



102 South Main Street • Yerington • Nevada • 89447  
PHONE: 775 463-3511 Website: [www.yerington.net](http://www.yerington.net) FAX: 775 463-2284  
The City of Yerington is an Equal Opportunity Provider

---

YERINGTON CITY COUNCIL  
MEETING AGENDA  
MONDAY OCTOBER 12, 2020-10:00 AM.-CITY HALL

Teleconference/Videoconference at:

Join Zoom Meeting

Topic: City Council Meeting

Time: Oct 12, 2020 10:00 AM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/84712053888?pwd=WlprQjVONVRlZjk1b1JjNEg1ZVJwdz09>

Meeting ID: 847 1205 3888

Passcode: 794866

One tap mobile

+12532158782,,84712053888#,,,,,0#,,794866# US (Tacoma)

+13462487799,,84712053888#,,,,,0#,,794866# US (Houston)

Dial by your location

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

+1 301 715 8592 US (Germantown)

+1 312 626 6799 US (Chicago)

+1 929 205 6099 US (New York)

Meeting ID: 847 1205 3888

Passcode: 794866

Find your local number: <https://us02web.zoom.us/j/84712053888?pwd=WlprQjVONVRlZjk1b1JjNEg1ZVJwdz09>

Please call City Hall or email [sheema@yerington.net](mailto:sheema@yerington.net) if you have questions regarding accessing the meeting.

1. Meeting called to order and roll call reported.
2. Public Participation/Comments: Public comments(s) shall not be restricted based on content or view point – No action will be taken

Comments not exceeding three (3) minutes in length will be accepted from the general public in attendance. If any are made, there may be discussion upon those comments. No vote, decision, or action may be taken upon matters raised under this item until it is formally placed on the agenda. **Comments during Discussion Items will not be accepted from the General Public.** “Section 7.05 of the Nevada Open Meeting Law Manual indicates that the Public Body may prohibit comment if the content of the comments is a topic that is not relevant to or within the authority of the Public Body or if the content of the comments is willfully disruptive of the meeting by being irrelevant, repetitious, slanderous, offensive, inflammatory, irrational or amounting to personal attacks or interfering with the rights of other speakers”.

3. For Possible Action: Review and Approval of Agenda.

NOTICE RE: NRS 237: When the City Council approves this agenda, it also approves a motion ratifying staff action taken pursuant to NRS 237.030 *et seq.* with respect to items on this agenda, and determines that each matter on tonight's agenda for which a Business Impact Statement has been prepared does impose a direct and significant economic burden on a business or directly restrict the formation, operation or expansion of a business, and each matter which is on tonight's agenda for which a Business Impact Statement has not been prepared does not impose a direct and significant economic impact on a business or directly restrict the formation, operation or expansion of a business.

4. For Possible Action: Discussion and Approval of the Minutes of September 28, 2020 Regular Meeting.
5. For Possible Action: Discussion and Approval of New, Renewal and Name Change Business Licenses Applications.

- A. Nohemi E. Macias dba Mimi's Beauty Salon, Full Service Beauty Salon, 105A W. Goldfield Ave. Yerington, NV 89447-New (changing from working under her name to owning business)

6. For Possible Action: Discussion and Approval to Revoke Business Licenses Due to Non-Payment for Second QTR April – June 2020.

- A. David Neisingh, Tom Ortiz & Gabriel Froymovich dba Extractech, LLC, Industrial Hemp Processing, 103 McLeod St. Yerington, NV 89447

7. For Possible Action: Discussion and Possible Approval for Destruction of City Records in accordance with the State of Nevada Records Retention Schedule (Amended November 21, 2018).

8. For Possible Action: Discussion and Possible Action to Adopt Ordinance 20-03 Bill # 422 - an Ordinance of the City Council of the City of Yerington, Nevada, Authorizing and Directing the Issuance of Interim Debentures, Series 2020 in Anticipation of the Receipt of Proceeds from the Issuance and Sale of Water and Sewer Revenue Bonds of the City to the United States Department of Agriculture; Approving the Form of Certain Documents with Respect to Such Interim Debentures; Ratifying Action Taken

by City Officers Toward the Issuance of Such Interim Debentures; and Providing For Adoption as an Emergency Ordinance.

9. For Possible Action: Discussion and Approval of Bills Previously Submitted for Payment.

10. Public Participation/Comments: Public comments(s) shall not be restricted based on content or view point – No action will be taken.

11. Department Reports and City Manager Reports, Council Comments- No action will be taken.

This is a tentative schedule for the meeting. The presiding officer reserves the right to take items in a different order to accomplish business in the most efficient manner, and may combine two or more agenda items for consideration. Items may be removed from this agenda or delayed for later discussion.

Copies of all documents discussed herein may be attained at City Hall, 102 S. Main Street, Yerington, Nevada 89447.

This is a tentative schedule for the meeting. The presiding officer reserves the right to take items in a different order to accomplish business in the most efficient manner, and may combine two or more agenda items for consideration. Items may be removed from this agenda or delayed for later discussion.

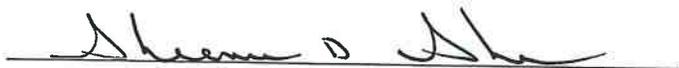
**NOTICE TO PERSONS WITH DISABILITIES:** Members of the public who are disabled and require special assistance or accommodations at the meeting are requested to notify the Administrative Director/Interim City Clerk at 463-3511 in advance so that arrangements may be made.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at: [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Mail your completed complaint form or letter to the U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410; or fax to (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).

I, Sheema D. Shaw, do hereby certify that the foregoing agenda was duly posted October 7, 2020 at the following locations:

Yerington City Hall, Yerington Post Office, Lyon County Court House, Lyon County Administrative Complex.

For questions or supporting materials regarding this agenda, please contact Sheema D. Shaw at (775) 463-3511.

  
City Clerk

**ITEM**

**#4**

**Yerington City Council Meeting**  
**September 28, 2020 at 10:00am – City Hall**

The regular meeting of the Yerington City Council was held in the Council Chambers and via Zoom.com due to COVID-19 and social distancing guidelines enacted by Governor Sisolak at 10:00 a.m. with the following present:

Mayor John J. Garry (Council Chambers)  
Council Members Jerry Bryant (Council Chambers), Selena Catalano, Shane Martin and Terceira Schunke (Via Telephone)  
City Manager Robert Switzer (Via Zoom)  
City Attorney Chuck Zumpft (Via Zoom)  
Public Works Director Jay Flakus (Council Chambers)  
Administrative Director/Interim City Clerk Sheema D. Shaw (Via Zoom)  
Deputy Clerk/Grants Administrator Angela Moore (Via Zoom)

Absent: Chief of Police Darren Wagner

Guests: Mr. David Ray

The meeting was called to order and roll call was reported by Mayor Garry. The Pledge of Allegiance was led by Councilman Bryant.

Mayor Garry opened the meeting stating that the Council Chambers are now open for public gatherings and meetings. The City is also livestreaming on Facebook.

Mayor Garry stated that City Manager Switzer will be acting as the host and will accept the public into the meeting. If the public has any questions or comments, please call the front desk at (775) 463-3511 or email the Administrative Director/Interim City Clerk Shaw at [sheema@yerington.net](mailto:sheema@yerington.net).

Mayor Garry stated that he will call each member of the Council, in order for him or her to vote on each agenda item. Public comments will be taken after each agenda item.

**Public Participation**

Mayor Garry asked for comments with a wait time of two minutes.

Amy Miller with the Chamber of Commerce stated the Chamber Board met last Friday, September 25, 2020 and will be moving forward with the Parade of Lights. A request will be submitted to the City and Highway Patrol for a road closure on Main Street, which will be held on December 12, 2020.

**Agenda Approval**

Mayor Garry stated the agenda would be approved as presented unless there are any objections or corrections. No objections or corrections were made at this time and the agenda was approved as presented.

### Minutes

Mayor Garry stated the minutes of September 14, 2020 regular meeting would be approved as presented unless there are any objections or corrections. No objections or corrections were made at this time and the minutes of September 14, 2020 regular meeting were approved as presented.

### New, Renewal and Name Change Business License Applications

- A. Clay Davis dba Clay Davis, Roofing Contractor, 3793 Meadowood Rd. Carson City, NV 89703 – New Single Project
- B. Ricky Nuzum dba BDR Construction, Inc., General Contractor, 1450 Industrial Way Gardnerville, NV 89410 – New
- C. Kyle Higday dba K & C Construction, LLC, General Contractor, 701 Schaad Lane Dayton, NV 89403 - New

Mayor Garry asked City Manager Switzer if any additions or deletions need to be made. City Manager Switzer stated no. Mayor Garry stated the business licenses would be approved unless there are any objections. No objections were made at this time and the business licenses were approved unanimously.

### Interlocal Agreement Entered into by and Between the City of Yerington, a Political Subdivision of the State of Nevada ("City") and Lyon County, a Political Subdivision of the State of Nevada ("County") to Approve an Ancillary Project to Install Fiber Communication Infrastructure at Lyon County's Expense.

City Manager Switzer stated within this agenda item, the City is looking to help out a couple of organizations for the Water and Sewer Project. The proposed agreement is between the City of Yerington and Lyon County, to install fiber optic communications between the administration and the justice center buildings. The agreement will save Lyon County a lot of money and could lead to increased costs if the action is performed by Lyon County alone. The agreement has Lyon County paying the City 110% of the engineer's estimated project costs until the completion of the project, which is in the amount of \$242,000.00. Lyon County has already appropriated the amount to the City and the City will then pay the contractor. The City is the responsible party and will make sure the project is completed properly.

Councilman Bryant asked if there are any prolonged delays based on the distance of the buildings. Based on the engineer's estimate, City Manager Switzer does not see any foreseeable delays or prolonged completion with the proposed activity for Lyon County.

Councilman Bryant made a motion to approve the Interlocal Agreement between the City of Yerington and Lyon County, seconded Councilwoman Schunke. Mayor Garry asked for comments, no comments were made at this time and the motion was approved unanimously.

Interlocal Agreement Between the City of Yerington, a Political Subdivision of the State of Nevada ("City") and South Lyon County Hospital, a Hospital District and Political Subdivision of the State of Nevada ("SLCH") to Improve Existing Sewer and Water Service Utilities ("Ancillary Project") at the Expense of SLCH.

City Manager Switzer stated within this agenda item, this agreement is also part of the Water and Sewer Project and is very similar to the previous agenda item. The agreement would benefit the community as far as bettering the water and sewer connections and services for the hospital. The agreement states the hospital will pay the City 110% of the engineer's estimated project costs, which is in the amount of \$49,500.00. The hospital has already agreed to pay the City and the City will then pay the contractors.

Councilwoman Schunke made a motion to approve the agreement between the City of Yerington and South Lyon County Hospital, seconded by Councilwoman Catalano. Mayor Garry asked for comments, no comments were made at this time and the motion was approved unanimously.

Request by Eric Bodenstein for Relief on His Water Billing at 6 Mobil Drive in the Amount of \$142.00.

City Manager Switzer stated correspondence and emails were provided to City Council and also to the public. Mr. Bodenstein has several properties within the City of Yerington and has approached staff regarding relief or a credit be applied to 6 Mobil Drive for excessive water usage. If an excessive amount of water was used, the City checks for any leaks on the City's end. Usually the customer has had a water leak, leaves the water on or sometimes a meter may malfunction. The staff checked the meters and nothing was detected to be malfunctioning or leaking on the City's side.

