A resolution authorizing the issuance by the Clark County Water Reclamation District, Nevada of its General Obligation (Limited Tax) Water Reclamation Bond (Additionally Secured by Pledged Revenues), Series 2011A, in the maximum principal amount of $40,000,000 and providing other matters relating thereto.

RESOLUTION 11-001
(of the Clark County Water Reclamation District)

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE CLARK COUNTY WATER RECLAMATION DISTRICT, NEVADA, PROVIDING FOR THE ISSUANCE OF ITS GENERAL OBLIGATION (LIMITED TAX) WATER RECLAMATION BOND (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2011A, IN THE MAXIMUM PRINCIPAL AMOUNT OF $40,000,000; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE BOND; PROVIDING FOR THE LEVY AND COLLECTION OF GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF THE BOND; ADDITIONALLY SECURING ITS PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE WATER RECLAMATION SYSTEM; RATIFYING ACTION PREVIOUSLY TAKEN TOWARD THE ISSUANCE OF SAID BOND; AND PROVIDING OTHER MATTERS RELATING THERETO.

(1) WHEREAS, the Clark County Water Reclamation District in the State of Nevada (the "District" and the "State," respectively) is a political subdivision of the State duly incorporated as a general improvement district under the provisions of Chapter 318 (the "Project Act") of the Nevada Revised Statutes (the "NRS"); and

(2) WHEREAS, the District now owns and operates a municipal water reclamation system (the "Water Reclamation System"); and

(3) WHEREAS, the Board of County Commissioners of Clark County, Nevada, ex officio the Board of Trustees of the District (the "Board") has determined and hereby declares that the public interest, health and welfare necessitates making certain improvements to the Water Reclamation System by constructing, reconstructing, improving or extending the Water Reclamation System or any part thereof, including, without limitation, mains, laterals, wyes, tees, meters and collection, treatment and disposal plants, and including the acquisition of land, easements, other interests in land, facilities, equipment and appurtenances for such improvements (the "Project"); and
to issue and sell general obligation water reclamation bonds (additionally secured by pledged revenues) of the District to defray, in whole or in part, the cost of the Project; and

(4) WHEREAS, pursuant to the Project Act, NRS Chapter 350 and all laws amendatory thereof which includes the Local Government Securities Laws, being NRS 350.500 through 350.720 and all laws amendatory thereof (the "Bond Act"), the District is authorized to borrow money and to issue general obligation bonds of the District for the purpose of defraying wholly or in part the cost of the Project; and

(5) WHEREAS, pursuant to NRS 350.011 through 350.0165, inclusive (the "Debt Management Commission Act"), the Board submitted to the Debt Management Commission of Clark County (the "Commission") the District's proposal to issue its general obligation (limited tax) water reclamation bonds (additionally secured by pledged revenues) in the maximum principal amount of $1,200,000,000 (the "Proposal"); and

(6) WHEREAS, the Commission has heretofore duly approved the Proposal; and

(7) WHEREAS, pursuant to NRS 350.020(3), the District published a notice of public hearing and a notice of its intent to issue a maximum of $1,200,000,000 of general obligation (limited tax) water reclamation bonds (additionally secured by pledged revenues), and no petition in conformity with NRS 350.020(3) requesting an election on the bonds was presented to the Board within 90 days after such publication; and

(8) WHEREAS, from such $1,200,000,000 of authority, the Board has previously issued its General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2008 in the aggregate principal amount of $115,825,000 (the "2008 Bonds"), its General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2009A in the aggregate principal amount of $135,000,000 (the "2009A Bonds"), General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues) and Series 2009B in the aggregate principal amount of $125,000,000 (the "2009B Bonds"), and together with the 2009A Bonds, the "2009 Bonds") and General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues), Series 2009C issued as a single bond in the maximum principal amount of $5,744,780 (the "2009C Bond"); and

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

(A) To commence the Project;
(B) To issue and sell the District's General Obligation (Limited Tax) Water Reclamation Bond (Additionally Secured by Pledged Revenues), Series 2011A, in the maximum principal amount of $40,000,000 (the "Bond" or the "Bonds") for the Project; and

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

(10) WHEREAS, other than the 2008 Bonds, the 2009 Bonds and the 2009C Bond, none of the general obligation bonds contemplated by the Proposal have previously been sold; and

(11) WHEREAS, in addition to the 2008 Bonds, 2009 Bonds and the 2009C Bond, there remain unpaid and outstanding certain bonds issued by the District, payable from net revenues of the Water Reclamation System, designated as the "Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2003" (the "2003 Bonds") and the "Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bonds (Additionally Secured by Pledged Revenues) Series 2007" (the "2007 Bonds"); and

(12) WHEREAS, the District requested the Director of the Department of Conservation and Natural Resources as Administrator of the State of Nevada Account to Finance the Construction of Treatment Works and Implementation of Pollution Control Projects (the "Director" and "Revolving Fund", respectively) under NRS 445A.060 to 445A.160, inclusive (the "Revolving Fund Act"), to make a loan to the District by purchasing the Bond in the maximum principal amount of $40,000,000; and

(13) WHEREAS, the Bond Act and the Revolving Fund Act permit Municipal Securities to be sold at private sale to the State; and

(14) WHEREAS, after private negotiation pursuant to the Bond Act and the Project Act, the Board has determined to sell the Bond to the State upon the terms provided below; and

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

(16) WHEREAS, the Board hereby elects to have the provisions of Chapter 348 of NRS (the "Supplemental Bond Act") apply to the Bond; and
(17) **WHEREAS**, the Board has determined and hereby declares:

(A) It is necessary and for the best interests of the District to effect the Project and to issue the Bond; and

(B) Each of the limitations and other conditions to the issuance of the Bond in the Project Act, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State or the Federal Government, has been met; and pursuant to the Bond Act, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion; and

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

**NOW, THEREFORE, THE BOARD OF COUNTY COMMISSIONERS OF CLARK COUNTY, EX OFFICIO THE BOARD OF TRUSTEES OF THE CLARK COUNTY WATER RECLAMATION DISTRICT, NEVADA, DOES RESOLVE:**

**SECTION 1. Short Title.** This Resolution shall be known and may be cited as the "2011A Water Reclamation Bond Resolution."

**SECTION 2. Definitions.** The terms in this section and in the preambles hereof defined for all purposes of this Resolution and of any instrument amendatory hereof or supplemental hereto, and of any other instrument or any other document relating hereto, except where the context by clear implication otherwise requires, shall have the meanings in this section and in said preambles specified:

"Bond" or the "Bonds" means the "Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bond (Additionally Secured by Pledged Revenues), Series 2011A" issued as a single bond hereunder.

"Bond Fund" means the two separate accounts designated as the "Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bond (Additionally Secured by Pledged Revenues), Series 2011A, Interest Account" (the "Interest Account") and the "Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bond (Additionally Secured by Pledged Revenues), Series 2011A, Principal Account" (the "Principal Account") created herein.
"Bond Requirements" means the payment of the principal, interest and any prior redemption premiums due in connection with the Bond.

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

"Chief Financial Officer" means the de jure or de facto chief financial officer of the District or acting chief financial officer whenever the Chief Financial Officer is unable to act in such capacity, and the Chief Financial Officer's successor in functions, if any.

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

"Cost of the Project" means all or any part designated by the Board for the cost of the Project, or interest therein, which cost, at the option of the Board, except as limited by law, may include all or any part of the incidental costs relating to the Project, including, without limitation and subject to the restrictions set forth in the Revolving Fund Act:

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

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

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

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

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

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

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

(i) The costs of funding any medium-term financing, construction loans and other temporary loans of not exceeding ten years appertaining to the Project and of the incidental expenses incurred in connection with such loans;

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

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

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

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

"Department" means the State of Nevada Department of Conservation and Natural Resources.
"Director" means the Director of the Department.

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

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

"Fiscal Year" means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; but if the Nevada Legislature changes the statutory fiscal year relating to the District, the Fiscal Year shall conform to such modified statutory fiscal year from the time of each such notification, if any.

"General Manager" means the de jure or de facto chief administrative officer of the District or the de jure or de facto assistant general manager, if any, or acting general manager whenever the General Manager is unable to act in such capacity, and the General Manager's successor in functions, if any.

"General Taxes" means general (ad valorem) taxes levied by the District against all taxable property within the boundaries of the District (unless otherwise qualified).

"Gross Revenues" means all income and revenues derived directly or indirectly by the District from the operation and use and otherwise pertaining to the Water Reclamation System or any part thereof. "Gross Revenues" shall also include all income or other gain from the investment of such income and revenues and of the proceeds of securities payable from Gross Revenues or Net Revenues.

