Resolution.

21.05 Injunction. By action or suit in equity, they may enjoin any acts or things which may be unlawful or in violation of the rights of the holder of any Bonds and to bring suit thereupon.

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

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

21.08 Delays. The failure of a holder of Bonds or of coupons appertaining thereto so to proceed as herein provided or in

such proceedings shall not relieve the District, the Board or any of the officers, agents or employees of the District of any liability for failure to perform or carry out any duty, obligation or other commitment.

21.09 Waiver. No waiver of a default or breach of duty or contract by any Bondholder shall extend to or shall affect a subsequent default or breach of duty or contract or shall impair any rights or remedies arising therefrom.

21.10 Enforcement. Every substantive right and every remedy conferred upon the Bondholders may be enforced and exercised from time to time and as often as may be deemed expedient.

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

Part 22. Issuance of Refunding Bonds

22.01 General. Excepting as provided in Section 20.12 of this Resolution, any of the Bonds may be refunded by the adoption of a resolution or resolutions by the Board and by other proceedings appertaining thereto, authorizing the issuance of refunding bonds.

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

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

22.04 Id - Reduce Interest. Refunding bonds may be issued for the purpose of reducing interest costs or of effecting other economies.

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

22.06 Id - Combination. Refunding bonds may be issued for any combination of Sections 22.02, 22.03 and 22.04 of this Part.

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

to such prior redemption as set forth in this Resolution are strictly observed.

22.08 State-Held Bonds. Notwithstanding the provisions of Section 22.07 of this Part or of any other law, the State, acting by and through the State Board of Finance, may agree with the Board to exchange any outstanding Bonds issued by the District and held by the State, or any agency, corporation, department or other instrumentality of the State, for refunding bonds of the District or otherwise to surrender at such price and time and otherwise upon such conditions and other terms and in such manner as may be mutually agreeable, such outstanding Bonds to the Board for refunding, at any time prior to their respective maturities or to any date as of which the District has the right and option to call on its behalf such outstanding Bonds for prior redemption as expressly provided in the outstanding Bonds and this Resolution.

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

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

22.11 Exchange or Sale. Any bonds issued for refunding purposes may either be delivered in exchange for the outstanding Bonds being refunded or may be publicly or privately sold.

22.12 Id - Federal Securities. The refunding bonds, or any part thereof, except as limited by Section 22.01 of this Part, may be exchanged by the District for federal securities and other securities of the Federal Government which have been made available for escrow investment by any purchaser of refunding bonds, upon terms of exchange mutually agreed upon, and any such securities so received by the District shall be placed in escrow as provided in this Part.

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

22.14 Id - Refunding Bonds. No maturity of any Bond refunded may be extended over fifteen (15) years, or beyond one (1) year next following the date of the last outstanding maturity, whichever limitation is later.

22.15 Maximum Refunding Amount. The principal amount of the refunding bonds may exceed the principal amount of the refunded Bonds if the aggregate principal and interest costs of the refunding bonds do not exceed such unaccrued costs of the Bonds refunded,

except to the extent any interest on the Bonds refunded in arrears or about to become due is capitalized with the proceeds of the refunding bonds. Principal may also then be increased to that extent.

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

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

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

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

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

22.21 Id - Investment. Any proceeds in escrow or trust, pending such use, may be invested or reinvested in federal securities, and in other securities issued by the Federal Government.

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

22.23 Id - Id - Security. Any trust bank shall continuously secure any moneys placed in escrow or trust and not so invested or reinvested in federal securities and other securities issued by the Federal Government by a pledge in any trust bank or trust banks within or without or both within and without the State of federal securities in an amount at all times at least equal to

the total uninvested amount of such moneys accounted for in such escrow or trust.

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

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

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

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

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

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

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

22.31 Id - Issuance If Assumed. To the extent any obligation evidenced by the refunded Bonds has been assumed by a

successor municipality, the refunding bonds shall be authorized to be issued in the name of the successor municipality which shall re-evidence such assumed obligation and shall evidence the same character of obligation as evidenced by such obligation as assumed by the successor municipality, subject to the limitations and other provisions in Section 22.27 and 22.33 of this Part.

22.32 Resolution Applicable. Except as in Sections 22.03 to 22.31, inclusive, of this Part expressly provided or necessarily implied, the relevant provisions elsewhere herein appertaining generally to the issuance of Bonds to defray the cost of the Project shall be equally applicable in the authorization and issuance of refunding bonds, including their terms and security, the covenants and other provisions of this Resolution, or other instrument or proceedings appertaining hereto, and other aspects of the Bonds.

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

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

22.35 Determination Final. The determination of the Board that the limitations in this Part imposed upon the issuance of refunding bonds or upon the issuance of other bonds hereunder have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion regardless of whether this Resolution or the Bonds hereby authorized contain a recital as authorized by NRS 350.628 of the Securities Law.