An email was sent to Mr. Bodenstein from City Manager Switzer explaining that the meter was not malfunctioning. The water usage was averaging about 7,000 gallons per month. In the month of July, a meter recording was reported to have used about 100,000 gallons of water. The month of September was averaged at about 7,000 gallons of water used. Based on City Manager Switzer's observation, if meters are malfunctioning, the meter will continue to malfunction and this is not the case. The meter is working correctly and Mr. Bodenstein needs to pay the remaining balance of \$142.00. Mr. Bodenstein made a payment for the accounts with a remaining balance of \$142.00. A shortage would be present based on all accounts. Decisions can be appealed to City Council, which Mr. Bodenstein requested. City Council could decide to keep the \$142.00 credit in place, splitting the cost or having the \$142.00 deficit stand and to bring accounts current.

Mayor Garry stated usually in the summer months, the water usage goes up, is that correct? City Manager Switzer stated that is correct. Mr. Bodenstein stated no water was left on and the residence does not have any grass.

Councilwoman Catalano stated she doesn't have a problem working with Mr. Bodenstein. An obligation needs to be committed and the balance should be paid. The City should not have to pay the full balance. Councilwoman Catalano asked if Mr. Bodenstein was aware of the meeting. City Manager Switzer stated yes, Mr. Bodenstein was aware of the meeting. Councilwoman Catalano asked if the COVID-19 Relief Program can be used to help with the balance on the account. City Manager Switzer stated no, the funds cannot be used for any water or sewer payments.

Councilman Bryant asked if a meeting took place with Mr. Bodenstein to discuss the issue. City Manager Switzer stated yes, a meeting took place. Councilman Bryant suggests to split the cost or balance with Mr. Bodenstein.

City Manager Switzer agrees with Councilman Bryant. City Manager Switzer stated City Council's action and decision is precedent. Mr. Bodenstein presented his payment, but was short by \$142.00. The issue most of all is Mr. Bodenstein's utility accounts would be affected. The policy is in place for the City of Yerington and details the standpoint on multiple accounts and not providing the correct balance.

Councilwoman Catalano stated in the future, this issue could become a problem. On the property, his account needs to be brought to current and only focus on the account in issue.

Administrative Director/Interim City Clerk Shaw stated the City has not applied his payment to the accounts at this time and is currently under review.

Councilwoman Catalano stated Mr. Bodenstein has given specifications to the City for the breakdown of accounts and how much he would like to pay. City Manager Switzer stated Mr. Bodenstein requested to apply the payment to all accounts. The City usually applies payments to the accounts until no money is remaining, which means the last accounts for Mr. Bodenstein would all be in arrears.

Mayor Garry stated the City of Yerington will work with people, but customers cannot decide if a water bill is not going to be paid and the decision is up to City Council. Mayor Garry suggests Mr. Bodenstein pays his balance in full. Councilwoman Schunke agreed that Mr. Bodenstein should be held responsible for the full amount.

Councilwoman Catalano asked if a policy is in place regarding a one-time favor from the City of Yerington. City Manager Switzer stated no, that policy is not currently in place. Councilwoman Catalano suggests Mr. Bodenstein pay the full balance because the City does not have a policy in place. City Manager Switzer stated customers were coming in about complaints due to increased water usage because of the heat, which

leads to more watering and more water usage. The formal policy for the City is on a case by case basis. If a malfunction is on the City's side, the City will handle the issue.

Councilman Bryant suggested Mr. Bodenstein pay the remaining balance and spread out the payments within a few months' time frame. City Manager Switzer stated yes, the City can set Mr. Bodenstein on a payment plan to pay the remaining \$142.00 over three months.

City Attorney Zumpft stated if a customer has a water meter, then the customer pays for the balance. If not, the remaining water customers will have to pay more in order to make up for the non-payment of the customer who did not pay.

Councilwoman Catalano made a motion to deny a request by Mr. Bodenstein for relief on the current balance of \$142.00 with an amendment to pay off the balance of \$142.00 in three monthly payments along with his current balance due, seconded by Councilwoman Schunke. Mayor Garry asked for comments, no comments were made at this time and the motion was approved unanimously.

#### Change the Title of the Administrative Director/Interim City Clerk to City Clerk.

City Manager Switzer is requesting to change the official title for Mrs. Shaw from Administrative Director/Interim City Clerk to City Clerk. City Manager Switzer found that the phrase Interim is a temporary position, usually a three to six-month position. Changing the title to City Clerk is a full-time position and the City Charter was included to City Council. Mrs. Shaw is 100% accomplishing all the duties describes within the City Clerk position. The City owes both Mrs. Shaw the official title and it would be in the best interest of the City. The City establishes the position and a decision will be made as a City.

Mayor Garry stated he supports the decision to change Mrs. Shaw's title to City Clerk. City Manager Switzer stated this is not a salary increase, only a title change, if City Council desires and sanctions as the official City Clerk. Councilwoman Schunke asked if an Administrative Assistant is present and if not, is the City planning on hiring one? City Manager Switzer stated we do not currently have an assistant, but Mrs. Shaw is also performing that duty.

Councilwoman Catalano agreed to the title change for Mrs. Shaw as City Clerk.

Councilwoman Catalano made a motion to approve a change of title of the Administrative Director/Interim City Clerk to City Clerk, seconded by Councilwoman Schunke. Mayor Garry asked for comments, no comments were made at this time and the motion was approved unanimously.

Mayor Garry officially announces Mrs. Shaw as City Clerk of the City of Yerington.

#### Update on Grants.

Deputy Clerk/Grants Administrator Moore provided a presentation. The Coronavirus Relief Fund, an allocation in the amount of \$591,873.00 was awarded to the City of Yerington from the State of Nevada. The City has received both allocations. Purchases have been made including the Vacuum Excavator and the pressure washer for the Public Works Department.

Deputy Clerk/Grants Administrator Moore stated no claims have been filed towards FEMA for COVID-19 expenses. The invoices will be added to the FAA CARES Act for the Airport and also the Coronavirus Relief Fund. The FAA CARES Act for the Airport in the amount of \$30,000.00, a pay request will be submitted in the amount of \$29,772.97. The invoices will be submitted to Delphi and money will be reimbursed back to the City. The remaining balance for the grant will be in the amount of \$227.03. The FAA Master Plan in the amount of \$300,000.00 includes Farr West Engineering and the project has started. The invoices also need to be submitted to Delphi for reimbursement to the City of Yerington.

Deputy Clerk/Grants Administrator Moore stated NV Energy Charge-Point in the amount of up to \$40,000.00 per location, the new City Hall and the Airport. The contractor performed a site assessment at both locations last week, project cost estimates will be submitted by the contractor. Once the project cost estimates are received, the applications can be submitted. The USDA Restroom Project in the amount of \$50,000.00 is awaiting approval from the State of Nevada on the color selection, location and design submittals. The Public Restroom Company plans to bring the building into the factory in early October. A delivery estimate will be provided from the Public Restroom Company in about two weeks.

The Farr West Engineering Rate Study in the amount of \$57,837.00 started in July with an expected completion by December of 2020. The CDBG-CV grant for the Boys and Girls Club of Mason Valley requested funding in the amount of \$125,000.00. A meeting was held on September 1, 2020 with the CDBG Advisory Committee. The Advisory Committee has approved funding in the amount of \$125,000.00. The City is currently awaiting the Letter of Conditions, the Grant Agreement and the Notice to Proceed. The USDA Water and Sewer Project for both City and the Colony is going into the ground-breaking stage for construction starting tomorrow, September 29, 2020.

City Manager Switzer stated the City of Yerington has never had these many grants active at one time. The position for the Deputy Clerk/Grants Administrator is to help coordinate, apply for, and maintain grants.

#### Financial Statement (FS-10) for Fiscal Year 2020-21.

City Manager Switzer stated a review of the Financial Statement (FS-10) is visited every month. The General Fund ending fund balance between July 1, 2020 to August 31, 2020 is in the amount of \$812,223.27. The balance is in a healthy position at this time, but a reduction of revenue from the State of Nevada is expected and likely as we move

into next year. City Manager Switzer removed five percent as a precursor, which is unknown at this time and any trends will be followed.

City Manager Switzer stated the current balance in the Water Fund is positive in the amount of \$884,391.39 in available cash and financial transactions. The financial transactions show a positive trend.

City Manager Switzer stated the Sewer Fund has a current balance in the amount of \$95,990.59, which is a good position and will also be tracked for trends. The Fixed Acquisition Fund is important as the City moves forward with capital projects. The City has expended \$213,000.00 for the purchase of the new City Hall building and will not be reflected within the figures at this time. The ending fund balance is currently in the amount of \$697,258.96 and will be reduced by the \$213,000.00 in September's report. Keep a close look at this fund. The City has budgeted for phase one of the new City Hall project in the amount of \$100,000.00 and will be taken out of the Fixed Acquisition Fund.

#### Review Bills Previously Submitted for Payment

##### Bills, Salaries and Vouchers:

Accounts Payable Checks	9-9-2020	32731 through 32766
	9-15-2020	32767 through 32779
Payroll Vouchers	9-8-2020	9102001 through 9102020
	9-21-2020	9242001 through 9242024
Payroll Checks	9-8-2020	32729
	9-21-2020	32780 through 32781
Transmittal Vouchers	9-8-2020	9082001
	9-21-2020	9212001
Transmittal Checks	9-8-2020	32730
	9-21-2020	32782 through 32783

Mayor Garry stated the bills previously submitted for payment would be approved as presented unless there are any objections. No objections were made at this time and the bills previously submitted for payment were approved unanimously.

#### Public Participation

Mayor Garry asked for any comments with a wait time of two minutes and no comments were made at this time.

### Department Reports

City Attorney Zumpft stated the agreement with South Lyon County Hospital will read and be signed with the name of South Lyon Medical Center instead of South Lyon County Hospital.

Public Works Director Flakus stated the public is invited to come and/or make an appointment to view the new City Hall building. The building will be open from 8:00am until 5:00pm, every day. City Manager Switzer would like to give a shout out to Public Works Director Flakus and continuing to move forward with the new City Hall building. City Manager Switzer stated Public Works Director Flakus has set up vendors and engineers for the project. The main focus will be the administration building and being able to provide better customer service to the public, also known as building A. The City Council/Court room will be of great importance as well, which is building C. The Public Works shop is building B and is pretty much ready to go, except for the electronic connections. Tomorrow is the ground-breaking ceremony for the Water and Sewer Project. The contractor is required to give due-notice to all residents before any services will be replaced.

City Clerk Shaw stated her monthly report will be provided to City Council for the month of August. City Clerk Shaw would also like to thank Public Works Director Flakus for all the work happening at the new City Hall.

Councilwoman Catalano stated some churches that are providing activities for Halloween have cancelled and will probably be up to individuals. People should participate in a manner that will keep the children safe and also let them be children. A thank you to all the staff at the City and Public Works Director Flakus for the hard work.

Councilwoman Schunke would like to thank everyone for their hard work as well. Every employee brings something different to the table and that is what holds the City together. Councilman Martin would also like to thank everyone.

Mayor Garry stated the phrase, "what is darkest before the dawn", explains that the City is not out of the clear yet and the Governor is lifting some COVID-19 guidelines in different states currently. Enthusiasm is present with all the projects at the new City Hall building and a lot of work is currently taking place. Mayor Garry stated he is the Master of Ceremonies regarding the USDA Water and Sewer Project. Mayor Garry stated that he is looking forward to the future.

There being no further business the meeting was adjourned.