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

"Net Revenues" means the Gross Revenues remaining after the deduction of Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the District, paid or accrued, of operating, maintaining and repairing the Water Reclamation System, including, without limitation:

(a) engineering, auditing, reporting, legal and other overhead expenses relating to the administration, operation and maintenance of the Water Reclamation System;
(b) fidelity bond and property and liability insurance premiums pertaining to the Water Reclamation System or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Water Reclamation System;

(c) payments to pension, retirement, health and hospitalization funds, and other insurance and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance;

(d) any general taxes, assessments, excise taxes or other charges which may be lawfully imposed upon the District, the Water Reclamation System, revenues therefrom or the District's income from or operations of any properties under its control and pertaining to the Water Reclamation System, or any privilege in connection with the Water Reclamation System or its operations;

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

(f) contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the Water Reclamation System or to the issuance of the Bond, or any other securities relating to the Water Reclamation System, including, without limitation, the expenses and compensation of any receiver or other fiduciary under the Bond Act;

(g) the costs incurred by the Board in the collection and any refunds of all or any part of Gross Revenues;

(h) any costs of utility services furnished to the Water Reclamation System;

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

(j) all other administrative, general and commercial expenses pertaining to the Water Reclamation System, including the
administrative expenses of the State Treasurer through the Department and the payment of any amounts due the United States under ' 148(f) of the Tax Code in connection with any securities payable from revenues of the Water Reclamation System in such amounts as are required to meet the District's obligations under ' 148(f) of the Tax Code;

but excluding:

(i) any allowance for depreciation;
(ii) any costs of extensions, enlargements, betterments and other improvements, or any combination thereof;
(iii) any reserves for major capital replacements, other than normal repairs;
(iv) any reserves for operation, maintenance or repair of the Water Reclamation System;
(v) any allowance for the redemption of any Bond or other security or the payment of any interest thereon or any prior redemption premium due in connection therewith;
(vi) any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing facilities, or any combination thereof, pertaining to the Water Reclamation System, or otherwise; and
(vii) any liabilities imposed on the District for any ground of legal liability not based on contract, including, without limitation, negligence in the operation of the Water Reclamation System.

"Outstanding" when used with reference to the Bond or any other designated securities payable from Net Revenues and as of any particular date means all of the bonds in any manner theretofore and thereupon being executed and delivered:

(a) Except any Bond or other security canceled by the District, the Paying Agent or otherwise on the District's behalf, at or before such date;
(b) **Except** any Bond or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of maturity or to any Redemption Date shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Section 56 hereof; and

(c) **Except** any Bond or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered.

"**Parity Securities**" means the Bond, the 2009C Bond and any other securities of the District pertaining to the Water Reclamation System and payable from and secured by Net Revenues on a parity with the Bond, to the extent issued in accordance with the terms, conditions and limitations hereof.

"**Paying Agent**" means the Clark County Treasurer, the ex officio District Treasurer or any successor thereto as paying agent for the Bond appointed by the Board.

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

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

"**Redemption Date**" means a date fixed for the redemption prior to the respective maturities of any Bond or other designated securities payable from any Net Revenues in any notice of prior redemption or otherwise fixed and designated by the District.

"**Redemption Price**" means, when used with respect to a Bond or other designated security payable from any Net Revenues, the principal amount thereof plus accrued interest thereon to the Redemption Date plus the applicable premium, if any, payable upon the redemption thereof prior to the stated maturity date of such Bond or other security on a Redemption Date in the manner contemplated in accordance with the security's terms.
"Registrar" means the Treasurer of the District or any successor thereto as registrar for the Bond appointed by the Board.

"Revenue Fund" means the "Clark County Water Reclamation District Water Reclamation System Gross Pledged Revenues Fund" designated in Section 37 hereof.

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

"Single Bond" means the single registered, negotiable general obligation (limited tax) water reclamation bond issued hereunder in lieu of serial bonds.

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


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

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

Other capitalized terms used herein shall have the meanings given to such terms in the text hereof, except where the context by clear implication otherwise requires.

SECTION 3. Sale of Bond and Approval of Loan Contract. The sale of the Bond to the State on the terms provided herein and in accordance with the Loan Contract, to be executed
by the Chief Financial Officer, or in her absence the General Manager, on behalf of the District, is hereby approved and accepted in substantially the form as is now on file in the office of the District, with such changes as are approved by the Chief Financial Officer, or in her absence the General Manager, whose execution thereof shall constitute conclusive evidence of the approval of such changes.

SECTION 4. **Ratification.** All action heretofore taken by the Board and the officers of the District directed toward the Project and toward the issuance, sale and delivery of the Bond is hereby ratified, approved and confirmed.

SECTION 5. **Estimated Life of Facilities.** The Board, on behalf of the District, has determined and does hereby declare:

A. The estimated life or estimated period of usefulness of the Project to be acquired with the Bond is not less than 21 years; and

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

SECTION 6. **Necessity of Project and Bond.** It is necessary and in the best interests of the Board, its officers, and the inhabitants of the District, that the District effect the Project and defray wholly or in part the cost thereof by the issuance of the Bond therefor; and it is hereby so determined and declared.

SECTION 7. **Authorization of Project.** The Board hereby authorizes the Project.

SECTION 8. **Resolution to Constitute Contract.** In consideration of the purchase and the acceptance of the Bond by those who shall own the same from time to time, the provisions hereof shall be deemed to be and shall constitute a contract between the District and the registered owners from time to time of the Bond.

SECTION 9. **Bond Equally Secured.** The covenants and agreements herein set forth to be performed shall be for the equal benefit, protection and security of the owner of the outstanding Bonds all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction except as otherwise expressly provided in or pursuant to this Resolution.

SECTION 10. **General Obligations.** The Bond, as to the Bond Requirements, shall constitute a general obligation of the District, which hereby pledges its full faith and credit for its payment. So far as possible, Bond Requirements shall be paid from Net Revenues of the Water
Reclamation System of which the Project is a part (the "Pledged Revenues"). However, the Bond as to all Bond Requirements shall also be payable from the General Taxes (except to the extent that other moneys such as Net Revenues are available therefor) as herein provided.

SECTION 11. **Limitations upon Security.** The payment of the Bond is not secured by an encumbrance, mortgage or other pledge of property of the District, except for the proceeds of General Taxes and any other moneys pledged for the payment of the Bond. No property of the District, subject to such exception, shall be liable to be forfeited or taken in payment of the Bond.

SECTION 12. **No Recourse Against Officers and Agents.** No recourse shall be had for the payment of the Bond Requirements of the Bond or for any claim based thereon or otherwise upon this Resolution or any other instrument relating thereto, against any individual member of the Board or any officer or other agent of the Board or District, past, present or future, either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bond and as a part of the consideration of its issuance specially waived and released.

SECTION 13. **Authorization of Bond.** For the purpose of providing funds to pay all or a portion of the cost of the Project, the District shall issue its "Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bond (Additionally Secured by Pledged Revenues), Series 2011A", in the maximum principal amount as set forth in the Loan Contract (not to exceed $40,000,000).

SECTION 14. **Bond Details.** The Bond shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with 149 of the Tax Code, and the regulations of the Secretary of the Treasury thereunder. The Bond shall be dated initially as of the date of delivery thereof to the State, and shall be issued as a single Bond in the maximum principal amount as set forth in the Loan Contract (not to exceed $40,000,000). The District's indebtedness as represented by the Bond shall be $40,000,000 or such lesser amount as shall represent the aggregate principal amount advanced under the Loan Contract as shown on the principal advance panel attached to the Bond. The Bond shall bear interest calculated on the basis of a 360 day year of twelve 30-day months at the rate per annum set forth in the Loan Contract on the unpaid principal amount advanced from the date or dates of each advance until the principal thereof is paid in full. Interest payments shall be payable semiannually on January 1 and July 1 of each year commencing
on the January 1 or July 1 immediately succeeding the date of the first principal advance made to the District under the Loan Contract. Principal payments shall be made semiannually on January 1 and July 1, commencing on the first January 1 or July 1 immediately following the date the District draws the maximum principal amount authorized under the Loan Contract, the date the District completes the Project, or three years from the date of the initial principal advance under the Loan Contract, whichever occurs first. The amount of principal and interest payments shall be substantially in the amounts set forth in the Loan Contract, provided that the principal and interest payments shall be structured so as to produce payments substantially consistent in amount from payment date to payment date and which shall amortize the outstanding principal amount of the Bond by the date which is no more than 20 years of the date of the initial advance under the Loan Contract.