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

Part 23. Miscellaneous

23.01 Mutilated or Defaced Bonds. When a Bond is mutilated or defaced, the Board shall issue a duplicate if all of the following conditions exist:

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

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

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

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

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

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

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

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

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

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

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

23.11 Lost or Destroyed Bonds. The Board may issue a new bond similar to an original to replace a lost or destroyed Bond if:

- (a) By competent proof it is made to appear to the Board that the Bond is lost or destroyed;
- (b) The holder gives security approved by the Board to indemnify the District against any loss incurred on account of the Bond; and
- (c) The holder pays all cost of the issuance of the new bond.

23.12 Id - Procedure. To the extent applicable the provisions of Sections 23.01 through 23.10, inclusive, of this Part, shall apply.

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

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

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

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

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

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

(c) That it is issued as a duplicate.

(d) That only one is to be paid.

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

23.18 Id - Commercial Code. The provisions relating to Investment Securities in the Uniform Commercial Code shall apply.

23.19 Destruction of Paid Bonds and Coupons. Upon the entry of the payment of any Bond or coupon in the bond register, and under any additional conditions as the Treasurer shall establish, the Treasurer or the Fiscal Agent may destroy or cremate any and all Bonds and coupons pertaining thereto which have been previously paid, canceled or replaced.

23.20 Securities Law. The Bonds are issued pursuant to the Local Government Securities Law, and shall be conclusive evidence of their validity and the regularity of their issuance.

23.21 Validity Not Dependent. The validity of the Bonds shall not be dependent on nor affected by the validity or regularity of any proceedings relating to the Project or the completion of any purpose for which the Bonds are issued.

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

23.23 Bonds Exempt from Taxes. The Bonds, their transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State of Nevada or any subdivision thereof.

23.24 Investment in Bonds. It is legal for any bank, trust company, banker, savings bank or institution, any building and loan association, savings and loan association, investment company and any other person carrying on a banking or investment business, any insurance company, insurance association, or any other person carrying on an insurance business, and any executor, administrator, curator, trustee or any other fiduciary, to invest funds or moneys in their custody in any of the Bonds.

23.25 Bond Register. The Secretary shall provide the District Treasurer and the Fiscal Agent with a bond register and other records and supplies suitable for recording the Bonds and the payment thereof.

23.26. Bond Delivery. The Secretary shall cause the Bonds to be printed, containing the rates of interest provided for herein, and to be delivered to Miller & Schroeder Municipals, Inc., the purchaser thereof. At the time of the delivery thereof, the President of the District shall receive from the bond purchaser an appropriate form of receipt for the Bonds (including the delivery of any temporary bond) and shall deliver a duly executed receipt for the Bond proceeds and a duly executed signature and no-litigation certificate.

23.27 Arbitrage. The District hereby covenants that the proceeds of sale of the Bonds shall not be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any of the Bonds to be an "arbitrage bond" as defined in subsection (d) (2) of Section 103 of the Internal Revenue Code of 1954 and on the basis of the facts, estimates and circumstances now in existence and in existence upon the date of the issuance of the Bonds as determined by the responsible officers of the District, including the President of the District, the President of the District is authorized to certify that it is not expected that the proceeds of the Bonds will be used in a manner that would cause such obligations to be arbitrage bonds. Such certification shall be delivered to the purchaser together with the Bonds and together with the legal opinion of counsel that it is not expected that the proceeds of the Bonds will be used in a manner that would cause such obligations to be arbitrage bonds.

23.28 Temporary Bond. In the event that the definitive Bonds herein authorized to be issued are not ready seasonably for delivery to the purchaser, the District President is authorized and directed for the protection of the bond purchaser and holders to cause the preparation and delivery of a temporary bond, such bond to be dated as of the date of the definitive Bonds, to be issued without coupons, and to be otherwise in the form attached hereto as Exhibit "C", such exhibit being hereby made a part hereof.

23.29. Transcript. The Secretary is hereby authorized to prepare and furnish to the purchasers of the Bonds issued hereunder and attorneys examining the same a complete set of certified copies of all resolutions and documents of the District

relating to the Project and to the issuance of Bonds and of all other proceedings and records of the Board showing the right, power and authority to issue the Bonds and to provide the security therefor, and such certified copies and certificates shall be deemed representations of the Board as to all facts stated therein.

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 29th day of July, 1976, by the following vote:

AYES, and in favor thereof, Trustees: *Smith, Englehard, Jensen, Spallone, Johnston*

NOES, Trustees: *None*

ABSENT, Trustees: *None*

[Signature]
Secretary

(S E A L)

ACCEPTANCE BY FISCAL AGENT

The Nevada National Bank by its signature hereto hereby signifies its acceptance of the duties and obligations imposed upon it as Fiscal Agent by the provisions of the foregoing Resolution No. 1262. The execution of this written acceptance by the Nevada National Bank is done pursuant to the requirements of Section 17.02 of said Resolution No. 1262 and this acceptance shall be delivered to the Incline Village General Improvement District.