\_\_\_\_\_  
Mayor of the City of Yerington

ATTEST:

\_\_\_\_\_  
City Clerk of the City of Yerington

**ITEM**

**#5**



BUSINESS NAME: Mimi's Beauty Salon

FEE CALCULATION INFORMATION: (No fees are refundable)

Application Fee:

Choose One:

- Permanent Business -- Billed Quarterly from Matrix. (refer to Instruction Page)
- Short Term Project -- To be completed within 30 days. (\$50.00 Fee)
- Single Project -- Single job to be completed within one year. (\$50.00 Fee)

\$ 20.00  
 \$ 15.00  
 \$ \_\_\_\_\_  
 TOTAL FEES PAID: \$ \_\_\_\_\_

REQUIRED INSPECTIONS:

Signatures must be obtained before your application can be placed on the City Council agenda. If your business will occupy a building then you will be responsible to call for these inspections and signatures #1 thru #3, signatures #4 and #5 are the responsibility of City Staff. \*Department Official – Attach comment page if necessary.

1. Public Works  
 Phone: 775-463-2729

Approved [ ] Denied [ ]

ZONING: [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]  
 R-1 R-2 R-3 R-C C-1 C-2 M-1 N/A  
 Does business comply with existing zoning and current codes? Compliance  (yes)  (no)

Building Inspector Hail Sanchez (Signature) Date: 8/14/2020  
 Public Works Director \_\_\_\_\_ (Signature) Date: 9/22/2020

2. Fire Department  
 Phone: 775-463-2261

Approved  Denied [ ]

Fire Inspector \_\_\_\_\_ (Signature) Date: \_\_\_\_\_  
 Fire Chief \_\_\_\_\_ (Signature) Date: 9-3-2020

3. Nevada Health Dept.  
 Phone: 775-687-7533

Approved [ ] Denied [ ]

Inspector \_\_\_\_\_ (Signature) Date: \_\_\_\_\_

4. Police Department  
 Phone: 775-463-2333

Approved  Denied [ ]

Police Chief \_\_\_\_\_ (Signature) Date: 09-24-2020

5. City Clerk

Approved  Denied [ ]

City Clerk: \_\_\_\_\_ (Signature) Date: 9-26-2020

6. City Council Approval

Approved [ ] Denied [ ]

Mayor: \_\_\_\_\_ (Signature) Date: \_\_\_\_\_

Check List: (official use)

- State Business License [ ] YES [ ] NO [ ] N/A
- Employee Insurance [ ] YES [ ] NO [ ] N/A

**ITEM**

**#6**



**ITEM**

**#7**

Record Destruction 2020  
Local Government Retention Schedule  
Amended November 21, 2018

Archive Center - 38 Boxes

2018  
2019  
2020

BOX NUMBER	RECORD SECTION / SERIES	AREA	BOX LABEL / CONTENTS	DATES OF RECORDS	IDENTIFIED DESTRUCTION DATE	LRDA	REFERENCE	COMMITTEE APPROVED DESTRUCTION	DESTRUCTION DATE	DESTROYED
13-FD-01	Business Licenses and Permits/ Out of Business Files Closed Date + 1 CY Permanent if Historic Significance Revision 11-21-2018	FD	Business License Files Closed Business Files 2009 - 2010	2009 - 2010	December 2013	20070227 Page 93	NAC 239.165 (1)(2)	AM ✓		
15-FD-01	Out of Business Files Closed Date + 1 CY Permanent if Historic Significance Revision 11-21-2018	FD	Closed Businesses Closed Business Files		January 2015	20070227 Page 93	NAC 239.165 (1)(2)	AM ✓		
15-FD-02	Business Licenses and Permits/ Out of Business Files Closed Date + 1 CY Permanent if Historic Significance Revision 11-21-2018	FD	Business License Files Closed Business Files 2000 - 2011	2000-2011	January 2015	20070227 Page 93	NAC 239.165 (1)(2)	AM ✓		
16-FD-01	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Cash Receipting Reports 07-1-10 to 10-17-10	July 1, 2010 to October 17, 2010	November 2013 July 2016	20070091 Page 76	NRS 354.290 NAC 239.165 (1)(2)	AM ✓		
16-FD-02	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Cash Receipting Reports 10-18-10 to 01-31-11	October 18, 2010 to January 31, 2011	February 2014 July 2016	20070091 Page 76	NRS 354.290 NAC 239.165 (1)(2)	AM ✓		
16-FD-03	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Cash Receipting Reports 02-01-11 to 05-31-11	February 10, 2011 to May 31, 2011	June 2014 July 2016	20070091 Page 76	NRS 354.290 NAC 239.165 (1)(2)	AM ✓		
17-FD-01	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Cash Receipting Reports 06-1-11 to 09-30-11	June 1, 2011 to September 30, 2011	October 2014 July 2017	20070091 Page 76	NRS 354.290 NAC 239.165 (1)(2)	AM ✓		
17-FD-02	Auditor/ Accounts Receivable (Revenue) FY+5	FD	Utility Receipts Cash Receipting Receipts 06-01-11 to 12-31-11	June 1, 2011 to December 31, 2011	January 2014 July 2017	20070091 Page 76	NRS 354.290 NAC 239.165 (1)(2)	AM ✓		
17-FD-03	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Cash Receipting Reports 10-16-11 to 04-30-12	October 16, 2011 to April 30, 2012	July 2017	20070091 Page 76	NRS 354.290 NAC 239.165 (1)(2)	AM ✓		

Record Destruction 2020  
Local Government Retention Schedule  
Amended November 21, 2018

Archive Center - 38 Boxes

9/15/18  
CP/18

BOX NUMBER	RECORD SECTION / SERIES	AREA	BOX LABEL / CONTENTS	DATES OF RECORDS	IDENTIFIED DESTRUCTION DATE	LRDA	REFERENCE	COMMITTEE APPROVED DESTRUCTION	DESTRUCTION DATE	DESTROYED
18-FD-01	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Cash Receiving Receipts 01-01-12 to 7-31-12	January 1, 2012 to July 31, 2012	August 2015 July 2018	20070091 Page 76	NRS 354.290 MAC 239.165 (1)(2)	AM ✓		
18-FD-02	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Utility Cash Receiving Receipts 08-01-12	August 2012	September 2015 July 2018	20070091 Page 76	NRS 354.290 MAC 239.165 (1)(2)	AM ✓		
18-FD-03	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Cash Receiving Reports Box 14 05-12-12 to 11-30-12	May 12, 2012 to November 30, 2012	June 2016 July 2018	20070091 Page 76	NRS 354.290 MAC 239.165 (1)(2)	AM ✓		
18-FD-04	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Cash Receiving Reports Box 26 05-2012 to 11-2012	May 2012 to November 2012	July 2016 July 2018	20070091 Page 76	NRS 354.290 MAC 239.165 (1)(2)	AM ✓		
19-FD-01	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Cash Receiving Reports 05-16-13 to 11-25-13	May 16, 2013 to November 25, 2013	July 2017 July 2019	20070091 Page 76	NRS 354.290 MAC 239.165 (1)(2)	AM ✓		
19-FD-02	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Cash Receiving Reports Box 37 11-26-13 to 04-4-14	November 26, 2013 to April 4, 2014	July 2017 July 2019	20070091 Page 76	NRS 354.290 MAC 239.165 (1)(2)	AM ✓		
19-FD-03	Auditor/ Accounts Receivable (Revenue) FY+5 Revision 11-21-2018	FD	Cash Receiving Receipts 03-13 to 11-13	March 2013 to November 2013	July 2015 July 2019	20070091 Page 76	NRS 354.290 MAC 239.165 (1)(2)	AM ✓		
09-BKR-01	Financial Records/ Cancelled Checks FY+3 Revision 11-21-18	BKR	Cancelled Checks		June 2009	20070430	NRS 205.4617 NRS 11.190 (3)(d)	AM ✓		
09-BKR-02	Financial Records/ Cancelled Checks FY+3 Revision 11-21-18	BKR	Bank Statements 07-05 to 12-06	July 2005 to December 2006	June 2009	20070430 Page 141	NRS 205.4617 NRS 11.190 (3)(d)	AM ✓		
10-BKR-01	Financial Records/ Cancelled Checks FY+3 Revision 11-21-18	BKR	Cancelled Checks		June 2010	20070430 Page 141	NRS 205.4617 NRS 11.190 (3)(d)	AM ✓		

Record Destruction 2020  
Local Government Retention Schedule  
Amended November 21, 2018

Archive Center - 38 Boxes

9-25-17-AD

BOX NUMBER	RECORD SECTION / SERIES	AREA	BOX LABEL / CONTENTS	DATES OF RECORDS	IDENTIFIED DESTRUCTION DATE	LRDA	REFERENCE	COMMITTEE APPROVED DESTRUCTION	DESTRUCTION DATE	DESTROYED
13-BKR-01	Financial Records/ Cancelled Checks FY+3 Revision 11-21-18	BKR	Subs Cancelled Checks #8751 to #12000		June 2013	20070430 Page 141	NRS 205.4617 NRS 11.190 (3)(d)	AM ✓		
13-BKR-02	Financial Records/ Cancelled Checks FY+3 Revision 11-21-18	BKR	Cancelled Checks #12001 to #16750		June 2013	20070430 Page 141	NRS 205.4617 NRS 11.190 (3)(d)	AM ✓		
13-BKR-03	Financial Records/ Cancelled Checks FY+3 Revision 11-21-18	BKR	Bank Statements 01-09 to 12-10	January 2009 to December 2010	June 2013	20070430 Page 141	NRS 205.4617 NRS 11.190 (3)(d)	AM ✓		
15-BKR-01	Financial Records/ Accounts Payable FY+6 Revision 11-21-18	BKR	A-G Accounts Payable 07-08 to 06-09	July 2008 to June 2009	June 2015	20071235 Page 137	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AM ✓		
15-BKR-02	Financial Records/ Accounts Payable FY+6 Revision 11-21-18	BKR	H-Q Accounts Payable 07-08 to 06-09	July 2008 to June 2009	June 2015	20071235 Page 137	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AM ✓		
15-BKR-03	Financial Records/ Accounts Payable FY+6 Revision 11-21-18	BKR	R-S Accounts Payable 07-08 to 06-09	July 2008 to June 2009	June 2015	20071235 Page 137	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AM ✓		
15-BKR-04	Financial Records/ Accounts Payable FY+6 Revision 11-21-18	BKR	"S" Folder - Miscellaneous Accounts Payable 07-08 to 06-09	July 2008 to June 2009	June 2015	20071235 Page 137	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AM ✓		
17-BKR-01	Financial Records/ Accounts Payable FY+6 Revision 11-21-18	BKR	Vendor Files "A" - 1406 07-10 to 06-11	July 2010 to June 2011	June 2017	20071235	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AM ✓		

Record Destruction 2020  
 Local Government Retention Schedule  
 Amended November 21, 2018

Archive Center - 38 Boxes

17-BKR-02	Financial Records/ Accounts Payable FY+6 Revision 11-21-18	BKR	Vendor Files 1410 - "R" 07-10 to 06-11	July 2010 to June 2011	June 2017	20071235	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	[Handwritten initials/signature]	
-----------	---	-----	--	---------------------------	-----------	----------	--	----------------------------------	--

Record Destruction 2020  
Local Government Retention Schedule  
Amended November 21, 2018