If the Bond is reissued upon replacement, it shall bear interest from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from the date of the initial advance to the District under the Loan Contract. The installments of principal and interest on the Bond shall be paid, as long as the State is the registered owner of the Bond, by electronic funds transfer to the State, and otherwise by check or warrant made to the order of the registered owner of the Bond and mailed to the address of the registered owner shown on the registration records kept by the County Treasurer of Clark County, the ex officio District Treasurer (the ADistrict Treasurer@), acting in the capacity as registrar for the Bond (the "Registrar") as of the close of business on the day immediately prior to such payment date, or if such date is not a business day, on or before the next succeeding business day. So long as the State is the registered owner, such payment shall be made by depositing with the State Treasurer, not later than the principal or interest payment date, the amount coming due on the Bond on such date, or if such payment date is not a business day, on or before the next succeeding business day, immediately available funds in an amount sufficient to make the payment then due. The final installment of principal on the Bond whether at maturity or prior redemption (if the State consents to such prior redemption), shall be made only on presentation and surrender of the Bond, as provided in Section 22 hereof, at the office of the Paying Agent. If any installment of principal shall not be paid when due, interest shall continue to accrue at the rate set forth in the Loan Contract until the principal thereof is paid in full, plus a penalty in the amount of one-tenth of one percent (0.1%) will be due for each day of nonpayment commencing 10 days after the maturity date of that principal installment. The Paying Agent may make payments of interest on the Bond by such alternative means as may be mutually
agreed to between the owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

SECTION 15. **Prior Redemption or Prepayment Option.** The Bond is subject to redemption prior to the respective maturities of the installments of principal, in whole or in part, at the option of the District, on any January 1, or July 1, at a price equal to the principal amount of the Bond or portion thereof, so prepaid and the accrued interest thereon to the Redemption Date; provided that (i) the State consents in writing to such prepayment, or (ii) a change in use of the facilities financed by the Bond occurs which change in use necessitates remedial action under Treas. Reg. 1.141-12 in order to comply with the covenant in Section 55 hereof. If all or a portion of the principal of the Bond is so called for prior redemption, no payment of the principal of or interest on the Bond due on or after the date fixed for redemption shall be made unless the Bond is presented to the Paying Agent and notation of the installments of principal redeemed is made on such Bond.

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

SECTION 17. **Registration of Bond.**

A. Records for the registration of the Bond shall be kept by the Registrar. The person in whose name any Bond shall be registered, on the registration records kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes; and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the owner thereof or his or her legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

B. If the Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the District may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond. If such lost, stolen, destroyed or mutilated Bond shall have matured or
shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

C. Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for replacement as provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or Registrar to the District.

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

SECTION 18. **Execution and Registration.**

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

B. No Bond shall be valid or obligatory for any purpose unless the registration panel thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. By registering the Bond initially delivered pursuant to this Resolution, the Registrar shall be deemed to have assented to all of the provisions of this Resolution.

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

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

SECTION 20. **Incontestable Recital.** Pursuant to NRS 350.628, the Bond shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bond and the regularity of its issuance.
SECTION 21. **State Tax Exemption.** Pursuant to NRS 350.710, the Bond, its transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to chapter 375B of NRS.

SECTION 22. **Use of Single Bond.** The Bond shall be evidenced by a single Bond in the maximum principal amount as set forth in the Loan Contract (not to exceed $40,000,000), numbered R-1, which Bond shall be signed manually or by facsimile signature and executed in the name of and on behalf of the District by the Chairman, countersigned and subscribed manually or by facsimile signature by the District Treasurer, with the seal of the District affixed thereto and attested and signed manually or by facsimile signature by the Secretary. So long as the State is the registered owner, payment of principal and interest shall be made by electronic transfer to the State Treasurer, on or before such payment date, or if such payment date is not a business day, on or before the next succeeding business day, immediately available funds in an amount sufficient to make the payment then due. The final installment of principal on the Bond shall be made only upon surrender of the Bond at the office of the Paying Agent. If all or a portion of principal of the Bond is called for prior redemption, no payment of the principal or redemption price of or interest on the Bond, due on or after the date fixed for redemption shall be made unless the Bond is presented to the Paying Agent and notation of the installments of principal so called for prior redemption is made on such Bond. The Bond must be registered in the name of its owner and may be assigned by the registered owner in the manner and with the effect set forth in the provisions for registration contained in the form thereof hereinafter set forth.

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

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

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

CLARK COUNTY WATER RECLAMATION DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) WATER RECLAMATION BOND
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2011A

No. R-1 MAXIMUM PRINCIPAL AMOUNT: $___________
LOAN CONTRACT No. ______

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

$___________ (DOLLARS ($___________)

or such lesser amount as shall represent the aggregate principal amount advanced under the State
Water Pollution Control Revolving Fund Loan Contract (the "Loan Contract") between the District
and the State Department of Conservation and Natural Resources, as is hereby required to be shown
by the District Treasurer, acting as registrar (the "Registrar"), on the principal advance panel
appended hereto, in installments of principal in the amounts and dates to be determined in
accordance with the Loan Contract and pursuant to the resolution duly adopted by the Board of
Trustees (the "Board") of the District on March 1, 2011 and designated in '1' by the short title
"2011A Water Reclamation Bond Resolution" (the "Resolution") (unless prepayment occurs in
accordance with the Resolution and such prepayment is noted on the Prepayment Panel appended
hereto) in lawful money of the United States of America, together with interest on the unpaid
advances of principal until payment of such advances of principal shall have been discharged as
provided in the Resolution, said interest being payable on January 1 and July 1 of each year
immediately succeeding the date of the first advance, and said installments of principal bearing
interest at the rate of ______percent (___%) per annum as set forth in the Loan Contract, and being
payable on January 1 and July 1 of the years and in the amounts and at the times designated in the
Loan Contract, not to exceed 20 years from the date of the initial advance under the Loan Contract.

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

This Bond is a duly authorized bond of the District issued in the maximum principal amount of __________________________ Dollars ($_________) (the "Bond") to defray, in part, the cost of acquiring, constructing, improving and equipping water reclamation improvements for the District and all appurtenances thereto (the "Project") under the authority of and in full compliance with the constitution and laws of the State.

This Bond is issued pursuant to Nevada Revised Statutes ("NRS") 350.500 through 350.720, and all laws amendatory thereof designated in NRS 350.500 as the Local Government Securities Law (the "Bond Act"); pursuant to NRS Chapter 318 (the "Project Act"), and pursuant to NRS Chapter 348. Pursuant to NRS 350.628, this recital is conclusive evidence of the validity of the Bond and the regularity of its issuance; and pursuant to NRS 350.710, the Bond, its transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to the provisions of Chapter 375B of NRS.

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

It is hereby certified and recited that all of the requirements of law have been fully complied with by the proper officers of the District in the issuance of this Bond; that the total indebtedness of the District, including that of this Bond, does not exceed any limit of indebtedness prescribed by the Constitution or by the laws of the State; that provision has been made for the levy and collection of general (ad valorem) taxes ("General Taxes") against all taxable property within the District sufficient to pay the Bond Requirements of this Bond when the same become due (except to the extent that other revenues are available therefor), subject to the limitations imposed by the Constitution and statutes of the State; and that the full faith and credit of the District are hereby irrevocably pledged to the payment of the Bond Requirements of this Bond according to its terms.

Payment of the principal of and interest on this Bond is additionally secured by a pledge of the net revenues (herein called the "Net Revenues") derived by the District from the operation and use of, and otherwise pertaining to, the Water Reclamation System of the District of which the Project is a part, after provision is made for the payment of all necessary and reasonable
operation and maintenance expenses of the Water Reclamation System, which Net Revenues are so pledged as more specifically provided in the Resolution.

This Bond is equally and ratably secured by such pledge of the Net Revenues, and such pledge constitutes an irrevocable lien (but not necessarily an exclusive lien) upon the Net Revenues on a parity with certain bonds of the District (as described in the Resolution), and subject to the lien on the Net Revenues of certain Superior Securities (as described in the Resolution). Additional securities may be issued and made payable from the Net Revenues of the Water Reclamation System and having a lien thereon superior to, subordinate to, or on a parity with such pledge, in each case subject to the conditions of and in accordance with the Resolution.

Reference is made to the Resolution and to the Bond Act for an additional description of the nature and extent of the security for this Bond, the accounts, funds, or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the registered owner of this Bond with respect thereto, the terms and conditions upon which this Bond is issued, and a statement of rights, duties, immunities, and obligations of the District, and other rights and remedies of the owner of this Bond.

To the extent and in the respects permitted by the Resolution, the provisions of the Resolution may be amended or otherwise modified by action of the District taken in the manner and subject to the conditions and exceptions prescribed in the Resolution. The pledge of Net Revenues under the Resolution may be discharged at or prior to the respective maturities of the installments of principal or prior redemption of the Bond upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

This Bond shall not be entitled to any benefits under the Resolution, or be valid or obligatory for any purpose until the registration panel hereon shall have been manually signed on behalf of the Registrar.

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise in respect to the Resolution or any other instrument pertaining thereto, against any individual member of the Board, or any officer or other agent of the District, past, present or future, either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.
IN WITNESS WHEREOF, the Clark County Water Reclamation District, Nevada, has caused this Bond to be executed in its name by the facsimile or manual signature of its Chairman, to be countersigned by the facsimile or manual signature of its District Treasurer, and attested by the facsimile or manual signature of its District Secretary and has caused the seal of the District to be reproduced hereon, all as of ________, 2011, i.e., the date of delivery of this Bond.