Dated: August 3, 1976

NEVADA NATIONAL BANK,
as Fiscal Agent

By *[Signature]*
Trust Officer

ATTEST:

[Signature]
ASSISTANT SECRETARY

(S E A L)

ESCROW DEPOSIT AGREEMENT

This Escrow Deposit Agreement is dated as of August 3, 1976, and is entered into by and between the INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT (the "District"), Washoe County, Nevada, and NEVADA NATIONAL BANK (the "Bank"), Reno, Nevada, as Escrow Holder:

W I T N E S S E T H :

WHEREAS, the District is created and organized pursuant to the General Improvement District Law, NRS Chapter 318, and as such is empowered and did pursuant to Resolution No. 420, adopted October 5, 1967, as amended, authorize, issue and sell its Revenue Bonds of 1968;

WHEREAS, the Bank is a national banking institution with full trust powers and as such was appointed and is now acting as Fiscal Agent for the Revenue Bonds of 1968;

WHEREAS, the Bank as such Fiscal Agent is now holding and maintaining both the "Beach Recreation Revenue Bond Fund" and the "Beach Recreation Reserve Fund" created pursuant to said Resolution No. 420, as amended, for the protection of the Revenue Bonds of 1968;

WHEREAS, the Bank is also Paying Agent for the Revenue Bonds of 1968;

WHEREAS, the District, pursuant to Resolution No. 1262, adopted July 29, 1976, has authorized the issuance of its Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement) (the "1976 Bonds"), and has determined therein to refund in advance, pursuant to applicable

law and the provisions of said Resolution No. 420, as amended, the \$2,260,000 presently outstanding principal amount of the Revenue Bonds of 1968;

WHEREAS, the District, in said Resolution No. 1262, has ordered that a portion of the proceeds of sale of the 1976 Bonds shall be deposited in an irrevocable escrow to be created and maintained with the Bank, such deposit in escrow to be in an amount sufficient when invested in federal securities to pay when due the principal of, the interest on and any prior redemption premiums payable on the Revenue Bonds of 1968;

WHEREAS, the District has further determined in said Resolution No. 1262 to call for redemption prior to maturing all bonds outstanding on January 1, 1991, and desires to make provision for such call pursuant to this agreement with the Bank; and

WHEREAS, the Bank has full powers to act as Escrow Holder with respect to said irrevocable escrow and to perform the duties and obligations undertaken by the Bank pursuant to this agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth, the District and the Bank agree as follows:

1. In accordance with the provisions of said Resolution No. 1262, there is hereby created by the District with and by the Bank and shall be maintained by the Bank, as Escrow Holder, an irrevocable escrow designated "Incline Village General Improvement District Revenue Bonds of 1968 Escrow Deposit Bond Fund" (the "Escrow Deposit Bond Fund").

2. Upon execution of this agreement and concurrently with the deposit of the hereinafter described moneys and federal securities into the Escrow Deposit Bond Fund, the

Beach Recreation Revenue Bond Fund established pursuant to said Resolution No. 420, as amended, shall be deemed to become and be the Escrow Deposit Bond Fund.

3. Concurrently with the delivery of the 1976 Bonds to Miller & Schroeder Municipals, Inc., the purchaser thereof, \$[approx. \$1,995,000] of the proceeds of sale, in immediately available moneys, shall be transferred by the District to the Bank and deposited by the Bank in the Escrow Deposit Bond Fund. The amount so deposited, together with the interest to be earned on the investments to be acquired with the amount so deposited, shall equal the aggregate amount when due of the principal of, interest on and prior redemption premiums payable on the outstanding Revenue Bonds of 1968, all as certified by Harris Kerr Forster & Company, Independent Certified Public Accountants, a true copy of which certification is attached hereto as Exhibit "A" and hereby made a part hereof.