Archive Center - 38 Boxes

09-15-20

BOX NUMBER	RECORD SECTION / SERIES	AREA	BOX LABEL / CONTENTS	DATES OF RECORDS	IDENTIFIED DESTRUCTION DATE	LRDA	REFERENCE	COMMITTEE APPROVED DESTRUCTION	DESTRUCTION DATE	DESTROYED
17-BKR-03	Financial Records/ Accounts Payable FY+6 Revision 11-21-18	BKR	Vendor Files 07-10 to 06-11	July 2010 to June 2011	June 2017	20071235	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AMC HL		
17-BKR-04	Financial Records/ Accounts Payable FY+6 Revision 11-21-18	BKR	Vendor Files "I" Miscellaneous 7-10 to 06-11	July 2010 to June 2011	June 2017	20071235	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AMC HL		
18-BKR-01	Financial Records/ Accounts Payable FY+6 Revision 11-21-18	BKR	Vendor Files A-M 1014 - 1647 07-11 to 06-12	July 2011 to June 2012	June 2018	20071235	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AMC HL		
18-BKR-02	Financial Records/ Accounts Payable FY+6 Revision 11-21-18	BKR	Vendor Files N-S 1688-1985 07-11 to 06-12	July 2011 to June 2012	June 2018	20071235	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AMC HL		
18-BKR-03	Financial Records/ Accounts Payable FY+6 Revision 11-21-18	BKR	Vendor Files "I" - Miscellaneous 2026 - Miscellaneous 07-11 to 06-12	July 2011 to June 2012	June 2018	20071235	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AMC HL		
18-BKR-05	Financial Records/ Check Registers FY +6 Personnel/ Retirement and Deduction Reports FY+6 Financial Records/ Employment Tax Records Tax YR +4 Revision 11-21-2018	BKR	Bank Records 07-07 to 06-09 PERS 07-09 to 06-11 941 Reports 2005-2008	July 2007 to June 2009 July 2009 to June 2011 2005 - 2008	June 2018	20071450	NRS 205.4617 NRS 11.190 (1)(2) 42 USC section 405 (c)(2)(viii)[SSN] NRS 286.290 NRS 286.460 NRS 11.190 (1)(b) NAC 239.165 (1)(2) 26 CFR 31.6001-1 42 USC section 405 (x)(2)(viii)[SSN] NRS 239B.030 NAC 239.165 (1)(2)	AMC HL		

Record Destruction 2020  
Local Government Retention Schedule  
Amended November 21, 2018

Archive Center - 38 Boxes

Q-15779

BOX NUMBER	RECORD SECTION / SERIES	AREA	BOX LABEL / CONTENTS	DATES OF RECORDS	IDENTIFIED DESTRUCTION DATE	LRDA	REFERENCE	COMMITTEE APPROVED DESTRUCTION	DESTRUCTION DATE	DESTROYED
18-BKR-06	Non Record Destroy per City Management		PO Books Pink Page Only		June 2018			✓		
18-BKR-07	Financial Records/ Credit Card Payment Records Completion of Annual Audit Revision 11-21-2018	BKR	Bank Card Reconciliation 01-11 to 12-14	January 2011 to December 2014	Destroy Now	20071665 Page 142	NRS 354.624 NRS 205.4617 NRS 360.092 NRS 354.770 NAC 239.165 (1)(2)	✓		
18-BKR-08	Financial Records/ Receipts, All Monies Received FY+3 Revision 11-21-2018	BKR	Online Daily Batch Reports Accounts Payable 01-2010 to 12-2011	January - December 2010 January - December 2011	January 2014	20070112 Page 48	NRS 11.190 (3)(d) NRS 11.190 (4)(e) NAC 239.165(1)(2)	✓		
17-PWU-01	Utilities Owned by a Local Government/ Customer Histories FY+3 Revision 11-21-2018	PWU	Term / Disconnect / Reconnect 05-2007 to 01-2011	May 2007 to January 2011	January 2017	20071200 Page 379	NRS 11.190(3)(d) NRS 205.4617 NAC 704.320 NAC 239.165 (1)(2)	✓		

**Record Destruction 2020**  
**Local! Government Records Retention Schedule**  
**Amended November 21, 2018**

32 Boxes at Trowbridge - confirmed 3/4/2020

9/25/20

BOX NUMBER	RECORD SECTION / SERIES RETENTION / REVISION	AREA	BOX LABEL / CONTENTS	DATES OF RECORDS	IDENTIFIED DESTRUCTION DATE	LRDA	REFERENCE	COMMITTEE APPROVED DESTRUCTION	DESTRUCTION DATE	DESTROYED
13-BKR-06	Financial Records/ Accounts Payable FY+6 Revision 11-21-2018	BKR	Accounts Payable July 2006 to June 2007 S Environmental - U	07/1/06 to 06/30/07	July 2013	20071235 Page 176	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AMW SL		
13-BKR-07	Financial Records/ Accounts Payable FY+6 Revision 11-21-2018	BKR	Accounts Payable July 2006 to June 2007 A - F	07/1/06 to 06/30/07	July 2013	20071235 Page 176	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AMW SL		
13-BKR-08	Financial Records/ Accounts Payable FY+6 Revision 11-21-2018	BKR	Accounts Payable July 2006 to June 2007 G - N	07/1/06 to 06/30/07	July 2013	20071235 Page 176	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AMW SL		
13-BKR-09	Financial Records/ Accounts Payable FY+6 Revision 11-21-2018	BKR	Accounts Payable July 2006 to June 2007 O - S Electronics	07/1/06 to 06/30/07	July 2013	20071235 Page 176	NRS 354.170 to 354.190 NRS 11.190 (1)(b) NRS 3534.230 to 354.250 NAC 239.165 (1)(2)	AMW SL		
13-BKR-10	Financial Records/ Journal Entries FY+6 Revision 11-21-2018	BKR	G/L Adjustment Journal / Budget 2005 - 2006	1/1/2005 to 12/31/2006	7/1/2013	20070446 Page 188	NRS 11.190 (1)(b)	AMW SL		
11-PW-01	Government / Meter Readings FY+3 Revision 11-21-2018	PW	Meter Readings UB Maintenance & Reports Box 3 of 4	12/31/07 to 2/28/08	7/1/2011	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW SL		
11-PW-02	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Meter Readings UB Maintenance & Reports Box 2 of 4	7/30/07 to 11/30/07	7/1/2011	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW SL		
11-PW-03	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Meter Readings UB Maintenance & Reports Box 4 of 4	3/31/08 to 6/30/08	7/1/2011	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW SL		

Record Destruction 2020  
Local Government Records Retention Schedule  
Amended November 21, 2018

32 Boxes at Trowbridge - confirmed 3/4/2020

9-25-20

BOX NUMBER	RECORD SECTION / SERIES RETENTION / REVISION	AREA	BOX LABEL / CONTENTS	DATES OF RECORDS	IDENTIFIED DESTRUCTION DATE	LRDA	REFERENCE	COMMITTEE APPROVED DESTRUCTION	DESTRUCTION DATE	DESTROYED
11-PW-04	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Meter Readings UB Maintenance & Reports Box 1 of 4	5/30/07 to 8/31/07	7/1/2011	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW SW		
12-PW-01	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Utility Billing June 2008 to September 2008	6/01/08 to 9/30/08	7/1/2012	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW SW		
12-PW-02	Utilities Owned by a Local Government / Customer Histories FY+3 Revision 11-21-2018	PW	Customer History June 1 to October 31, 2008	6/1/08 to 10/31/08	7/1/2012	20071200 Page 440	NAC 704.320 NRS 11.190 (3)(d) NRS 205-4617 NAC 239.165 (1)(2)	AMW SW		
13-PW-01	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Utility Billing Reports August 2009 to December 2009	8/01/09 to 12/31/09	7/1/2013	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW SW		
13-PW-02	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Utility Billing October 2008 to February 2009	10/01/08 to 2/01/09	7/1/2013	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW SW		
13-PW-03	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Utility Billing Reports January 2010 to June 2010	01/01/10 to 6/30/10	7/1/2013	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW SW		
13-PW-04	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Utility Billing Reports March 2009 to July 2009	3/01/09 to 7/31/09	7/1/2013	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW SW		

Record Destruction 2020  
 Local Government Records Retention Schedule  
 Amended November 21, 2018

*QAS*

32 Boxes at Trowbridge - confirmed 3/4/2020

BOX NUMBER	RECORD SECTION / SERIES RETENTION / REVISION	AREA	BOX LABEL / CONTENTS	DATES OF RECORDS	IDENTIFIED DESTRUCTION DATE	LRDA	REFERENCE	COMMITTEE APPROVED DESTRUCTION	DESTRUCTION DATE	DESTROYED
13-PW-05	Sanitation District Waste Collection and System Operation CY+5 Revision 11-21-2018	PW	<i>D/E Manned Top of 54</i> Box #50 Sewer Production Log 2005 - 2008 Willow Creek GID Monitoring 2005 to 2008 Yerington Arrow Grant 1995-1996 Lab Analysis Reports 2003 to 2004	1/01/1995 to 12/31/08	7/1/2013	20071610 Page 400	NRS 239C.90 NAC 239.165 (1)(2)	<i>WMS</i>		
13-PW-06	Utilities Owned by a Local Government / Customer Histories FY+3 Revision 11-21-2018	PW	Customer History - Caselle February, April, June, August 2009	2/1/09 to 2/28/09 4/1/09 to 4/30/09 6/01/09 to 6/30/09 8/1/09 to 8/31/09	7/1/2013	20071200 Page 440	NAC 704.320 NRS 11.190 (3)(d) NRS 205-4617 NAC 239.165 (1)(2)	<i>WMS</i>		
14-PW-01	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Utility Billing Reports July 2010 to December 2010	7/01/10 to 12/31/10	7/1/2014	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	<i>WMS</i>		
14-PW-02	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Utility Billing Reports January 2011 to June 2011	01/01/11 to 6/30/11	7/1/2014	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	<i>WMS</i>		
14-PW-03	Utilities Owned by a Local Government / Customer Histories FY+3 Revision 11-21-2018	PW	UB Customer History December 2010 to April 2011	12/1/10 to 4/30/11	7/1/2014	20071200 Page 440	NAC 704.320 NRS 11.190 (3)(d) NRS 205-4617 NAC 239.165 (1)(2)	<i>WMS</i>		
14-PW-04	Utilities Owned by a Local Government / Customer Histories FY+3 Revision 11-21-2018	PW	UB Customer History June 2010 to October 2010	6/1/10 TO 10/31/10	7/1/2014	20071200 Page 440	NAC 704.320 NRS 11.190 (3)(d) NRS 205-4617 NAC 239.165 (1)(2)	<i>WMS</i>		
15-PW-01	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Utility Billing Reports July 2011 to December 2011.	7/1/11 to 12/31/11	7/1/2015	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	<i>WMS</i>		

Record Destruction 2020  
Local Government Records Retention Schedule  
Amended November 21, 2018