CLARK COUNTY WATER RECLAMATION DISTRICT, NEVADA

By ______ (Manual or Facsimile Signature)
Chairman, Board of Trustees
Clark County Water Reclamation District, Nevada

Countersigned:

(SEAL)

By ______ (Manual or Facsimile Signature)
County Treasurer
ex officio District Treasurer
Clark County Water Reclamation District, Nevada

Attest:

______(Manual or Facsimile Signature)
County Clerk
ex officio Secretary
Clark County Water Reclamation District, Nevada

(End of Form of Single Bond)
(Form of Registration Panel)

MANDATORY REGISTRATION FOR PAYMENT
AS TO PRINCIPAL AND INTEREST

The within single Bond is registered in the office of the Treasurer of Clark County Water Reclamation District, Nevada, as Registrar in the name of the last owner listed below, and the principal amount of the bond and interest thereon shall be payable only to such owner, all in accordance with the within-mentioned Resolution.

<table>
<thead>
<tr>
<th>Date of Registration</th>
<th>Name of Owner</th>
<th>Address of Owner</th>
<th>Signature of Registrar</th>
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<tbody>
<tr>
<td></td>
<td>State of Nevada, Treasurer, as Custodian of the Revolving Fund of the State of Nevada</td>
<td>State Treasurer 101 N. Carson Street Suite 4, Carson City Nevada 89701</td>
<td>___________________________</td>
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</table>

(End of Form of Registration Panel)
(Form of Principal Prepayment Panel on Single Bond)

**PREPAYMENT PANEL**

The following installments of principal (or portions thereof) of this single Bond have been prepaid by the Clark County Water Reclamation District, Nevada, in accordance with the terms of the within-mentioned Resolution.

<table>
<thead>
<tr>
<th>Date of Prepayment</th>
<th>Due Date of Installments (or portions thereof) Prepaid</th>
<th>Principal Amount Prepaid</th>
<th>Signature of Paying Agent</th>
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(End of Form of Principal Prepayment Panel)
(Form of Principal Advance Panel)

**PRINCIPAL ADVANCE PANEL**

Clark County Water Reclamation District, Nevada  
General Obligation (Limited Tax) Water Reclamation Bond  
(Additionally Secured by Pledged Revenues)  
Series 2011A  
Maximum Principal Amount of $__________  
Loan Contract #__________

<table>
<thead>
<tr>
<th>Amount of Principal Advanced</th>
<th>Date of Advance</th>
<th>Signature of District Treasurer or General Manager</th>
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(End of Form of Principal Advance Panel)
SECTION 24. **Delivery of the Single Bond; Deposit of Proceeds.** When the Bond has been duly executed, the District Treasurer shall cause it to be delivered to the State upon receipt of the initial advance under the Bond and shall authenticate and register it in the name of the State on the Bond registration records of the Registrar and make notation of such registration on the Bond. The District Treasurer shall cause the proceeds of the Bond to be deposited into a special account hereby created and designated as the "Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bond (Additionally Secured by Pledged Revenues), Series 2011A, Acquisition Account" (the "Acquisition Account") to be held by the District. Moneys in the Acquisition Account shall be used solely to defray wholly or in part the Cost of the Project including, without limitation, as provided in NRS 350.516, all costs of issuing the Bond including any costs and fees associated with the State's administration of the loan related to the Bond which the Board hereby determines are necessary and desirable and appertain to the Project. After the Project is complete and after all expenses have been paid or adequate provision therefor is made, pursuant to NRS 350.650, any unexpended balance of Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Acquisition Account shall be deposited into the Bond Fund hereinafter created to be used to pay the principal of and interest on the Bond.

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

SECTION 26. **Use of Investment Gain.** Pursuant to NRS 350.658, and except as may otherwise be required herein, any gain from any investment and any reinvestment of any proceeds of the Bond shall be deposited promptly upon the receipt of such gain at any time or from time to time into the Acquisition Account to defray, in part, the Cost of the Project or, if adequate provision has been made for the Project, into the Bond Fund, for the respective payment of the principal of or interest on the Bond or any combination thereof. As provided herein, the annual General Taxes for the payment of the principal of or interest on the Bond levied after such deposits of any such investment or reinvestment gain may be diminished to the extent of the availability of such deposit for the payment of such principal or interest.

SECTION 27. **Prevention of Bond Default.** Subject to the provisions of this Resolution, the Treasurer shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements of the Bond as the same become due whenever and to the extent moneys otherwise available therefor are insufficient for that purpose.
unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and relating to the Project. The Treasurer shall promptly notify the Board of any such use.

SECTION 28. **Purchaser Not Responsible.** The validity of the Bond shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Project, or any part thereof, or to the completion of the Project. The State shall not in any manner be responsible for the application or disposal by the District or by any of its officers, agents and employees of the moneys derived from the sale of the Bond or of any other moneys referred to in this Resolution.

SECTION 29. **General Tax Levies.** So far as possible, the Bond Requirements of the Bond shall be paid from Net Revenues. However, pursuant to NRS 350.596, any principal and interest falling due on the Bond at any time when there are not on hand from the Net Revenues of the sufficient funds to pay the same shall be promptly paid when due from the Acquisition Account or out of a general fund of the District or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements, there are hereby created two separate accounts designated as the "Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bond (Additionally Secured by Pledged Revenues), Series 2011A, Interest Account" (the "Interest Account") and the "Clark County Water Reclamation District, Nevada, General Obligation (Limited Tax) Water Reclamation Bond (Additionally Secured by Pledged Revenues), Series 2011A, Principal Account" (the "Principal Account" and collectively with the Interest Account, the "Bond Fund"). Pursuant to NRS 350.592 and 350.594, there shall be duly levied immediately after the issuance of the Bond and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the District, including the net proceeds of mines, fully sufficient to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installments of principal and interest, and to pay the interest on the Bond becoming due after such initial installment, and to pay and retire the Bond as they thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies.
The proceeds of such annual levies shall be duly credited to such separate accounts for the payment of such Bond Requirements. In the preparation of the annual budget or appropriation resolution for the District, the Board shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the District, including, without limitation, the Bond, subject to the limitation imposed by NRS 361.453 and Section 2, art. 10, State Constitution, and the amount of money necessary for this purpose shall be a first charge against all the revenues received by the District.

SECTION 30. Priorities for Bonds. As provided in NRS 361.463, in any year in which the total General Taxes levied against the property in the District by all overlapping units within the boundaries of the District exceeds the limitation imposed by NRS 361.453, or a lesser or greater amount fixed by the State Board of Examiners in any fiscal year, and it becomes necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by such unit or units (including, without limitation, the District and the State) for purposes other than the payment of bonded indebtedness, including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by each such unit (including, without limitation, the District and the State) for all other purposes where reduction is necessary in order to comply with the limitation of NRS 361.453.

SECTION 31. Correlation of Levies. Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected, and the proceeds thereof for the Bond shall be kept in the Principal Account and in the Interest Account, which accounts shall be used for no other purpose than the payment of principal and interest, respectively, as the same fall due.

SECTION 32. Use of General Fund. Any sums becoming due on the Bond at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the District, reimbursement to be made for such general funds in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596.

SECTION 33. Use of Other Funds. Nothing in this Resolution prevents the District from applying any funds (other than General Taxes but including Net Revenues) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, fall
due, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.

SECTION 34. Legislative Duties. In accordance with NRS 350.592, it shall be the duty of the Board annually, at the time and in the manner provided by law for levying other General Taxes of the District, if such action shall be necessary to effectuate the provisions of this Resolution, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes. The Board shall require the officers of the District to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of the Bond and the interest thereon. Such General Taxes when collected shall be kept for and applied only to the payment of the principal of and the interest on the Bond as hereinbefore specified.

SECTION 35. Appropriation of General Taxes. In accordance with NRS 350.602 of the Bond Act, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal of and interest on the Bond; and such appropriations will not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the Bond Requirements of the Bond have been wholly paid.

SECTION 36. Pledge of Net Revenues. Subject only to the provisions of this Resolution permitting the application thereof for or to the purposes and on the terms and conditions set forth herein, there are hereby additionally pledged to secure the payment of principal of and interest on the Bond in accordance with its terms and the provisions of this Resolution, all of the Net Revenues. This pledge shall be valid and binding from and after the date of the delivery to the State of the Single Bond. The Net Revenues, as received by the District, shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing or further act; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District (except as herein otherwise provided) irrespective of whether such parties have notice thereof. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any and all other obligations and liabilities of the District payable from the Net Revenues, except for the Superior Securities and as herein otherwise provided. The lien on this pledge for payment on the Bonds and any Parity Securities hereafter issued shall be ratably and equitably secured by the pledge of the Net Revenues hereunder. The
Bonds and any Parity Securities hereafter issued are not entitled to any priority one over the other in the application of the Net Revenues.

SECTION 37. **Revenue Fund.** So long as the Bond shall be outstanding, the entire Gross Revenues, upon their receipt from time to time by the District, shall be set aside and credited immediately to a separate account designated as the "Clark County Water Reclamation District Gross Pledged Revenues Fund" (the "Revenue Fund"), and the Revenue Fund shall be administered and the moneys on deposit therein shall be applied in the order of priority specified in Sections 38 through 42 hereof.