4. Concurrently with the deposit of said moneys into the Escrow Deposit Bond Fund, the Bank shall use so much of said moneys as is necessary to purchase \$1,995,000 principal amount of federal securities, as follows:

<u>Security</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
United States Treasury Certifi- cates of Indebtedness	7/1/77	\$ 45,000	6.13%
United States Treasury Note	7/1/78	35,000	6.79
United States Treasury Note	7/1/79	35,000	7.09
United States Treasury Note	7/1/80	45,000	7.28
United States Treasury Note	7/1/81	45,000	7.42
United States Treasury Note	7/1/82	50,000	7.54
United States Treasury Note	7/1/83	50,000	7.62
United States Treasury Bond	7/1/84	55,000	7.67
United States Treasury Bond	7/1/85	60,000	7.70
United States Treasury Bond	7/1/86	65,000	7.72
United States Treasury Bond	7/1/87	70,000	7.73
United States Treasury Bond	7/1/88	80,000	7.74
United States Treasury Bond	7/1/89	85,000	7.74
United States Treasury Bond	7/1/90	85,000	7.75
United States Treasury Bond	7/1/91	1,190,000	7.76

The foregoing described securities were duly subscribed for by the District at the Federal Reserve Bank at San Francisco, California, on July 15, 1976, and July 16, 1976, for payment in full and issue to the District on August 3, 1976. Payment for such securities shall be conclusively evidenced at delivery by the Bank's execution and delivery of an acknowledgment in form attached hereto as Exhibit "A" and hereby made a part hereof which shall upon payment be deemed to be and be deposited and held by the Bank in the Escrow Deposit Fund solely for the uses and purposes set forth herein and in said Resolution No. 1262.

5. Concurrently with the completion of the provisions of Paragraphs 3 and 4 of this Agreement, the Bank shall transfer the moneys in the Beach Recreation Revenue Fund to the Special Obligation Bonds of 1976 Debt Service Reserve Fund and the District agrees to deliver to the Bank concurrently with said transfer the moneys sufficient so that the total deposit into the Special Obligation Bonds of 1976 Debt Service Reserve Fund shall equal \$400,000 which the Bank shall hold and maintain as Fiscal Agent for the 1976 Bonds, all in accordance with the further provisions of said Resolution No. 1262. The Beach Recreation Reserve Fund shall then terminate and cease to exist.

6. In accordance with the provisions of NRS 350.698 and of Resolution No. 420, as amended, the Bank shall continuously secure the moneys in the Escrow Deposit Bond Fund (and not invested in the above described federal securities) by a pledge in any trust bank or trust banks, either within or without the State of Nevada, or both, of federal securities in an amount at all times at least equal to the total uninvested amount of such moneys in the Escrow Deposit Bond Fund.

7. The District may at any time after one year from the date of delivery of the 1976 Bonds and from time to time thereafter direct the Escrow Holder to substitute federal securities then issued by the United States of America for any or all of the federal securities then deposited in the Escrow Deposit Fund, provided that any such direction and substitution shall be accompanied with a certification of an Independent Certified Public Accountant that the federal securities then to be so deposited in the Escrow Deposit Fund, together with interest to be derived therefrom, shall be in an amount at all times at least sufficient to pay principal, interest and any prior redemption premium due on any of the Revenue Bonds of 1968 then outstanding and, further, to be accompanied with an opinion of nationally recognized bond counsel or special tax counsel that the substitution will not affect the interest payable on any of the 1976 Bonds then outstanding for federal income tax purposes, and specifically, Section 103(d) of the Internal Revenue Code of 1954, as amended.

8. The District has determined in said Resolution No. 1262 to call for redemption prior to maturity all of the Revenue Bonds of 1968 which would otherwise be outstanding on January 1, 1991. In accordance with the provisions of Resolution No. 420, as amended, the resolution authorizing the issuance of the Revenue Bonds of 1968, it is necessary that certain procedures be followed in order to advance the maturity of the then outstanding Revenue Bonds of 1968. It shall be the Bank's responsibility and obligation pursuant to this Agreement to complete properly and timely such procedures as follows:

(a) At least thirty (30) days prior to January 1, 1991, the day of call of the then outstanding Revenue Bonds of

1968 (the "1968 Bonds"), the Bank shall cause notice of redemption to be published once, on behalf of the District Treasurer, in a financial paper published in San Francisco or New York, New York, and such notice shall be mailed by registered mail to the last known holder or holders of any bearer 1968 Bonds so called, and to the registered owner or owners of registered 1968 Bonds. No interest shall accrue on said Bonds called for redemption or on any interest coupons thereon after the redemption date specified.

(b) The notice of redemption shall:

(i) State the redemption date, which date shall be January 1, 1991;

(ii) State the redemption price as hereinafter described;

(iii) State the dates of maturity of the 1968 Bonds to be redeemed;

(iv) State that all of the 1968 Bonds of each such annual maturity are being so redeemed;

(v) Require that the 1968 Bonds so called be surrendered with all interest coupons maturing subject to the redemption date (except that no coupons may be surrendered on 1968 Bonds registered as to both principal and interest) at the office of the Fiscal Agent for the 1968 Bonds;

(vi) Require that the 1968 Bonds which at the time of call are registered so as to be payable otherwise than to bearer shall be accompanied by appropriate instruments of assignment that District duly executed;

(vii) Give notice that further interest will not accrue after the designated redemption date.