32 Boxes at Trowbridge - confirmed 3/4/2020

BOX NUMBER	RECORD SECTION / SERIES RETENTION / REVISION	AREA	BOX LABEL / CONTENTS	DATES OF RECORDS	IDENTIFIED DESTRUCTION DATE	LRDA	REFERENCE	COMMITTEE APPROVED DESTRUCTION	DESTRUCTION DATE	DESTROYED
15-PW-02	Public Works Sewer Maintenance Records CY+10 Revision 11-21-2018	PW	Sewer Monitoring Reports 1987 - 2004	01/01/1987 to 12/31/04	7/1/2015	20070997 Page 373	NRS 239C.090 NRS 239C.210 NAC 239.165 (1)(2)	AMW KW		
15-PW-03	Utilities Owned by a Local Government / Customer Histories FY+3 Revision 11-21-2018	PW	Utility Billing Customer History June 2011 - October 2011	06/01/11 to 10/31/11	7/1/2015	20071200 Page 440	NAC 704.320 NRS 11.190 (3)(d) NRS 205-4617 NAC 239.165 (1)(2)	AMW KW		
16-PW-01	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Utility Billing March & April 2012 July - November 2012	03/01/12 to 4/30/12 7/01/12 to 11/30/12	7/1/2016	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW KW		
16-PW-02	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Customer History Report May 2012 June 2012 September 2012	5/1/2012 to 5/31/12 6/1/12 to 6/30/12 9/1/12 to 9/30/12	7/1/2016	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW KW		
17-PW-02	Utilities Owned by a Local Government / Meter Readings FY+3 Revision 11-21-2018	PW	Monthly Meter Reads May 2013 to November 2013	05/01/13 to 11/30/13	7/1/2017	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW KW		
17-PW-03	Government / Meter Readings FY+3 Revision 11-21-2018	PW	Utility Billing August 2012 to February 2013	8/1/12 to 2/28/13	7/1/2017	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW KW		
17-PW-04	Government / Meter Readings FY+3 Revision 11-21-2018	PW	Utility Billing December 2012 to July 2013	12/1/2012 to 7/31/2013	7/1/2017	20071202 Page 441	NRS 11.190 (3)(d) NRS 354.624	AMW KW		
17-PW-05	Water Project Files Not Needed to Maintain System or Facility FY+10 Revision 11-21-2018	PW	Crystal Clear 2003 - 2006	1/1/2003 to 12/31/2006	7/1/2017	20161920 Page 404	NRS 239C.110 NRS 239C.210 NAC 704.320	AMW KW		
17-PW-06	Government / Customer Histories FY+3 Revision 11-21-2018	PW	Customer History 2012 to 2013	1/1/2012 to 12/31/2013	7/1/2017	20071200 Page 440	NRS 11.190 (3)(d) NRS 205-4617 NAC 239.165 (1)(2)	AMW KW		

AMW  
KW



**ITEM**

**#8**

# YERINGTON BONDS INTERIM

(Authorizing the issuance and sale of interim debentures)

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF YERINGTON, NEVADA, AUTHORIZING AND DIRECTING THE ISSUANCE OF INTERIM DEBENTURES, SERIES 2020 IN ANTICIPATION OF THE RECEIPT OF PROCEEDS FROM THE ISSUANCE AND SALE OF WATER AND SEWER REVENUE BONDS OF THE CITY TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; APPROVING THE FORM OF CERTAIN DOCUMENTS WITH RESPECT TO SUCH INTERIM DEBENTURES; RATIFYING ACTION TAKEN BY CITY OFFICERS TOWARD THE ISSUANCE OF SUCH INTERIM DEBENTURES; AND PROVIDING FOR ADOPTION AS AN EMERGENCY ORDINANCE.**

WHEREAS, the City of Yerington, in the State of Nevada (the "City" and "State," respectively), is organized and operating pursuant to the provisions of the City's Charter (the "Charter") and the general laws of the State;

WHEREAS, the City now owns and operates a municipal water system (the "Water System") and a municipal sanitary sewer system (the "Sewer System");

WHEREAS, pursuant to Nevada Revised Statutes ("NRS") Sections 268.672 to 268.740 (the "City Bond Law"), as well as NRS Sections 350.350 through 350.490 (the "Water and Sewer Act"), cited in NRS 350.350 as the Water and Sewer Revenue Bond Law, and NRS Chapter 350 and all laws amendatory thereof, which includes the Local Government Securities Law, being NRS 350.500 through 350.720, and all laws amendatory thereof (the "Bond Act"), the City Council of the City (the "Council") is authorized to acquire, improve, equip, operate and maintain within the City, water and sewerage projects as defined in 268.728 and NRS 268.714, respectively, and to provide for the purchase, construction, repair, maintenance and preservation of water and sanitary sewer systems and the purchase of sites therefor and to acquire by gift, purchase or the exercise of the right of eminent domain, construct, reconstruct, improve, better and extend any undertaking as defined in NRS 350.360 (collectively, the "Project");

WHEREAS, pursuant to the City Bond Law, the Council, on behalf of the City, is authorized and empowered to issue the City's water and sewer revenue bonds to defray the cost of the Project, in the manner and on the conditions provided in the City Bond Law, the Water and Sewer Act, and the Bond Act;

WHEREAS, the City has received commitments from the United States Department of Agriculture acting through the United States Department of Agriculture, Rural Development ("USDA") to provide loans in the aggregate amount \$33,000,000 to the City for purposes of providing long-term financing for the Project pursuant to a Letter of Conditions dated December 29, 2016, as amended on August 3, 2017, and a Letter of Conditions dated December 29, 2016 (collectively, the "Letters of Conditions");

**WHEREAS**, subject to certain conditions contained in the Letters of Conditions, USDA intends to loan funds to the City through the purchase of water and sewer revenue bonds that will be issued by the City (the “USDA Replacement Bonds”);

**WHEREAS**, for the purpose of providing short-term financing for the construction of the Project and defraying a part of the cost of the Project, the Council deems it necessary to issue the City of Yerington Interim Debentures, Series 2020 (the “Debentures”) in an aggregate amount not to exceed \$33,000,000, in anticipation of the receipt of funds from the issuance of USDA Replacement Bonds;

**WHEREAS**, the Debentures are to be payable from the proceeds of the USDA Replacement Bonds, and, if the proceeds of the USDA Replacement Bonds are insufficient to pay debt service with respect to the Debentures, then from revenues of the Water System and the Sewer System pursuant to the City Bond Law, the Water and Sewer Act, and the Bond Act, as more fully described in the Indenture of Trust (the “Indenture”) between the City and Zions Bancorporation, National Association, as trustee (the “Trustee”) named therein;

**WHEREAS**, the Debentures are to be sold by the City to Municipal Capital Markets Group, Inc. (the “Purchaser”) on the terms set forth in the Bond Purchase Contract by and between the Purchaser and the City to be dated the date of sale of the Debentures in substantially the form filed with the City Clerk (the “Bond Purchase Contract”);

**WHEREAS**, the Debentures are to bear interest at the rates per annum provided in the bond purchase proposal submitted by the Purchaser and accepted by the City Manager of the City (the “City Manager”), which rates must not exceed by more than 3% the Index of Revenue Bonds most recently published in The Bond Buyer prior to the time the offer to purchase the Debentures is received, and are to be sold at a price equal to the principal amount thereof, plus accrued interest to the date of delivery of the Debentures, less a discount not exceeding 9% of the principal amount thereof, all as specified by the City Manager in a certificate dated on or before the date of delivery of the Debentures (the “Sale Certificate”); and

**WHEREAS**, the Council hereby elects to have the provisions of Chapter 348 of NRS (the “Supplemental Bond Act”) apply to the Debentures;

**WHEREAS**, the Council has determined and hereby declares that each of the limitations and other conditions to the issuance of the Debentures in the City Charter, the City Bond Law, the Bond Act, the Water and Sewer Act, the Supplemental Bond Act, and in any other relevant act of the State or the federal government has been met, and pursuant to NRS 350.708, such determination of the Council that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary and gross abuse of discretion; and

**WHEREAS**, the Council has found and determined and hereby declares:

(a) It is necessary and for the best interests of the City to effect the Project and to issue the Debentures; and

(b) In accordance with Section 7.030 of the City Charter, this Ordinance may accordingly be adopted in the same manner as is provided for cases of emergency by unanimous consent of the Council (excluding from any such computation any vacancy on the Council and any

member thereof who may vote only to break a tie vote), and this Ordinance may become effective at any time when an emergency ordinance of the City may go into effect; and

**WHEREAS**, there are on file with the City Clerk the proposed forms of the following: (i) the Indenture; (ii) the Bond Purchase Contract; (iii) the Continuing Disclosure Certificate relating to the Debentures (the “Disclosure Certificate”); and (iv) the Preliminary Official Statement to be used by the Purchaser in connection with the offering of the Debentures (the “Preliminary Official Statement”).

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF YERINGTON, NEVADA DO ORDAIN:**

**SECTION 1.** This Ordinance shall be known as, and may be cited by, the short title “2020 Interim Debentures Ordinance” (the “Ordinance”).

**SECTION 2.** To provide the funds for the Project, the City hereby authorizes the issuance of the Debentures under the City Charter, the City Bond Law, the Bond Act, the Water and Sewer Act, and the Supplemental Bond Act, to be designated the “City of Yerington Interim Debentures, Series 2020.” The Debentures shall be in an aggregate principal amount of not to exceed \$33,000,000 (or an amount equal to the cost of the Project, whichever is lesser), mature in the years and amounts, bear interest, and be subject to redemption as provided in the Sale Certificate. The Debentures shall be dated, shall be substantially in the forms and in the denominations and shall have the terms and provisions (including, without limitation, provisions relating to their registration, authentication and redemption) provided in the Sale Certificate and the Indenture. The principal of the Debentures shall be paid from the proceeds of the USDA Replacement Bonds or, if necessary, from the proceeds of an Alternative Take-Out Financing (as defined in the Indenture), which are hereby pledged to such payment and from the other sources set forth in the Indenture. The interest on the Debentures shall be paid from proceeds of the Debentures, amounts contributed by the City and, if necessary, the Net Revenues (as defined in the Indenture) of the Water System and the Sewer System, which are hereby pledged to such payment and from the other sources set forth in the Indenture.

**SECTION 3.** The forms, terms and provisions of the Indenture, the Disclosure Certificate, and the Purchase Contract be and they hereby are approved in substantially the forms on file with the City Clerk, with only such changes therein as are not inconsistent herewith and are approved by the officers of the City executing the same. The officers of the City designated therein are hereby authorized to execute and deliver the Indenture, the Disclosure Certificate, the Sale Certificate, and the Purchase Contract, and the execution and delivery of the same shall constitute conclusive evidence of the City’s approval thereof in accordance with the terms hereof. The City Clerk is hereby authorized and directed to affix the City seal to and to attest any such documents.

**SECTION 4.** The City hereby authorizes, ratifies and confirms the use of the Preliminary Official Statement by the Purchaser in connection with the offering of the Debentures and hereby approves the distribution by the Purchaser of a final Official Statement in connection with the offering of the Debentures, which final Official Statement shall be substantially in the form of the Preliminary Official Statement with only such changes as shall be approved in writing by the City Manager. The City Manager is authorized to “deem final” the Preliminary Official Statement for purposes of SEC Rule 15c2-12.

**SECTION 5.** The forms, terms and provisions of the Debentures, in the forms contained in the Indenture, are hereby approved with only such changes therein, if any, as are not inconsistent herewith. The Mayor is hereby authorized and directed to execute the Debentures, the City Clerk acting as ex officio City Treasurer of the City (the "City Treasurer") is hereby authorized and directed to countersign the Debentures and the City Clerk of the City (the "City Clerk") is hereby authorized and directed to affix the City seal to and to attest the Debentures. Such signatures of the Mayor, the City Treasurer and the City Clerk and the seal of the City shall be by facsimile or manually affixed. In case any official whose signature should appear on any Debentures shall cease to be such official before the delivery of such Debentures, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

**SECTION 6.** The officers of the City shall take all action in conformity with the City Charter, the City Bond Law, the Water and Sewer Act and the Bond Act necessary or reasonably required to effectuate the issuance of the Debentures and shall take all action necessary or desirable in conformity with the City Charter, the City Bond Law, the Water and Sewer Act and the Bond Act to effect the Project and to carry out, give effect to and consummate the transactions contemplated by this Ordinance, Sale Certificate, the Trust Indenture, the Disclosure Certificate, and the Purchase Contract, including without limitation the execution and delivery of any closing documents to be delivered in connection with the sale and delivery of the Debentures.

**SECTION 7.** This Ordinance is adopted by virtue of the City Charter, the City Bond Law, the Water and Sewer Act, the Bond Act and the Supplemental Bond Act and pursuant to their provisions, and the City has ascertained and hereby determines that each and every matter and thing as to which provision is made herein is necessary in order to carry out and to effectuate the purposes of the City in accordance with the City Charter, the City Bond Law, the Water and Sewer Act, the Bond Act and the Supplemental Bond Act.