SECTION 38. **Operation and Maintenance Fund; Superior Securities.**

A. First, from time to time there shall be transferred and credited to a separate account designated as the "Clark County Water Reclamation District, Nevada Reclamation System Facilities Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), moneys sufficient to pay Operation and Maintenance Expenses, as budgeted and approved in accordance with law, as such expenses become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Operation and Maintenance Fund at the end of the fiscal year of the District and not needed for Operation and Maintenance Expenses shall be transferred to the Revenue Fund.

B. Second, after such payments are made into the Operation and Maintenance Fund, there shall be set aside and credited to the bond funds (including any reasonable reserve requirements, rebate requirements, and payments due on any Qualified Swap, as defined in the resolutions authorizing the issuance of the Superior Securities) for any Superior Securities, such amounts as are required to be deposited by the resolutions authorizing the issuance of the Superior Securities.

SECTION 39. **Bond Fund.** Third, from any monies thereafter remaining in the Revenue Fund there shall be transferred and credited to the Bond Fund, concurrently with transfers to any bond funds created to pay the bond requirements of any Parity Securities heretofore or hereafter issued, monthly, commencing the first day of the month immediately succeeding the delivery date of the Bond, an amount in substantially equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installments of principal and interest on the Bond and any Parity Securities heretofore or
hereafter issued. The money credited to the Bond Fund shall be used to pay the Bond Requirements of the Bond and any Parity Securities as such Bond Requirements become due.

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

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

SECTION 42. Surplus Revenues. Sixth, at the end of the Fiscal Year of the District, or whenever there shall have been credited all amounts required to be deposited in the respective foregoing separate accounts for all of that Fiscal Year, the remaining Net Revenues may be used for any lawful purposes of the District, as the Board may from time to time determine, including, without limitation, for the creation of operation and maintenance reserves and capital reserves, the payment of capital costs and major maintenance costs of the Water Reclamation System, to pay any other obligations pertaining to the Water Reclamation System or otherwise.

SECTION 43. Termination of Deposits. No payment need be made into the Bond Fund if the amounts in that fund total a sum at least equal to the entire amount of the Outstanding Bond as to all Bond Requirements to their respective maturities both accrued and not accrued, in which case moneys in such fund in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due.

SECTION 44. Equal Security. The Bond and any other Parity Securities issued from time to time outstanding shall be equally and ratably secured by the pledge of Net Revenues.
hereunder and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the Bond and any Parity Securities.

SECTION 45. **Defraying Delinquencies.** If at any time the District shall for any reason fail to pay into the Bond Fund or the Rebate Account the full amount above stipulated from the Net Revenues, then an amount shall be paid first into the Bond Fund and second into the Rebate Account at such time equal to the difference between that paid from the Net Revenues and the full amount so stipulated. If Parity Securities are Outstanding, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a bond fund, reserve fund or rebate account therefor, then the moneys replaced in such funds shall be replaced on a pro rata basis related to the principal amount of the then Outstanding Bond and the then Outstanding Parity Securities, as moneys become available therefor, first into all of such bond and reserve funds and second into all such rebate accounts.

SECTION 46. **Conditions to Additional Parity Securities.**

A. Nothing herein, except as expressly hereinafter provided, shall prevent the issuance by the District of additional securities payable from Net Revenues and constituting a lien thereon on a parity with the lien thereon of the Bond, provided, however, that the following are express conditions to the authorization and issuance of any such Parity Securities:

(1) At the time of adoption of the instrument authorizing the issuance of the additional Parity Securities, the District shall not be in default in the payment of principal of or interest on the Bond.

(2) The Net Revenues (subject to adjustments as hereinafter provided) projected by the General Manager, Chief Financial Officer, independent accountant or consulting engineer to be derived in the later of (i) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Parity Securities are projected to be completed or (ii) the first Fiscal Year for which no interest has been capitalized for the payment of any Parity Securities, including the Parity Securities proposed to be issued, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be

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paid during that Fiscal Year) of the Outstanding Superior Securities, Outstanding Bond, any other Outstanding Parity Securities and the Parity Securities proposed to be issued (excluding any reserves therefor).

B. In any determination of whether or not additional Parity Securities may be issued in accordance with the foregoing earnings test, consideration shall be given to any probable estimated increase or reduction in Operation and Maintenance expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional Parity Securities.

C. In any determination of whether or not additional Parity Securities may be issued in accordance with the foregoing earnings test, the respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

D. A written certificate or written opinion by the General Manager, Chief Financial Officer, independent accountant or consulting engineer that the foregoing earnings test is met shall be conclusively presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver additional Parity Securities.

E. In connection with the authorization of any such additional securities the Board may on behalf of the District adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the District herein and no such covenant or agreement may be materially adverse to the interests of the holders of the Bond. Any finding of the Board to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met for purposes of this Resolution.

F. Nothing herein prohibits the issuance of securities having a lien on the Net Revenues superior to the lien thereon of the Bond.

SECTION 47. **Subordinate Securities for the Water Reclamation System.**

Nothing herein, except as expressly provided herein, shall prevent the District from issuing additional securities payable from Net Revenues and constituting a lien thereon subordinate to the lien thereon of the Bond and any Outstanding Parity Securities; provided however, that the proceeds
of any such Subordinate Securities shall be used only to refund outstanding Parity Securities or Subordinate Securities or pay the cost (including, without limitation, incidental expenses) of a project for the betterment, enlargement, extension, or other improvement or equipment of the Water Reclamation System, or any combination thereof.

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

A. At any time after the Bond, or any part thereof, is issued and remains Outstanding, if the District shall find it desirable to refund any Outstanding Bond or other Outstanding Parity Securities or Subordinate Securities, such Bond or other securities, or any part thereof, may be refunded only if the Bond or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior recemption for the purpose of refunding them at the District's option upon proper call, unless the owner or owners of all such Outstanding securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the Gross Revenues is changed (except as provided in subsection D of this Section).

B. The refunding bonds or other refunding securities so issued shall enjoy complete equality of lien with the portion of any securities of the same issue which is not refunded, if there is any; and the owner or owners of the refunding securities shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the unfunded securities of the same issue partially refunded by the refunding securities.

C. Any refunding bonds or other refunding securities payable from any Gross Revenues shall be issued with such details as the Board may by resolution provide, subject to the provisions of this section but without any impairment of any contractual obligation imposed upon the District by any proceedings authorizing the issuance of any unfunded portion of the Outstanding securities of any one or more issues (including, without limitation, the Bond).

D. If only a part of the Outstanding Bond and other Outstanding securities of any issue or issues payable from the Gross Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unfunded portion of such securities:

1. Unless the refunding bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by the refunding securities and by the Outstanding securities not refunded on and before the last maturity date or
last Redemption Date, if any, whichever is later, of the unfunded securities, and unless the lien of any refunding bonds or other refunding securities on the Net Revenues is not raised to a higher priority than the lien thereon of the Bond or other securities thereby refunded; or

(2) Unless the lien on any Gross Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

(3) Unless the refunding bonds or other refunding securities are issued in compliance with Section 46 hereof.

SECTION 49. **Operation of the Water Reclamation System.** The District shall at all times operate the Water Reclamation System properly and in a sound and economical manner and shall maintain, preserve and keep the Water Reclamation System properly, or cause the same so to be maintained, preserved and kept, in good repair, working order and condition. The District also shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Water Reclamation System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating Water Reclamation Systems of like size and character.

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

SECTION 50. **Insurance.** The District shall at all times maintain by self insurance or with responsible insurers all such insurance as is customarily maintained with respect to works and properties of like character against loss of or damage to such works or properties and against public or other liability to the extent reasonably necessary to protect the interest of the District and the owners of the Bonds issued hereunder. If any useful part of the works and properties of the Water Reclamation System shall be damaged or destroyed, the District shall repair or replace the damaged works or properties so as to restore the same to use. The proceeds of any insurance policies covering any such loss or damage shall be payable to the District, and shall be applied to the
District’s reasonable and necessary reconstruction costs and, to the extent not so applied, shall be paid into the Revenue Fund and used in the same manner as other moneys in said fund.

SECTION 51. **Payment of Taxes.** The District shall pay or cause to be paid all taxes, assessments and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Water Reclamation System or any part thereof, or upon any portion of the Gross Revenues, when the same shall become due. The District shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Water Reclamation System or any part thereof, except for any period during which the validity of the same is being contested in good faith by proper legal proceedings. The District shall not create or suffer to be created any lien or charge on the Water Reclamation System or any part thereof, or upon the Gross Revenues, except the pledge and lien created by this Resolution for the payment of the Bond and any Outstanding Superior Securities, Parity Securities or Subordinate Securities issued in accordance herewith, and except as herein otherwise permitted. The District shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Water Reclamation System or any part thereof, or upon the Gross Revenues. Nothing herein contained requires the District to pay or cause to be discharged or to make provision for any such tax, assessment, lien, charge or demand before the time when payment thereon shall be due, or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings.