(c) The redemption price of any 1968 Bond called is the principal amount of the 1968 Bond and accrued interest to

the date of redemption, plus a redemption premium equal to one-quarter of one percent (1/4 of 1%) of such principal amount for each whole twelve (12) months and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the maturity date of the 1968 Bond called; provided, however, that in no event shall the premium paid on prior redemption of any 1968 Bond exceed five percent (5%) of such principal amount.

(d) The Bank shall execute a certificate on behalf of the District Treasurer stating that notice of call and redemption has been given to owners of 1968 Bonds as herein provided, which certificate shall be conclusive as against all parties, and no Bondholder whose 1968 Bond is called for redemption may object thereto or object to the cessation of interest on the redemption date fixed by any claim or showing that he failed to actually receive such notice of call and redemption.

9. The Bank's fees as Escrow Holder and for the duties and obligations imposed upon the Bank pursuant to the provisions of this Escrow Deposit Agreement shall be the sum of \$450.00 per annum for each full year and for any remaining portion of a year commencing with the date hereof and terminating January 1, 1991. Such \$450.00 annual fee shall not be subject to renegotiation, provided, however, that there is reserved for negotiation the fee to be paid to the Bank for calling the Revenue Bonds of 1968 for redemption prior to maturity, as described in paragraph 8 of this Agreement and, provided further, that the reservation of such right to negotiate shall not, in any way, negate the Bank's responsibility and obligation, pursuant to said paragraph 8, to complete the procedures necessary to properly and timely call the then outstanding Revenue Bonds of 1968 for prior redemption.

9. Provisions of said Resolution No. 1262 relating to the resignation and removal of a Fiscal Agent shall be the procedure to be followed with respect to any resignation or removal of the Escrow Holder.

10. All of the provisions of said Resolution No. 1262 relating to the refunding of the Revenue Bonds of 1968, to the Escrow Deposit Fund and to the call of the Revenue Bonds of 1968 for redemption prior to maturity are hereby incorporated by reference and shall apply to this Agreement as if set forth herein in full.

11. The Bank shall, upon being properly notified by the Paying Agent for the Revenue Bonds of 1968, transfer the maturing principal of the securities in the Escrow Deposit Fund, and the interest earned thereon, to the Paying Agent in order that the Paying Agent may pay from time to time as the payments shall become due the principal, interest and any prior redemption premium of the Revenue Bonds of 1968, all as such payment and payment dates are herein or in said Resolution No. 420, as amended, described.

12. Any moneys remaining in the Escrow Deposit Fund upon payment in full of the principal amount of the Revenue Bonds of 1968 and the interest and any prior redemption premium due thereon, shall be transferred by the Bank to the District.

13. This Escrow Deposit Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be one and the same instrument.

IN WITNESS WHEREOF, the District and Bank have each caused this Agreement to be executed by the duly authorized

officers thereof and have caused the corporate seal to be affixed hereto and attested as of the date first above written.

INCLINE VILLAGE GENERAL IMPROVEMENT
DISTRICT

By _____
Chairman of the Board and
President of the District

ATTEST:

Secretary of the District

(S E A L)

NEVADA NATIONAL BANK,
as Escrow Holder

By _____

ATTEST:

(S E A L)

UNITED STATES OF AMERICA
STATE OF NEVADA, COUNTY OF WASHOE

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

ON THE 1st DAY OF AUGUST

19

the Incline Village General Improvement District in the County of Washoe, State of Nevada, a body corporate and politic and a quasi-municipal corporation duly organized and existing under the laws of said State, the "District," for value received, hereby promises to pay to the bearer (or, if this Bond is registered as hereinafter provided, to the registered owner hereof), from the Bond Fund created herefor, the sum of FIVE THOUSAND DOLLARS (\$5,000) with interest hereon from date at the rate of percent (%) per annum, as evidenced by interest coupons attached hereto at the time of issuance, said interest payable semiannually on the 1st day of February and the 1st day of August in each year, commencing on February 1, 1977, all as more particularly set forth in Resolution No. 1262, the resolution providing for the issuance of this Bond, adopted on July 29, 1976, by the Board of Trustees of the District.

This Bond and the interest hereon are payable in lawful money of the United States of America at the Head Office of the Nevada National Bank, Reno, Nevada, the District's Fiscal Agent and Paying Agent, or, at the option of the holder, at any paying agency of the District in San Francisco or Los Angeles, California; Chicago, Illinois; or New York, New York.

If, upon presentation at maturity, or if callable and duly called for redemption, payment of this Bond or any interest coupon hereof, or both, is not made in full accordance with the terms of said Resolution No. 1262, said Bond or coupon, or both, shall continue to bear interest at the rate stated herein until notice is given that funds are available for such payment. In such event, said Bond and coupon shall be submitted to the Fiscal Agent and registered by it as delinquent and thereafter paid in numerical order of registration, subject to the provisions of said Resolution No. 1262 for proration in the event of bankruptcy or other cause.