**SECTION 8.** It is necessary and for the best interests of the City that the City effect the Project and defray the cost thereof by issuing the Debentures therefor, and it is hereby so determined and declared.

**SECTION 9.** All actions, proceedings, matters and things heretofore taken, had and done by the Council and the officers of the City (not inconsistent with the provisions of this Ordinance), the issuance and sale of the Debentures, be, and the same hereby are, ratified, approved and confirmed.

**SECTION 10.** All ordinances, resolutions, bylaws and orders, or parts thereof, in conflict with the provisions of this Ordinance are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any ordinance, resolution, bylaw or order, or part thereof, heretofore repealed.

**SECTION 11.** If any section, subsection, sentence, clause, phrase, provision or portion of this Ordinance, or the application thereof to any person or circumstances, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or provisions of this Ordinance or their applicability to distinguishable situations or circumstances.

**SECTION 12.** The Council has expressed in the preambles to this Ordinance that it pertains to the sale, issuance, or payment of the Debentures, and that, as permitted under Section 7.030(3) of the City Charter, this instrument may accordingly be adopted in the same manner as is provided for

cases of emergency. This Ordinance shall become effective immediately upon unanimous passage by the Council. Following the unanimous passage of this Ordinance, the City shall publish this Ordinance by its title only, together with a statement that typewritten copies of this Ordinance are available for inspection by interested parties at the office of the City Clerk, such publication to be made in a newspaper or newspapers published in Lyon County and which is of general circulation in the City and such publication to be in substantially the following form:

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF YERINGTON, NEVADA, AUTHORIZING AND DIRECTING THE ISSUANCE OF INTERIM DEBENTURES, SERIES 2020 IN ANTICIPATION OF THE RECEIPT OF PROCEEDS FROM THE ISSUANCE AND SALE OF WATER AND SEWER REVENUE BONDS OF THE CITY TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; APPROVING THE FORM OF CERTAIN DOCUMENTS WITH RESPECT TO SUCH INTERIM DEBENTURES; RATIFYING ACTION TAKEN BY CITY OFFICERS TOWARD THE ISSUANCE OF SUCH INTERIM DEBENTURES; AND PROVIDING FOR ADOPTION AS AN EMERGENCY.**

**PUBLIC NOTICE IS HEREBY GIVEN** that typewritten copies of the above-numbered and entitled ordinance are available for inspection by all interested parties at the office of the City Clerk of City of Yerington, Nevada and that such ordinance was proposed on October 12, 2020, and was passed at the meeting held on \_\_\_\_, 2020 by the following vote of the Council:

Those Voting Aye:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Those Voting Nay:

\_\_\_\_\_  
\_\_\_\_\_

Those Absent:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, the City Council of the City of Yerington, Nevada, has caused this ordinance to be published by title only, which is deemed to be an adequate summary of such Ordinance.

DATED on this \_\_\_\_\_, 2020.

/s/ \_\_\_\_\_  
Mayor  
City of Yerington, Nevada

(SEAL)

Attest:

/s/ \_\_\_\_\_  
City Clerk  
City of Yerington, Nevada

(End of Form of Publication)

**SECTION 13.** If any section, paragraph, clause or other provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or other provision shall not affect any of the remaining provisions of this Ordinance.

Proposed on October 12, 2020.

Proposed by Council Member \_\_\_\_\_.

Passed \_\_\_\_\_, 2020 by the following vote of the Council:

Those Voting Aye:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Those Voting Nay:

\_\_\_\_\_  
\_\_\_\_\_

Those Absent:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Mayor  
City of Yerington, Nevada

(SEAL)

Attest:

\_\_\_\_\_  
City Clerk  
City of Yerington, Nevada

STATE OF NEVADA )  
 )  
LYON COUNTY ) ss.  
 )  
CITY OF YERINGTON )

I, Sheema Shaw, the duly chosen and qualified City Clerk of the City of Yerington (the "City"), in the State of Nevada, do hereby certify:

1. The foregoing pages constitute a true, correct, complete and compared copy of the original 2020 Interim Debentures Ordinance (the "Ordinance") adopted by the City Council of the City (the "Council") at a meeting held on October 12, 2020.

2. The adoption of the Ordinance was duly moved and seconded and the Ordinance was adopted by an affirmative vote of the members of Council as follows:

Those Voting Aye:

\_\_\_\_\_  
\_\_\_\_\_

Those Voting Nay:

\_\_\_\_\_  
\_\_\_\_\_

Those Absent:

\_\_\_\_\_  
\_\_\_\_\_

3. The original of the Ordinance has been approved and authenticated by the signatures of the Mayor of the City and myself as City Clerk and has been recorded in the regular official record of the Council kept for that purpose in my office, which record has been duly signed by the officers and properly sealed.

4. Public notice of such meeting attached as Exhibit A was given and such meeting was held and conducted in full compliance with the provisions of the Nevada Open Meeting law as outlined in NRS Chapter 241, and as modified by the COVID-19 related State of Nevada Executive Department Declaration of Emergency Directives 006, 016, 018, 021, 26, and 029 dated March 22, 2020, April 29, 2020, May 7, 2020, May 28, 2020, June 29, 2020, and July 31, 2020, respectively. A copy of the notice of public meeting and excerpt from the meeting minutes relating to the resolutions, as posted prior to 9:00 a.m. at least 3 business days in advance of the meeting on the City's website and the State of Nevada's official public notice website are attached as Exhibit B.

5. Upon request, the Council provides at no charge, at least one copy of the agenda for its public meetings, any proposed ordinance or regulation which will be discussed at the public meeting, and any other supporting materials provided to the Council for an item on the agenda, except for certain confidential materials and materials pertaining to closed meetings, as provided by law.

6. A copy of such notice so given of the meeting of the Council on \_\_\_\_\_, 2020 is attached to this certificate as Exhibit "A." A copy of the affidavit of publication of the Ordinance by title is attached to this certificate as Exhibit "B."

IN WITNESS WHEREOF, I have hereunto set my hand on this \_\_\_\_\_, 2020.

(SEAL)

\_\_\_\_\_  
City Clerk

**EXHIBIT A**  
**(Attach Notice of Meeting)**

**EXHIBIT B**

**(Attach Affidavit of Publication by Title)**

# PURCHASE AGREEMENT

---

**DEBENTURE PURCHASE AGREEMENT**

---

\$ \_\_\_\_\_  
City of Yerington, Nevada  
Interim Debentures, Series 2020

\_\_\_\_\_, 2020

City of Yerington, Nevada  
Yerington, Nevada

Ladies and Gentlemen:

Municipal Capital Markets Group, Inc. (the “Underwriter”) hereby offers to enter into this Debenture Purchase Agreement (this “Agreement”) with City of Yerington, Nevada (the “Issuer”) with respect to sale by the Issuer, and purchase by the Underwriter, of the Issuer’s Interim Debentures, Series 2020 (the “Debentures”), in the aggregate principal amount of \$ \_\_\_\_\_. The Debentures shall be issued pursuant to an Ordinance adopted by the City Council of the Issuer (the “City Council”) on September 10, 2020, appointing ZB Bank, National Association d/b/a Zions Bank, as Trustee and authorizing the issuance pursuant to a certain Indenture of Trust (the “Indenture”), dated as of the date of closing, by and between the Issuer and the Trustee. An Ordinance authorizing the acceptance of the Letters of Conditions for the issuance and sale of the Issuer’s Bonds to the United States Department of Agriculture – Rural Development (the “USDA-RD”) has been adopted by the Council on \_\_\_\_\_, 20\_\_\_. *All capitalized terms used herein and not defined shall have the meanings given them in the Ordinance and the Indenture.*

This offer is made subject to acceptance by the Issuer on the date hereof, and upon such acceptance this Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer and the Underwriter.

**1. The Debentures.**

(a) The Debentures shall evidence limited obligations of the Issuer pursuant to the terms of the Ordinance and the Indenture. To secure payment of the principal of, premium, if any, and interest on the Debentures, the Issuer has pledged its revenue from its water system and sewer system and assigned the proceeds of the Issuer’s anticipated bonds to be purchased by the USDA-RD.

(b) The Debentures shall be issued for the purpose of (i) undertake various improvements, including the replacement of wastewater collection lines, to the water and sewer systems; and (iii) to pay certain costs of issuance (collectively, the “Project”).

(c) The Debentures shall be issued in minimum principal denominations of \$5,000 or integral multiples thereof, shall be dated as of the date the Debenture proceeds are delivered to the Issuer (the “Closing Date”), shall mature on the dates and in the amounts specified in Exhibit A hereto, shall bear interest at the rates per annum specified

in Exhibit A hereto payable at the maturity date and shall be subject to redemption prior to maturity and have such other terms as provided in the Ordinance and the Indenture.

**2. Debenture Purchase.** Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all, but not less than all, of the Debentures at a purchase price (the "Purchase Price") of \$ \_\_\_\_\_, constituting the principal amount of the Debentures.

**3. Offering Documents; Offering.**

(a) The Debentures were offered to potential investors pursuant to a Preliminary Official Statement dated as of \_\_\_\_\_, 2020 (the "Preliminary Official Statement"), which the Issuer has deemed to be final as of its date within the meaning of paragraph (b) (1) of Securities and Exchange Commission Rule 15c2-12 (the "Rule").

(b) The Issuer hereby authorizes the Underwriter, in sufficient time, to accompany any confirmation that requests payment from any customer, to distribute electronic copies of the Official Statement to enable the Underwriter to comply with the Rule and the rules of the Municipal Securities Rulemaking Council (the "MSRB").

(c) The Issuer authorizes the use of the Official Statement by the Underwriter in connection with the offering and sale of the Debentures.

(d) The Issuer agrees to promptly notify the Underwriter pursuant to the Section hereof entitled "Notices" of any material developments affecting the Issuer, the USDA-RD, the Ordinance, the Indenture, the Project or the Debentures of which the Issuer becomes aware between the date of this Agreement and a date that is twenty-five (25) days after the later of the Closing Date or the end of the underwriting period for purposes of the Rule, notice of which date the Underwriter shall deliver to the Issuer if later than the Closing Date. After such notification, if, in the opinion of the Underwriter, a change would be required in the Official Statement in order to make the statements therein true and not misleading or incomplete in any material respect, then such change shall be made by amendment or supplement, and the Official Statement as so amended or supplemented shall be electronically sent to the Underwriter for distribution. The Issuer agrees to cooperate with the Underwriter in the preparation of any supplement or amendment to the Official Statement deemed necessary by the Underwriter on any date subsequent to the execution of this Agreement.

(e) The Issuer agrees to cooperate with the Underwriter in taking all necessary action, if any, to qualify the Debentures for offer and sale under the securities or "blue sky" laws of such states and territories of the United States as the Underwriter may request; provided, however, that the Issuer shall not be required to consent to service of process in jurisdictions other than the State of Connecticut.

**4. Issuer's Representations and Warranties.** The Issuer represents and warrants to the Underwriter as follows:

(a) The Issuer is, and will be at the Closing Date, a validly existing municipal corporation created pursuant to the laws of the State of Nevada.

(b) The Issuer is duly authorized to issue the Debentures for the financing of the construction of the Project, and all other applicable laws, rules and regulations, and has full power and authority, to carry out and consummate all transactions contemplated by the Ordinance and the Indenture.