SECTION 52. **Replacement of Registrar or Paying Agent.** If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the General Manager or Chief Financial Officer shall reasonably determine to appoint a successor Registrar or Paying Agent, or both, the General Manager or Chief Financial Officer may do so upon notice mailed to the owner of the Bond at his address last shown on the registration records. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same person or institution serve as both Registrar and Paying Agent hereunder, but the District shall have the right to have the same person or institution serve as both Registrar and Paying Agent.

SECTION 53. **Rate Covenant.** The District shall charge against users or against purchasers of services or commodities pertaining to the Water Reclamation System such fees, rates
and other charges as shall be sufficient to produce Gross Revenues annually which, together with any
other funds available therefor, will be in each Fiscal Year of the District at least equal to the sum of:

(a) an amount equal to the annual Operation and
    Maintenance Expenses for such Fiscal Year;
(b) an amount equal to the debt service due in such Fiscal
    Year on the then Outstanding Bond, any Outstanding Superior
    Securities and any Outstanding Parity Securities; and
(c) any other amounts payable from the Net Revenues and
    pertaining to the Water Reclamation System, including, without
    limitation, debt service on any Subordinate Securities and any other
    securities pertaining to the Water Reclamation System, operation and
    maintenance reserves, capital reserves and prior deficiencies
    pertaining to any account relating to Gross Revenues.

The foregoing rate covenant is subject to compliance by the District with any
legislation of the United States of America, the State or other governmental body, or any regulation
or other action taken by the United States, the State or any agency or political subdivision of the
State pursuant to such legislation, in the exercise of the police power thereof for the public welfare,
which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and
other charges collectible by the District for the use of or otherwise pertaining to, and all services
rendered by, the Water Reclamation System.

Subject to the foregoing, the District shall cause all fees, rates and other charges
pertaining to the Water Reclamation System to be collected as soon as reasonable and shall provide
methods of collection and penalties to the end that the Gross Revenues shall be adequate to meet the
requirements hereof.

SECTION 54. Books of Record and Account. So long as any of the Bonds remain
outstanding, proper books of record and account shall be kept by the District, separate and apart from
all other records and accounts, showing complete and correct entries of all transactions relating to the
Water Reclamation System and to all moneys pertaining thereto, including, without limitation, the
Gross Revenues.

SECTION 55. Tax Covenant. The District covenants for the benefit of the owners
of the Bond that it will not take any action or omit to take any action with respect to the Bond, the
proceeds thereof, any other funds of the District or any facilities financed with the proceeds of the Bond if such action or omission (i) would cause the interest on the Bond to lose its exclusion from gross income for federal income tax purposes under 103 of the Tax Code or (ii) would cause interest on the Bond to lose its exclusion from alternative minimum taxable income as defined in 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bond until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met.

SECTION 56. **Defeasance.** When all Bond Requirements of the Bond have been duly paid, the pledge, the lien, and all obligations hereunder shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. There shall be deemed to be such due payment when the District has placed in escrow or in trust with a Trust Bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from the Federal Securities in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of the Bond, as the same become due to the final maturities of the Bond, or upon any redemption date as of which the State Treasurer shall have consented to and the District shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of Bond for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and the Trust Bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the issuer thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owners of the Bond at the addresses last shown on the registration records for the Bond maintained by the Registrar.

SECTION 57. **Amendments.** This Resolution may be amended or supplemented by instruments adopted by the District, without receipt by the District of any additional consideration, but with the written consent of the State Treasurer at the time of the adoption of the amendatory or supplemental instrument, excluding bonds which may then be held or owned for the account of the
District, but including such refunding securities as may be issued for the purpose of refunding any of the Bond if the refunding securities are not owned by the District. No such instrument shall permit:

(a) A change in the maturity or in the terms of redemption of the principal or any installment thereof of any outstanding Bond or any installment of interest thereon without the consent of the State Treasurer; or

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

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

(d) The establishment of priorities as between Bond issued and outstanding under the provisions of this Resolution; or

(e) The modification of, or other action which materially and prejudicially affects the rights or privileges of the State.

Whenever the District proposes to amend or modify this Resolution under the provisions hereof, it shall cause notice of the proposed amendment to be mailed or delivered to the State Treasurer. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the District Secretary for public inspection.

SECTION 58. Delegated Powers. The officers of the District are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution, including, without limitation:

A. The printing of the Bond;

B. The execution of such certificates as may be reasonably required by the State, relating, inter alia,

(1) to the signing of the Bond,

(2) to the tenure and identity the officials of the District,
(3) to the assessed valuation of the taxable property in and the indebtedness of the District,

(4) to the rate of taxes levied against the taxable property within the District,

(5) the exemption of interest on the Bond from federal income taxation,

(6) the delivery of the Bond and the receipt of the Bond purchase price,

(7) the completeness and accuracy of any information provided the State in connection with the Bond as of the date of delivery of the Bond, and

(8) if it is in accordance with the fact, the absence of litigation, pending or threatened, affecting the validity of the Bond;

C. The assembly and dissemination of financial and other information concerning the District and the Bond; and

D. The execution of the Loan Contract.

SECTION 59. **Implied Repealer.** All resolutions, bylaws and orders, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any resolution, bylaw, order, or part thereof, heretofore repealed.

SECTION 60. **Severability.** If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.
PASSED, ADOPTED AND APPROVED this March 1, 2011.

(SEAL)

Attest:

__________________________
Lawrence L. Brown III
Chairman, Board of Trustees
Clark County Water Reclamation District

Diana Alba, County Clerk, ex officio Secretary
Clark County Water Reclamation District

APPROVED AS TO LEGALITY ONLY:

__________________________
Carolyn Campbell, Deputy District Attorney
STATE OF NEVADA  
COUNTY OF CLARK  

I, Diana Alba, the duly qualified Clark County Clerk and ex officio Secretary of the Clark County Water Reclamation District (herein "District"), Nevada, do hereby certify:

1. The foregoing pages are a full and correct copy of the resolution of the Board of County Commissioners of Clark County, ex officio the Board of Trustees of said District (the "Board") adopted at a meeting thereof held on March 1, 2011.

2. All members of the Board were given due and proper notice of such meeting and voted on such resolution as follows:

   Those Voting Aye:  
   Susan Brager  
   Lawrence L. Brown III  
   Tom Collins  
   Chris Giunchigliani  
   Mary Beth Scow  
   Steve Sisolak  
   Lawrence Weekly

   Those Voting Nay:

   Those Absent:

3. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notice of meeting and excerpt from the agenda for the meeting relating to the resolution, as posted at least 3 working days in advance of the meeting on the District's website and at:

   (i) Clark County Water Reclamation District  
       5857 E. Flamingo Road  
       Las Vegas, Nevada

   (ii) Clark County Government Center  
        500 South Grand Central Parkway  
        Las Vegas, Nevada
(iii) Regional Justice Center
200 Lewis Avenue, First Floor
Las Vegas, Nevada

(iv) Paradise Park, Pool and Center
4775 McLeod Drive
Las Vegas, Nevada

is attached as Exhibit "A".

4. At least 3 working days before such meeting, such notice was mailed to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Clark County Water Reclamation District, Nevada, this March 1, 2011.

________________________________________
Secretary
EXHIBIT A

(Attach Copy of March 1, 2011 Meeting Notice)
EXHIBIT A

LOAN STANDARD CONDITIONS

Condition 1. AWARD OF CONSTRUCTION CONTRACTS; NOTIFICATION OF AWARD AND INITIATION OF CONSTRUCTION

(1.1) The Recipient agrees to award the prime construction contract for the project within 90 days after execution of this loan contract.

(1.2) The Division may, upon the request of a recipient, grant an extension of the time provided by subsection 1 in any case where unusual or extenuating circumstances exist. Any request for an extension must be made in writing and must set forth facts justifying the extension.

(1.3) The Recipient agrees to promptly notify the Division in writing both of the award of the prime construction contract for the project and of initiation of construction of the project. The Recipient shall include with the notice of initiation of construction a statement as to the anticipated date of completion of construction of the project.

Condition 2. LOAN ORIGINATION FEE

(2.1) The Division may charge a loan origination fee in an amount authorized by NAC 445A.770.

(2.2) The Division shall inform the loan recipient of the amount of the fee, prior to loan closing.

(2.3) The loan recipient shall remit to the Division the full amount of the fee, within 30 days after the loan closing.

Condition 3. CONSTRUCTION ACTIVITIES AND NOTIFICATIONS

The Recipient agrees to promptly notify the Division in writing of:

(3.1) Any substantial change in scope of the project. The Recipient agrees that no substantial change in the scope of the project will be undertaken until written notice of the proposed change has been provided to the Division and the Division has given written approval for such change.

(3.2) Cessation of all major construction work on the project where such cessation of work is expected to or does extend for a period of 30 days or more.

(3.3) Any circumstance, combination of circumstances, or condition, which is expected to or does delay completion of construction for a period of 90 days or more beyond the estimated date of completion of construction previously provided to the Division.
(3.4) Completion of construction of the project.

Condition 4. PROJECT ACCESS

The Recipient agrees to insure that the Division or any authorized representative thereof will have suitable access to the project site at reasonable times during project construction.