Bonds maturing by their terms on or before August 1, 1981, are not subject to redemption by call. Bonds maturing on or after August 1, 1982, are by their terms, subject to call and redemption, at the option of the District, as a whole or in part, in inverse numerical order on August 1, 1981 (but not prior thereto) or on any interest date thereafter and prior to their maturity date or dates, at the principal amount thereof and accrued interest thereon to the date of redemption, plus a redemption premium equal to one-quarter of one percent (1/4 of 1%) of such principal amount for each whole twelve (12) months, and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the maturity date of the bonds; provided, however, that in no event shall the premium paid on prior redemption of any bond exceed two and one-half percent (2-1/2%) of said principal amount and provided

EXHIBIT "B"

further that in no event shall any premium be paid on prior redemption of any bond called and redeemed on or after August 1, 1986. The District may also, from time to time, purchase outstanding bonds as provided in said Resolution No. 1262.

This Bond is one of an issue of bonds, designated Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement), the "Bonds," in the total principal amount of FIVE MILLION SEVEN HUNDRED TEN THOUSAND DOLLARS (\$5,710,000), all of like date, tenor and effect (except for such variations as may be required for varying numbers, maturity dates and interest rates), all issued by the District to provide funds, which together with any other available funds, will be used to purchase Federal securities which are to be deposited in an irrevocable escrow with the Nevada National Bank, Reno, Nevada, and which are sufficient in amount, together with interest thereon, to pay timely when due all principal of and interest on and any early redemption premium on the District's outstanding Revenue Bonds of 1968, and further to provide funds to pay the costs of acquisition by the District of two golf courses, a ski area, a bowling alley and unimproved recreational acreage, together with all appurtenances thereto and certain improvements thereto, all as more particularly described in said Resolution No. 1262, and to which resolution reference is hereby made for the obligations, duties, rights and privileges hereby created.

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

Both principal and interest are payable solely from the Net Revenues of the Project pledged to the payment hereof, and the District is not obligated to pay the principal hereof or interest hereon except from said Net Revenues in accordance with said Resolution No. 1262. The Project consists of the District's existing two community beaches and the newly acquired two golf courses, ski area and bowling alley, as more particularly described in said Resolution No. 1262.

The District has a mandatory duty to establish, revise, maintain and collect charges to persons and properties, uniform as to persons and properties of the same class, including Service Charges to be collected from the users thereof for the furnishing of the services and Facilities of the Project and Availability of Use Charges for the availability of use of the services and Facilities of the Project, which Availability of Use Charges shall constitute a perpetual lien on and against the properties served, which lien may be foreclosed in the same manner as provided by law for mechanics' liens, or such Charges may be collected by suit, or together with and not separately from general taxes for the District, and it may grant discounts for prompt payment, require deposits and guarantees as security for payment, and impose basic and additional penalties, all as provided in said Resolution No. 1262.

The District has covenanted that its charges shall be sufficient to provide the annual costs of operating and maintaining the Project, and that it will provide Net Revenues, with other revenues received, equal to 1.30 times the sum of the combined amount of the principal of and interest on the Bonds which

shall become due in the next succeeding Fiscal Year. The District has further covenanted that it will maintain with the Fiscal Agent a Debt Service Reserve Fund for the security of the Bonds in the amount of \$400,000 which Fund may be released from such covenant only if the Net Revenues, with other revenues received, shall be equal to 1.60 times the sum of the combined amount of the principal and interest due in the next Fiscal Year, and which Debt Service Reserve Fund may be so released only at the rate of \$100,000 in each year that such Net Revenues in the preceding Fiscal Year were so equal to said 1.60 times such principal and interest, all as in said Resolution No. 1262 more particularly provided. The Bond Fund, to pay principal of and interest on the Bonds, and the Debt Service Reserve Fund shall be maintained by the Fiscal Agent. Moneys shall be transferred timely to the Bond Fund. \$400,000 has been transferred from available District funds to the Debt Service Reserve Fund.

The Bonds and coupons appertaining thereto and the resolution providing for the issuance thereof may be amended, altered or modified, with the consent of the holders of sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of Bonds then outstanding, in the manner, to the extent and upon the terms provided in said Resolution No. 1262.

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

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

IN WITNESS WHEREOF, the Incline Village General Improvement District, by its Board of Trustees, has caused this Bond to be executed in its behalf and under its official seal by its President, by his manual signature hereon, and by its Treasurer by his facsimile signature hereon, and attested by its Secretary by his facsimile signature hereon, and has caused the interest coupons to be executed and authenticated by the facsimile signature of said Treasurer, all as of August 1, 1976.