(c) The Issuer has, or prior to the Closing Date will have, duly authorized and taken all necessary action to be taken by it for: (i) the execution, delivery and sale of the Debentures upon the terms set forth herein and in the Ordinance and the Indenture; (ii) the authorization of all other documents, agreements and instruments that may be required to be executed, delivered or performed by the Issuer in order to carry out, give effect to and consummate the transactions contemplated by the Ordinance and the Indenture (collectively, the "Issuer Documents") and the Official Statement; and (iii) the carrying out, giving effect to and consummation of the transactions contemplated by the Issuer Documents and the Official Statement.

(d) On the Closing Date, the Issuer Documents shall be in full force and effect, shall not have been amended, modified or supplemented in any material respect, except as agreed to by the Underwriter, and shall constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, subject only to bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and equitable principles, whether considered at law or in equity.

(e) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public Council or body pending or, to the best of the Issuer's knowledge, threatened, against or affecting the Issuer, the Issuer Documents or the Project (nor to the best of the Issuer's knowledge is there any basis therefor), that could materially adversely affect the transactions contemplated by the Indenture and the Official Statement.

(f) The execution and delivery of the Issuer Documents, the delivery of the Official Statement and compliance with the provisions herein and therein, under the circumstances contemplated hereby, will not conflict with or constitute on the part of the Issuer a breach of or default under any material agreement or other instrument to which the Issuer is a party or by which it is bound, or any existing law, administrative order or regulation, court order or consent decree to which the Issuer is subject.

(g) The representations and warranties of the Issuer contained in the Issuer Documents are true and correct in all material respects as of the date hereof and will be true and correct in all material respects as of the Closing Date.

(h) Except as disclosed in the Official Statement, no legal proceedings are pending against the Issuer or, to the Issuer's knowledge, threatened against the Issuer:

(i) contesting or affecting the existence of the Issuer; (ii) contesting or affecting the validity or authority for the execution and delivery of the Debentures or seeking to restrain or enjoin the execution and delivery thereof; (iii) contesting or affecting in any material respect the validity or enforceability of, or the compliance by the Issuer with, any of the Issuer Documents; (iv) seeking to restrain or enjoin the issuance by the Issuer of the USDA replacement bonds contemplated in the Official Statement, (v) seeking to restrain or enjoin the Project; (vi) contesting the accuracy or completeness of the Official Statement; or (vii) contesting the power or authority of the officials of the Issuer with respect to the Issuer Documents, the Debentures or the Project.

(i) The information in the Official Statement, provided by the City, is and will be, both as of its date and as of the Closing Date, complete and accurate in all material respects, and the information in the Official Statement does not and will not, both as of its date and as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) Any certificate or copy of any certificate signed by a duly authorized officer of the Issuer and delivered to the Underwriter pursuant hereto or in connection herewith shall be deemed a representation by the Issuer to the Underwriter as to the truth of the statements made therein.

**5. The Closing.** Subject to the satisfaction of the Conditions Precedent defined and described below and all other terms and conditions set forth herein, prior to 11:00 a.m., Eastern Time, on \_\_\_\_\_, 2020, or at such other time or on such earlier or later date as the Underwriter and the Issuer shall mutually agree upon (the "Closing"), the Issuer shall issue the Debentures and cause the Debentures to be delivered to the Underwriter through the facilities of The Depository Trust Company ("DTC") in typewritten form, duly executed by the Issuer, authenticated by the Trustee and registered in the name of Cede & Co., as nominee of DTC, the securities depository for the Debentures. At the Closing, the Issuer shall deliver or cause to be delivered to the Underwriter, at the offices of Stradling, Yocca, Carlson & Rauth, A Professional Corporation, Reno, Nevada ("Bond Counsel"), or at such other place as the Underwriter and the Issuer may mutually agree upon, the documents specified in paragraph (e) of the Section hereof entitled "Conditions of Closing, " and the Underwriter shall accept such delivery and pay the Purchase Price by wire transfer or by certified or official bank check or checks payable in federal or other immediately available funds, or by such other funds as may be mutually agreed upon, to the order of the Issuer at its account at \_\_\_\_\_. The Debentures shall be in such authorized denominations as DTC and the Underwriter shall specify. CUSIP identification numbers shall be obtained by the Underwriter and printed on the Debentures in accordance with the requirements of DTC; provided, however, that neither the printing of a wrong number on any Debentures nor the failure to print a number thereon shall constitute cause to refuse acceptance or delivery of any Debentures. The Debentures shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

**6. Conditions of Closing.** The Underwriter has entered into this Agreement in reliance upon the Issuer's representations and warranties and the Issuer's performance of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's

obligations under this Agreement are and shall be subject to the following further conditions (the "Conditions Precedent"):

(a) As of Closing, the Issuer Documents shall have been duly authorized, executed and delivered by the parties thereto, shall be in full force and effect, and none of such documents, or the Official Statement, shall have been amended, modified or supplemented in any material respect except as may have been agreed to in writing by the Underwriter, and there shall have duly adopted and be in full force and effect such further resolutions, ordinances or other instruments or official action as shall be necessary in connection with the transactions contemplated hereby and thereby.

(b) As of Closing, the Debentures shall have been duly executed and delivered in accordance with the provisions of the Ordinance and the Indenture.

(c) As of Closing, there shall have been taken by the Issuer, the Trustee and others in connection with the execution and delivery of the Issuer Documents and the Debentures, and with the transactions contemplated thereby, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate to the rendering of Bond Counsel's opinion with respect to the Debentures.

(d) As of Closing, there shall not have been any material adverse change in the affairs or financial condition of the Issuer as described in the Official Statement, except as set forth therein or contemplated thereby.

(e) As of Closing, the Underwriter shall receive the following, *in each case satisfactory in form and substance to the Underwriter*:

(i) Executed or certified copies of the Issuer Documents, the Official Statement and such other instruments authorizing or ratifying the execution, delivery and performance of the Issuer Documents and the Debentures;

(ii) The unqualified approving opinion of Bond Counsel, dated as of the Closing Date and addressed to the Underwriter directly or by reliance letter, substantially in the form appended to the Official Statement, as to the validity and enforceability of the Indenture and the validity of the Debentures; and that the Debentures are exempted securities under the Securities Act, and it is not necessary, in connection with the offering and sale of the Debentures, to register the Debentures under the Securities Act;

(iii) One or more certificates, dated the Closing Date, duly executed by appropriate officers of the Issuer, as to, among other things: (A) the incumbency of the officers and other authorized representatives of the Issuer; (B) the truth and accuracy as of the Closing Date of the representations and agreements of the Issuer made in the Issuer Documents; (C) the due authorization, approval, execution and delivery of the Issuer Documents by the Issuer and the validity and enforceability as against the Issuer of the Issuer Documents; (D) the absence of pending or threatened legal proceedings involving the Issuer that could materially adversely affect the authorization, execution, delivery, validity or enforceability of the Issuer Documents or the Debentures, materially adversely affect the Project

or the transactions contemplated by the Issuer Documents and the Official Statement, or contests in any way the accuracy or completeness of the Official Statement; (E) the accuracy and completeness of certain information, and absence of material omissions or misleading statements, in the Official Statement; and (F) the delivery of and payment for the Debentures;

(iv) A certificate of the Trustee, dated the Closing Date, as to, among other things, the powers and authority of the Trustee, the acceptance of the duties of the Trustee under the Ordinance and the Indenture and the Information Reporting Agreement.

If the Issuer is unable to satisfy the conditions to the Underwriter's obligations contained in this Agreement or if the Underwriter's obligations are terminated for any reason permitted hereby, this Agreement shall terminate and neither the Issuer nor the Underwriter shall have any further obligation hereunder.

**7. Events Permitting the Underwriter to Terminate.** Subject to the satisfaction of the conditions set forth in Section 6 above, the Underwriter may also terminate its obligation to purchase the Debentures if, between the date hereof and the Closing, any of the following occurs:

(f) Legislation is enacted by the Congress of the United States or adopted by either House thereof or is recommended to the Congress by the President of the United States or shall have been introduced and favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision is rendered by or adopted by either House thereof or a decision by a court of the United States or an order, ruling or regulation is issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, with respect to the tax-exemption of the interest to be paid on the Debentures by the Issuer pursuant to the Code that, in the Underwriter's reasonable judgment, materially adversely affects the market price of the Debentures;

(g) Legislation is enacted by the Congress of the United States to become effective on or prior to the Closing, or a decision of a court of the United States is rendered, or a stop order, ruling, regulation or proposed regulation by or on behalf of the Securities and Exchange Commission or other agency having jurisdiction over the subject matter is issued or made, to the effect that the issuance, sale, execution and delivery of the Debentures, or any other obligations of any similar public body of the general character of the Issuer, is in violation of the Securities Act, or with the purpose or effect of otherwise prohibiting the offering, issuance, sale or delivery of the Debentures as contemplated hereby or by the Official Statement, or of obligations of the general character of the Debentures;

(h) There shall exist any event that in the Underwriter's reasonable opinion either (i) makes untrue or incorrect in any material respect any statement contained in the Official Statement, or (ii) renders the statements contained in the Official Statement misleading in any material respect, which event has not been reflected to the satisfaction of the Underwriter in an amendment or supplement to the Official Statement pursuant to the Section hereof entitled "Offering Documents; Offering";

(i) There shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of which on the financial markets of the United States being such as, in the Underwriter's reasonable judgment, would make it impracticable for the Underwriter to sell or deliver the Debentures;

(j) There shall be in force a general suspension of trading on the New York Stock Exchange, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission, or any other governmental authority having jurisdiction;

(k) The Federal Reserve System is closed or a general banking moratorium shall have been declared by either federal or State authorities having jurisdiction and shall be in force;

(l) Any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by, any governmental body, department or agency in the State of Connecticut, or a decision by any court of competent jurisdiction within the State of Connecticut shall be rendered that, in the Underwriter's reasonable judgment, would have a material adverse effect on the market price of the Debentures; or

**8. Expenses.** As provided in Section 2, herein, the Underwriter shall pay the principal amount of the Debentures. The expenses incident to the performance of the Issuer's obligations hereunder, related to: the delivery of the Debentures, including the fees of Bond Counsel and Trustee fees and expenses, the Official Statement, related regulatory fees, fees for CUSIP numbers, and service of DTC will be paid directly by the Underwriter. The Underwriter shall not be obligated to pay the fees and disbursements of any other experts, advisors, engineers, auditors, or other consultants retained by the Issuer, and the fees of the Issuer's counsel.

**9. No Financial Advisory Relationship.** The Issuer and the Underwriter hereby acknowledge and agree that no "financial advisory relationship" exists or has existed between the Issuer and the Underwriter in connection with the Debentures within the meaning of MSRB Rule G-23.

**10. Notices.** Any notice or other communication to the Issuer under this Agreement shall be given by delivering the same in writing at the Issuer's address set forth above, and any such notice or other communication to be given to the Underwriter shall be given by delivering the same in writing to Municipal Capital Markets Group, Inc., 8400 E. Prentice Avenue, Suite 500, Greenwood Village, Colorado 80111.

**11. Exclusive Benefit; Survival.** This Agreement is made solely for the benefit of the Issuer and the Underwriter (including the successors or assigns of the Underwriter), and no other person shall acquire or have any right hereunder or by virtue hereof. The Issuer's representations, warranties, covenants and agreements in this Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the Underwriter, and shall survive the delivery of and payment for the Debentures.

**12. Governing Law.** The rights and obligations of the parties to this Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Nevada.

**13. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument.

[Signature page follows]

If the terms of this Debenture acceptable to the Issuer, please so indicate by signing the acceptance below and delivering an executed copy hereof to the undersigned.

Very truly yours,

**MUNICIPAL CAPITAL MARKETS GROUP, INC.**

By: \_\_\_\_\_  
Christopher Perlitz

This Agreement is accepted by the Issuer as of \_\_\_\_\_ a.m. on the date first above written.