Condition 5. PROJECT COMPLETION; INITIATION OF OPERATIONS

Upon completion of construction of the Project, the Recipient agrees to expeditiously initiate project operations. At the time of completion of construction, the Division, after consultation with the Recipient, will establish a reasonable estimated project completion date, and the Recipient agrees to make all reasonable efforts to meet the date so established. Such date shall be binding upon the Recipient unless modified in writing by the Division upon a showing of good cause by the Recipient. Extension of the project completion date by the Division shall not be unreasonably withheld.

Condition 6. REVENUE PROGRAM

The Recipient agrees to prepare and provide an acceptable final Revenue Program to the Division at the time of 90 percent payout of loan funds. Further loan disbursements may be withheld until an acceptable final Revenue Program is submitted. The Recipient further agrees to periodically review and modify the Revenue Program as necessary to assure reasonable adequacy of the Revenue Program. The final Revenue Program and all modifications thereof shall be consistent with applicable guidelines and shall be to the reasonable satisfaction of the Division.

Condition 7. CONTINUOUS USE OF PROJECT

The Recipient agrees that it will not abandon, substantially discontinue use of, or dispose of the project during the useful life of the project without prior written approval of the Division. The recipient further agrees to certify in writing that it owns the project property or in the alternative, will have complete control of the project property for the useful life of the project.

Condition 8. REPORTS

The Recipient agrees to expeditiously prove, during construction of the project and thereafter during the useful life of the project, such reports, data, and information as may be reasonable required by the Division, including but not limited to material necessary or appropriate for evaluation of the State Revolving Fund Loan Program or to fulfill any reporting requirements of the federal government.

Condition 9. LOAN DISBURSEMENT; AVAILABILITY OF FUNDS

Except as may be otherwise provided in this contract, loan amounts will be disbursed as follows:

(9.1) Upon execution and return of this loan contract, the Recipient may request immediate disbursement of any planning and design allowance included in the loan amount. The
planning and design allowance amount due will be disbursed promptly upon request after this contract has been fully executed.

(9.2) Additional loan funds will be promptly disbursed to the Recipient for project costs incurred by the Recipient upon receipt of proper and acceptable payment requests from the Recipient provided that payment shall not be made more frequently than once a month.

The Recipient agrees that it will not request payment for any project cost until such cost has been incurred and is due and payable to project contractors, although it is agreed that actual payment of such cost by the Recipient is not required as a condition of payment request. If required by the Division, the Recipient agrees to provide a certification with each payment request that costs shown in the payment request have been incurred and is due and payable at the time of the request.

Each disbursement of loan funds other than for the planning and design allowance will be accompanied by an appropriate prorate percentage of the allowance for construction engineering and inspection services for the project.

(9.3) The Division’s obligation to pay any sum to the Recipient under any provisions of this contract, is contingent upon the availability of sufficient funds to permit the payments provided for herein. In the event that sufficient funds as determined by the Division do not become available for any reason, the Division shall not be obligated to make any payments to the Recipient under this contract. This provision shall be construed as a condition precedent to the obligation of the Division to make any payments under this contract. Nothing in this contract shall be construed to provide the Recipient with a right of priority for payment over any other agency. If any payments which are otherwise due to the Recipient under this contract are deferred because of unavailability of sufficient funds, such payments will promptly be made to the Recipient when sufficient funds do become available.

**Condition 10. WITHHOLDING OF LOAN DISBURSEMENTS**

The Division may withhold all or any portion of the loan funds provided for by this contract in the event that:

(10.1) The Recipient has materially violated, or threatens to materially violate, any term, provision, condition, or commitment of this contract.

(10.2) The Recipient fails to maintain reasonable progress toward completion of the project.

**Condition 11. RECORDS**

Without limitation of the requirement to maintain project accounts in accordance with generally accepted government accounting standards, the Recipient agrees to:

11.1. Establish an official file for the project which shall adequately document all significant actions relative to the project;
11.2. Establish accounts which will adequately and accurately depict all amounts received an expended on the project, including all loan funds received under this contract;

11.3. Establish accounts which will adequately depict all income received which is attributable to the project, specifically including any income attributable to loan funds disbursed under this contract.

11.4. Establish an accounting system which will accurately depict final total costs of the project, including both direct and indirect costs.

11.5. Establish such accounts and maintain such records as may be necessary for the Division to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations;

11.6. If force account is used by the Recipient for any phase of the Project, other than for planning, design and construction engineering and administration provided for by allowance, accounts will be established which reasonable document all employee hours charged to the project and the associated tasks performed by each employee.

11.7. The Recipient agrees to retain its project records for a minimum of three years after final loan repayment has been made, and for such longer period as may be required for the Division to fulfill federal reporting requirements under federal statutes and regulations. All Recipient records relative to the project shall be subject at all reasonable times to inspection, copying and audit by the Division or any authorized representative.

**Condition 12. COMPLIANCE WITH OTHER FEDERAL STATUTES AND AUTHORITIES**

A number of other federal laws and authorities will be applied to activities supported with SRF funds directly made available by capitalization grants. Exhibit B contains a current list of these other laws and authorities.

The Recipient agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, regulations and requirements.

**Condition 13. CONSTRUCTION SCHEDULE**

The Recipient shall require the contractor to submit a schedule for construction at the preconstruction conference. The contractor shall be required to update the schedule as necessary.

**Condition 14. RESIDENT ENGINEER AND INSPECTOR**

The Recipient is required to hire a qualified full time resident engineer and inspector(s) unless waived by the Division, during construction of the project.

**Condition 15. RECORD DRAWINGS**
After completion of the project the Recipient shall provide the division with as built record drawings for the project.

**Condition 16. OPERATION AND MAINTENANCE MANUAL**

The Recipient shall provide an operation and maintenance manual for the project prior to 90 percent completion of construction, for Division review and approval. Payment beyond 90 percent of the loan amount will not be made until the Division has approved the operation and maintenance manual.

**Condition 17. COLLECTION LINES**

If the loan is awarded for construction of collection lines, the Recipient shall require mandatory connection to the system. This shall be accomplished by including a requirement for mandatory connections in the sewer use ordinance.

**Condition 18. FINAL PROJECT AUDIT**

The Division, at its option, may call for an audit of financial information relative to the project, where the Division determines that an audit is desirable to assure program integrity or where such an audit becomes necessary because of federal requirements. Where such an audit is called for, the audit shall be performed by a Certified Public Accountant independent of the Recipient and at the cost of the Recipient. The audit shall be in the form required by the Division.

**Condition 19. REPAYMENT; PENALTIES; RECIPIENT OBLIGATIONS**

(19.1) The loan amount, together with all interest accruing thereon, shall be repaid as provided for in Section 9 of the Loan Contract.

(19.2) The Recipient agrees to make each loan payment on or before the due date. A ten-day grace period will be allowed. A penalty in the amount of one-tenth of one percent (0.1%) of the defaulted payment will be due for each day of nonpayment beyond the grace period. For purposes of penalty assessment, payment will be deemed to have been made if payment is deposited in the U.S. mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the loan balance but will be treated as a separate account and obligation of the Recipient, to be paid in full within 30 days after Recipient is in compliance with payment schedule.

(19.3) The Recipient as a whole is obligated to make all payments required by this contract to the Division, notwithstanding any individual default by its constituents or others in the payment to the Recipient of taxes, assessments, tolls, or other charges levied by the Recipient. The Recipient shall provide for the punctual payment to the Division of all amounts which become due under this contract and which are received from constituents or others in the payment to the Recipient of taxes, assessments, tolls, or other charges levied by the Recipient. In the event of failure, neglect or refusal of any officer of the Recipient to levy or cause to be levied any tax or assessment necessary to provide payment by the Recipient under this contract, to enforce or to collect such tax or assessment, or to pay over to the Division any money collected on the tax or
assessment necessary to satisfy any amount due under this contract, the Division may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the levying and collection of the taxes or assessments and the payment of the money collected therefrom to the Division.

Action taken pursuant hereto shall not deprive the Division of, or limit the application of, any other remedy provided by law or by this contract.

**Condition 20. TERMINATION; IMMEDIATE REPAYMENT; INTEREST**

(20.1) This contract may be terminated by written notice during construction of the project, or thereafter at any time prior to complete repayment by the Recipient, at the option of the Division, upon violation by the Recipient of any material provision of this loan contract after such violation has been called to the attention of the Recipient and after failure of the Recipient to bring itself into compliance with the provisions of this contract within a reasonable time as established by the Division.

(20.2) In the event of such termination, the Recipient agrees, upon demand, to immediately repay to the Division an amount equal to the current balance due on the loan, including accrued interest, and all penalty assessments due. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the Recipient to the date of full repayment by the Recipient.

**Condition 21. DAMAGES FOR BREACH**

In the event that any breach of any of the provisions of this contract by the Recipient shall result in the loss of tax exempt status for any State bonds, or if such breach shall result in an obligation on the part of the State to reimburse the federal government by reason of any arbitrage profits, the Recipient shall immediately reimburse the Division in an amount equal to any damages and penalties paid by or loss incurred by the Division due to such breach.