ATTESTED:

President

Secretary

Treasurer

(SEAL)

REGISTRATION

This Bond is registered in the name of the registered owner last entered below, and both the principal of and interest on this Bond are payable only to such owner, unless registered as to principal alone, in which event only the principal is so payable; provided that this Bond may be registered to bearer and thereby discharged from registration and the negotiability hereof restored.

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

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

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

FORM OF COUPON

The INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT, Washoe County, Nevada, will, on the due date hereof, pay to bearer the sum hereon at the Nevada National Bank, Head Office, Reno, Nevada, the Fiscal and Paying Agent of the District, as interest on its SPECIAL OBLIGATION BOND OF 1976 (REFUNDING AND RECREATION ACQUISITION AND IMPROVEMENT), dated August 1, 1976, bearing (subject to any right of prior redemption therein).

Due _____,
 19 _____
 \$ _____
 No. _____
 Coupon No. _____

 Treasurer

F U L L Y R E G I S T E R E D

TEMPORARY BOND
EXCHANGEABLE FOR DEFINITIVE BONDS
WHEN READY FOR DELIVERY

UNITED STATES OF AMERICA
STATE OF NEVADA COUNTY OF WASHOE
BOND NO. T-1 \$5,710,000.00

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

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

The Incline Village General Improvement District in the County of Washoe, State of Nevada, a body corporate and politic and a quasi-municipal corporation duly organized and existing under the laws of said State, for value received, hereby promises to pay to The First National Bank of Saint Paul, St. Paul, Minnesota, the registered owner hereof as to both principal and interest, the sum of FIVE MILLION SEVEN HUNDRED TEN THOUSAND DOLLARS AND NO CENTS (\$5,710,000.00) in lawful money of the United States of America, together with interest from the date hereof, at the Head Office of the Nevada National Bank, Reno, Nevada, the District's Fiscal Agent and Paying Agent for this bond, all as more particularly hereinafter set forth.

This bond is a temporary bond issued without coupons pending the preparation of definitive bonds which the District agrees to cause to be promptly prepared and this temporary bond shall be exchanged for said definitive bonds. When the definitive printed or lithographed bonds are available, the owner of this temporary bond must surrender the same in exchange for definitive bonds.

The definitive bonds will be issued as coupon bonds, dated August 1, 1976, each of the denomination of \$5,000, numbered consecutively 1 through 1142, in the order of their maturity, maturing in the amounts on August 1 in each of the years, viz., \$105,000 in 1977, \$110,000 in 1978, \$120,000 in 1979, \$125,000 in 1980, \$135,000 in 1981, \$140,000 in 1982, \$150,000 in 1983, \$165,000 in 1984, \$175,000 in 1985, \$185,000 in 1986, \$200,000 in 1987, \$215,000 in 1988, \$230,000 in 1989, \$250,000 in 1990, \$270,000 in 1991, \$295,000 in 1992, \$315,000 in 1993, \$340,000 in 1994, \$370,000 in 1995, \$400,000 in 1996, \$435,000 in 1997, \$470,000 in 1998 and \$510,000 in 1999.

The definitive bonds will bear interest from their date to their respective dates of maturity at the rates per annum for bonds maturing in the years, as follows: 5.50%, 1977; 5.75%, 1978; 6%, 1979; 6.25%, 1980; 6.50%, 1981; 6.75%, 1982; 7%, 1983; 7.15%, 1984; 7.30%, 1985; 7.45%, 1986; 7.60%, 1987; 7.75%, 1988; 7.90%, 1989; 8%, 1990 and 1991; 8.10%, 1992 and 1993; 8.20%, 1994 and 1995; and 8.25%, 1996 through 1999; payable commencing on February 1, 1977, and semiannually thereafter on August 1 and February 1 of each year. If payment of any bond or of any interest coupon thereof is not made in full accordance with the provisions of said Resolution No. 1262, such bond or coupon, or both, will continue to bear interest at the rate applicable thereto until notice is given that funds are available for such payment.

If, upon presentation at maturity, or if callable and duly called for redemption, payment of the definitive bonds or any interest coupon thereof, or both, is not made in full accordance with the terms of said Resolution No. 1262, said bond or coupon, or both, shall continue to bear interest at the rate stated herein until notice is given that funds are available for such payment. In such event, said bond and coupon shall be submitted to the Fiscal Agent and registered by it as delinquent and thereafter paid in numerical order of registration, subject to the provisions of said Resolution No. 1262 for proration in the event of bankruptcy or other cause.

Definitive bonds maturing by their terms on or before August 1, 1981, are not subject to redemption by call. Definitive bonds maturing on or after August 1, 1982, are by their terms, subject to call and redemption, at the option of the District, as a whole or in part, in inverse numerical order on August 1, 1981 (but not prior thereto) or on any interest date thereafter and prior to their maturity date or dates, at the principal amount thereof and accrued interest thereon to the date of redemption, plus a redemption premium equal to one-quarter of one percent ($1/4$ of 1%) of such principal amount for each whole twelve (12) months, and for any remaining fraction of a twelve (12) month period from the date fixed for redemption to the maturity date of the bonds; provided, however, that in no event shall the premium paid on prior redemption of any bond exceed two and one-half percent ($2-1/2\%$) of said principal amount and provided further that in no event shall any premium be paid on prior redemption of any bond called and redeemed on or after August 1, 1986. The District may also, from time to time, purchase outstanding bonds as provided in said Resolution No. 1262.

The definitive bonds are an issue of bonds, designated Special Obligation Bonds of 1976 (Refunding and Recreation Acquisition and Improvement), the "Bonds," in the total principal amount of FIVE MILLION SEVEN HUNDRED TEN THOUSAND DOLLARS AND NO CENTS (\$5,710,000.00), all of like date, tenor and effect (except for such variations as may be required for varying numbers, maturity dates and interest rates), all issued by the District to provide funds, which together with any other available funds, will be used to purchase Federal securities which are to be deposited in an irrevocable escrow with the Nevada National Bank, Reno, Nevada, and which are sufficient in amount, together with interest thereon, to pay timely when due all principal of and interest on and any early redemption premium on the District's outstanding Revenue Bonds of 1968, and further to provide funds to pay the costs of acquisition by the District of two golf courses, a ski area, a bowling alley and unimproved recreational acreage, together with all appurtenances thereto and certain improvements thereto, all as more particularly described in said Resolution No. 1262, and to which resolution reference is hereby made for the obligations, duties, rights and privileges hereby created.

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

Both principal and interest are payable solely from the Net Revenues of the Project pledged to the payment hereof, and the District is not obligated to pay the principal hereof or interest hereon except from said Net Revenues in accordance with said Resolution No. 1262. The Project consists of the District's existing two community beaches and the newly acquired two golf courses, ski area and bowling alley, as more particularly described in said Resolution No. 1262.

The District has a mandatory duty to establish, revise, maintain and collect charges to persons and properties, uniform as to persons and properties of the same class, including Service Charges to be collected from the users thereof for the furnishing of the services and Facilities of the Project and Availability of Use Charges for the availability of use of the services and Facilities of the Project, which Availability of Use Charges shall constitute a perpetual lien on and against the properties served, which lien may be foreclosed in the same manner as provided by law for mechanics' liens, or such Charges may be collected by suit, or together with and not separately from general taxes for the District, and it may grant discounts for prompt payment, require deposits and guarantees as security for payment, and impose basic and additional penalties, all as provided in said Resolution No. 1262.

The District has covenanted that its charges shall be sufficient to provide the annual costs of operating and maintaining the Project, and that it will provide Net Revenues, with other revenues received, equal to 1.30 times the sum of the combined amount of the principal of and interest on the Bonds which shall become due in the next succeeding Fiscal Year. The District has further covenanted that it will maintain with the Fiscal Agent a Debt Service Reserve Fund for the security of the Bonds in the amount of \$400,000 which Fund may be released from such covenant only if the Net Revenues, with other revenues received, shall be equal to 1.60 times the sum of the combined amount of the principal and interest due in the next Fiscal Year, and which Debt Service Reserve Fund may be so released only at the rate of \$100,000 in each year that such Net Revenues in the preceding Fiscal Year were so equal to 1.60 times such principal and interest, all as in said Resolution No. 1262 more particularly provided. The Bond Fund, to pay principal of and interest on the Bonds, and the Debt Service Reserve Fund shall be maintained by the Fiscal Agent. Moneys shall be transferred timely to the Bond Fund. \$400,000 has been transferred from available District funds to the Debt Service Reserve Fund.

The Bonds and coupons appertaining thereto and the resolution providing for the issuance thereof may be amended, altered or modified, with the consent of the holders of sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of Bonds then outstanding, in the manner, to the extent and upon the terms provided in said Resolution No. 1262.

This temporary bond and the definitive bonds have been issued pursuant to the General Improvement District Law, and the Local Government Securities Law, supplemental thereto, and is conclusive evidence of its validity and the regularity of its issuance.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required by the Constitution and laws of the State of Nevada to be done, to happen and to be performed precedent to and in the issuance of this temporary bond have been

done, have happened and have been performed in regular and due form, time and manner as required by law.

IN WITNESS WHEREOF, the Incline Village General Improvement District has caused this temporary bond to be signed by the Chairman of the Board of Trustees and President of the District, by his manual signature, and to be countersigned by the manual signature of its Secretary, and has caused its Secretary to affix hereto its corporate seal, all as of the 1st day of August, 1976.

Countersigned:

Secretary

(S E A L)

Chairman of the Board of Trustees and
President of the Incline Village
General Improvement District