**Condition 22. DISPUTES**

Any dispute arising under this contract which is not otherwise disposed of shall be decided by the Administrator of the Division of Environmental Protection. The decision shall be reduced to writing and a copy thereof furnished to the Recipient. The decision shall be reduced to writing and a copy thereof furnished to the Recipient. The decision of the Administrator shall be final and conclusive unless, within thirty (30) calendar days after mailing of the Administrator's decision to the Recipient, the Recipient mails or otherwise furnished a written appeal of the decision to the Director of the Department of Conservation and Natural Resources. The decision of the Director shall be final and conclusive unless overturned by a court of competent jurisdiction. In connection with any appeal under this clause, the Recipient shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Recipient shall continue to fulfill and comply with all the terms, provisions, commitments, and requirements of this loan contract.
Condition 23. WAIVER

The parties hereto may, from time to time, waive any rights under this contract unless such waiver is contrary to law, provided that any such waiver must be in writing and must be signed by the party making such waiver.

Condition 24. AMENDMENT

This contract may be amended at any time by mutual written agreement of the parties.
EXHIBIT B

LIST OF FEDERAL LAWS AND AUTHORITIES
A. Federal Cross-Cutters

Environmental Authorities

- Clean Air Act, Pub. L. 84-159, as amended
- Coastal Barrier Resources Act, Pub. L. 97-348
- Coastal Zone Management Act, Pub. L. 92-583, as amended
- Endangered Species Act, Pub. L. 93-205, as amended
- Environmental Justice, Executive Order 12898
- Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- Protection of Wetlands, Executive Order 11990
- Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- National Historic Preservation Act of 1966, PL 89-665, as amended
- Safe Drinking Water Act, Pub. L. 93-523, as amended
- Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

- Demonstration Cities and Metropolitan Development Act of 1966, Pub. L 89-754, as amended
- Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 if the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans
- Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- Debarment and Suspension, Executive Order 12549
- Age Discrimination Act of 1975, Pub. L. 94-135
• Title VI of the Civil Rights Act of 1964, Pub. L. 88-352\footnote{The Civil Rights Act and related anti-discrimination statutes apply to all the operations of the SRF program.}

• Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)

• Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)

• The Drug-Free Workplace Act of 1988, Pub. L. 100-690 (applies only to the capitalization grant recipient)

• Equal Employment Opportunity, Executive Order 11246

• Women’s and Minority Business Enterprise, Executive Orders 11625, 12138 and 12432

• Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

• Anti-Lobbying Provisions (40 CRF Part 30) [applies only to capitalization grant recipients]
CERTIFICATION REGARDING LOBBYING

CERTIFICATION FOR CONTRACTS, GRANTS, LOANS AND COOPERATIVE AGREEMENTS

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-contracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31 U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Typed Name & Title of Authorized Representative

Signature and Date of Authorized Representative

EPA Form 6600-06 (Rev. 06/2008) Previous editions are obsolete.
CLEAN WATER STATE REVOLVING LOAN FUND

LOAN CONTRACT

CONTRACT NO. CS32-1018

This loan contract is made this 25th day of March, 2011 between the Nevada State Department of Conservation & Natural Resources acting by and through the Nevada Division of Environmental Protection hereafter referred to as the Division, and Clark County Water Reclamation District (CCWRD) a governmental subdivision of the State of Nevada hereafter referred to as the Recipient.

WHEREAS:

1. The Federal Clean Water Act (33 U.S.C. Sub Section 1251 et seq.) and State Law (NRS 445.041-445.061) authorize the Division to enter into contracts with municipalities and other public agencies for financial assistance for construction of publicly owned treatment works and pollution control projects; and

2. The Recipient has made application for a loan related to construction of the Project hereafter described, and said Project has been determined by the Division to be eligible for a loan pursuant to applicable Federal and State laws, rules, regulations and guidance; and

3. The Division has authorized loan funding for the Project hereafter described.

NOW, THEREFORE, It is Agreed as Follows:

SECTION 1. PROJECT DESCRIPTION.

Advanced Wastewater Treatment -- 30-mgd Membrane & Ozonation Phase 1 Facilities

SECTION 2. INCORPORATION OF DOCUMENTS AND GENERAL RECIPIENT COMMITMENTS.

This contract incorporates the following documents:

(A) Exhibit A, Loan Contract Standard Conditions;

(B) Exhibit B, List of Federal Laws and Authorities and any amendments thereto;

(C) Exhibit C, Lobbying Certification Form

The Recipient accepts and agrees to comply with all terms, provisions, conditions and commitments of this contract, including all incorporated documents, and to fulfill all assurances, declarations, representations and commitments made by the Recipient in its application, accompanying documents and communications filed in support of its request for loan.
SECTION 3. ESTIMATED COST OF PROJECT.

The estimated total cost of the Project, including associated planning and design costs is $57,000,000 to the recipient.

SECTION 4. MAXIMUM LOAN AMOUNT

Subject to all of the terms, provisions and conditions of this contract, and subject to the availability of State and Federal funds, the Division will loan a sum not to exceed $40,000,000 to the recipient.

SECTION 5. INTEREST RATE

The loan interest rate shall be ___% percent per annum. Interest on any loan funds disbursed to the Recipient shall begin to accrue as of the date of each disbursement of such funds by the Division.

SECTION 6. FEES

The Division will charge a loan origination fee or other such fees as necessary, to defray the costs of administering the loan fund. This loan contract contains a loan origination fee in the amount of $200,000.

SECTION 7. COMPLETION OF PROJECT.

The Recipient agrees to expeditiously proceed with and complete construction of the Project in substantial accordance with Project plans and specifications approved by the Division.

SECTION 8. DISBURSEMENT

Loan funds will be disbursed upon receipt and approval of a Payment Request Form submitted by the Recipient.

SECTION 9. REPAYMENT OF LOAN

Loan funds shall be repaid in accordance with the provisions of the bond resolution and with calculations provided to the loan recipient on a semi-annual basis, by the division or its designee. Notwithstanding any other provision of this contract, however, the first semi-annual payment of principal and interest due on this loan shall be paid on the January 1 or July 1 immediately following the completion of the project, the disbursement in full of the principal amount of the loan authorized, or the expiration of three (3) years from the date of the initial disbursement of loan funds, whichever occurs first, but in no event later than one year after completion of construction of the project. The loan is not subject to prepayment unless the State consents to such prepayment, or a change in use of the project occurs which necessitates remedial action under Treasury Reg. 1.141-12 in order to comply with the federal tax covenant in the bond resolution.

SECTION 10. DEDICATED SOURCE OF REVENUE

The Recipient shall at all times maintain a dedicated source of revenue sufficient to provide reasonable assurance of repayment of this loan. The dedicated source of revenue shall have received Division approval.

SECTION 11. ACCOUNTING STANDARDS

The Recipient will maintain separate project accounts in accordance with generally accepted government accounting standards including those contained in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions: promulgated by the U.S. General Accounting Office.
SECTION 12. USER CHARGE SYSTEM

The Agency shall adopt and maintain in effect a user charge system, which at all times complies with the requirements of applicable state rules, regulations and guidelines.

SECTION 13. OPERATION AND MAINTENANCE

The Recipient agrees to properly staff, operate and maintain all portions of the project during its useful life in accordance with all applicable state laws, rules and regulations.

SECTION 14. USEFUL LIFE OF PROJECT

For purposes of this contract, the parties agree that the useful life of the Project is twenty (20) years from and after Project completion.

SECTION 15. STATE REVIEWS AND INDEMNIFICATION

The parties agree that review or approval of project plans and specifications by the Division is for administrative purposes only and does not relieve the Recipient of the responsibility to properly plan, design, construct, operate and maintain the Project. As between the Division and the Recipient, the Recipient agrees that it has sole responsibility for proper planning, design, construction, operation and maintenance of the Project, and the Recipient agrees to indemnify the Division, the State of Nevada and their officer, agents and employees against and to hold the same free and harmless from any and all claims, demands, damages, losses, costs, expenses or liability due or incidental to planning, design, construction, operation or maintenance of the project.

SECTION 16. TERM

This contract shall take effect upon execution by all parties to the contract and the contract shall remain in effect for a period of 20 years from the date of the first disbursement, or until the date of final loan repayment, whichever period is longer, unless sooner terminated pursuant to the provision hereof.

SECTION 17. ADDITIONAL REQUIREMENTS – Davis-Bacon Act

The Davis-Bacon Act wages rules apply to the project funded by this loan contract.

IN WITNESS THEREOF, the parties have executed this contract on the dates set forth below.

CLARK COUNTY WATER RECLAMATION DISTRICT

NEVADA DIVISION OF ENVIRONMENTAL PROTECTION

BRIDGETTE MCINALLY, CFO

COLLEEN CRIPPS, Ph.D., ADMINISTRATOR

Dated: ____________________________ Dated: ____________________________