**CITY OF YERINGTON, NEVADA**

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

**INTEREST RATE & REDEMPTION PROVISIONS**

**\$5,000 Denominations and \$5,000 increments in excess thereof**

**Dated as of the Date of Closing**

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
----------------------	-----------------------------	--------------------------

---

---

**Redemption Date**

**Redemption Price**

# INDENTURE

**INDENTURE OF TRUST**

**between the**

**CITY OF YERINGTON, NEVADA**

**and**

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION,  
as Trustee**

**Dated as of \_\_\_\_\_, 2020**

**Relating to**

**\$ \_\_\_\_\_  
City of Yerington  
Interim Debentures, Series 2020**

## TABLE OF CONTENTS

### ARTICLE I DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01	Definitions.....	3
Section 1.02	Authorization.....	11
Section 1.03	Interpretation.....	11

### ARTICLE II ISSUANCE OF DEBENTURES

Section 2.01	Authorization and Purpose of Debentures .....	11
Section 2.02	Terms of the Debentures .....	11
Section 2.03	Redemption of Debentures.....	12
Section 2.04	Book Entry System .....	13
Section 2.05	Form and Execution of Debentures.....	15
Section 2.06	Transfer and Exchange of Debentures .....	16
Section 2.07	Registration Books .....	16

### ARTICLE III ISSUANCE OF DEBENTURES; ESTABLISHMENT OF FUNDS

Section 3.01	Issuance of Debentures.....	16
Section 3.02	Deposit and Application of Proceeds .....	16
Section 3.03	Costs of Issuance Fund.....	17
Section 3.04	Acquisition Fund .....	17
Section 3.05	Incontestable Recital .....	17

### ARTICLE IV PLEDGE; DEBENTURE FUND; PAYMENT OF THE DEBENTURES

Section 4.01	Pledge of Proceeds of the Take-Out Financing and the Net Revenues.....	17
Section 4.02	Establishment and Application of the Debenture Fund .....	18
Section 4.03	Investments .....	18
Section 4.04	Valuation and Disposition of Investments .....	19

### ARTICLE V FINANCIAL COVENANTS

Section 5.01	Punctual Payment; Compliance With Documents .....	20
Section 5.02	Discharge of Claims.....	20
Section 5.03	Operation of Systems in Efficient and Economical Manner.....	20
Section 5.04	Sale or Eminent Domain of Systems.....	20
Section 5.05	Insurance .....	21
Section 5.06	Records and Accounts.....	21
Section 5.07	Rates and Charges .....	21
Section 5.08	[Reserved] .....	22
Section 5.09	Issuance of Parity Debt .....	22
Section 5.10	Tax Covenants Relating to Debentures.....	23
Section 5.11	Continuing Disclosure.....	24

Section 5.12	Completion of the Project .....	24
Section 5.13	Compliance with USDA Closing Conditions.....	24
Section 5.14	Project Requirements .....	24
Section 5.15	Alternative Take-Out Financing.....	25
Section 5.16	Further Assurances.....	25

ARTICLE VI  
THE TRUSTEE

Section 6.01	Duties, Immunities and Liabilities of Trustee.....	25
Section 6.02	Merger or Consolidation .....	27
Section 6.03	Rights and Liabilities of Trustee .....	27
Section 6.04	Right to Rely on Documents .....	29
Section 6.05	Preservation and Inspection of Documents.....	29
Section 6.06	Compensation and Indemnification .....	29
Section 6.07	Accounting Records and Financial Statements.....	30

ARTICLE VII  
MODIFICATION AND AMENDMENT OF THIS INDENTURE

Section 7.01	Amendments Permitted.....	30
Section 7.02	Effect of Supplemental Indenture .....	31
Section 7.03	Endorsement or Replacement of Debentures After Amendment.....	31
Section 7.04	Amendment by Mutual Consent .....	31
Section 7.05	Trustee's Reliance.....	31

ARTICLE VIII  
EVENTS OF DEFAULT AND REMEDIES OF DEBENTURE OWNERS

Section 8.01	Events of Default and Acceleration of Maturities.....	32
Section 8.02	Application of Funds Upon Acceleration.....	33
Section 8.03	Power of Trustee to Control Proceedings .....	33
Section 8.04	Limitation on Owners' Right to Sue .....	34
Section 8.05	Non-waiver.....	34
Section 8.06	Actions by Trustee as Attorney-in-Fact .....	35
Section 8.07	Remedies Not Exclusive .....	35

ARTICLE IX  
MISCELLANEOUS

Section 9.01	Limited Liability of City .....	35
Section 9.02	Benefits of Indenture Limited to Parties .....	36
Section 9.03	Defeasance of Debentures.....	36
Section 9.04	Execution of Documents and Proof of Ownership by Owners .....	37
Section 9.05	Disqualified Debentures.....	37
Section 9.06	Waiver of Personal Liability .....	37
Section 9.07	Destruction of Canceled Debentures.....	37
Section 9.08	Funds and Accounts .....	37
Section 9.09	Notices.....	38
Section 9.10	Unclaimed Moneys .....	38
Section 9.11	Execution in Several Counterparts.....	38

Section 9.12      Governing Law.....38

APPENDIX A FORM OF DEBENTURE..... A-1  
APPENDIX B FORM OF COSTS OF ISSUANCE PAYMENT REQUEST .....B-1  
APPENDIX C FORM OF PROJECT COSTS PAYMENT REQUEST .....C-1  
APPENDIX D USDA LETTERS AND REQUIREMENTS ..... D-1  
APPENDIX E PROJECT DESCRIPTION, BUDGET AND TIMETABLE.....E-1

## INDENTURE OF TRUST

This INDENTURE OF TRUST, dated as of \_\_\_\_\_ 1, 2020 (this "Indenture"), is between the CITY OF YERINGTON, NEVADA, a municipality and a political subdivision organized and existing under the Constitution and laws of the State of Nevada, and the Charter of the City of Yerington (the "City"), and Zions Bancorporation, National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

### WITNESSETH:

**WHEREAS**, the City owns and operates facilities and property for the supply, treatment and distribution of water (the "Water System") and the collection, treatment and disposal of wastewater within the service area of the City (the "Sewer System" and, together with the Water System, the "Systems");

**WHEREAS**, the City intends to undertake various improvements, including the replacement of certain water lines and sewer collection lines (the "Project"), to the respective Systems;

**WHEREAS**, in order to provide funds for the Project, the City Council of the City has authorized the issuance of the Interim Debentures, Series 2020 of the City in the aggregate principal amount of \$ \_\_\_\_\_ (the "Debentures") pursuant to an ordinance adopted by the City Council of the City on October 12, 2020;

**WHEREAS**, any Debentures Outstanding hereunder will be special, limited obligations of the City, payable from and secured solely by the net proceeds of the sale of long-term bonds to the United States Department of Agriculture acting through the United States Department of Agriculture, Rural Development ("USDA-RD"), which will equal or exceed \$[32,830,000] (individually and collectively the "USDA Replacement Bonds") to be sold to the USDA-RD pursuant to a Letter of Conditions, dated December 29, 2016, as amended on August 3, 2017, from the USDA-RD, a Letter of Conditions, dated December 29, 2016, from the USDA-RD and the related approvals (collectively, the "USDA Loan Commitment"), net proceeds of any Alternative Take-Out Financing (as defined herein) and the Net Revenues of the Systems; and

**WHEREAS**, the City does not currently have an outstanding obligations payable from and secured by proceeds of the USDA Replacement Bonds or the Net Revenues of the Systems; and

**WHEREAS**, all things necessary to make the Debentures, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligation of the City and to constitute this Indenture a valid, binding and legal instrument for the security of the Debentures in accordance with its terms, have been done and performed;

### NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the City, in consideration of the premises and the mutual covenants herein contained and the purchase and acceptance of the Debentures by the registered owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Debentures at any time Outstanding under this Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Debentures and herein contained, and to declare

the terms and conditions upon and subject to which the Debentures is issued and secured, has executed and delivered this Indenture and has granted, bargained, warranted, assigned, pledged, set over and confirmed, and by these presents does grant, bargain, warrant, assign, pledge, set over and confirm unto the Trustee, and to its successors and assigns forever, all and singular the following described property, franchises and income, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein:

(a) All moneys and securities from time to time held by the Debenture Fund, Proceeds Fund, the Costs of Issuance Fund and the Acquisition Fund (including the accounts and any subaccounts thereof);

(b) the USDA Loan Commitment (except to the extent such pledge and grant is prohibited by the USDA-RD or applicable law) and all amounts payable by the USDA-RD thereunder;

(c) the proceeds of the Take-Out Financing and any reimbursement received from the USDA-RD;

(d) the Net Revenues of the Systems; and

(e) Any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specially pledged or hypothecated, as and for additional security hereunder by the City or by anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

**TO HAVE AND TO HOLD** the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be conveyed and assigned, to the Trustee and its successors in said trust and assigns forever;

**IN TRUST, NEVERTHELESS**, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all registered owners of the Debentures issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Debentures over any other of the Debentures except as herein otherwise provided;

**PROVIDED, HOWEVER**, that if the City, its successors or assigns, shall well and truly pay or cause to be paid, the principal of the Debentures and the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Debentures according to the true intent and meaning thereof, and shall cause the payments to be made into the Debenture Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, or certain securities as herein permitted, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture is to be and shall remain in full force and effect;

**THIS INDENTURE FURTHER WITNESSETH** and it is expressly declared that all Debentures issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights, interests, revenues and receipts hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective registered owners, from time to time, of the Debentures as follows:

## ARTICLE I

### DEFINITIONS; RULES OF CONSTRUCTION

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this Section shall have the meanings herein specified.

“Acquisition Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.04 hereof.

“Additional Revenues” means, with respect to the issuance of any Parity Debt, any or all of the following amounts:

(a) An allowance for Net Revenues from any additions or improvements to or extensions of the Systems to be made from the proceeds of such Parity Debt in an amount equal to 100% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a Fiscal Consultant.

(b) An allowance for Net Revenues arising from any increase in the charges made for service from the Systems which has become effective prior to the incurring of such Parity Debt but which, during all or any part of the most recent completed Fiscal Year for which audited financial statements of the City are available, or for any more recent consecutive 12-month period selected by the City pursuant to Section 5.09(b), was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12-month period, all as shown by the certificate or opinion of a Fiscal Consultant.

“Alternative Take-Out Financing” means any obligations, other than the USDA Replacement Bonds, incurred by, or on behalf of, the City, all or a portion of the proceeds of which will be used to pay or redeem the Outstanding Debentures.

“Bond Counsel” means any other attorney or firm of attorneys appointed by or acceptable to the City of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Law” means NRS Sections 268.672 to 268.740, as well as NRS Sections 350.350 through 350.490, cited in NRS 350.350 as the Water and Sewer Revenue Bond Law, NRS Chapter 350 and all laws amendatory thereof, which includes the Local Government Securities Law, being

NRS 350.500 through 350.720, and NRS Chapter 348 and all laws amendatory thereof, as in effect on the Closing Date or as thereafter amended from time to time.

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the city in which the Office of the Trustee is located, and on which the Federal Reserve Bank system is not closed.

“Capitalized Interest Account” means the account in the Debenture Fund by that name established and held by the Trustee pursuant to Section 4.02(a) hereof.

“Certificate of the City” means a certificate in writing signed by a City Representative.

“City” means the City of Yerington, Nevada, a municipality and a political subdivision organized and existing under the Constitution and laws of the State, or any public body succeeding to the rights and obligations of the City.

“City Council” means the City Council of the City, or any successor governing body of the City.

“City Representative” means the Mayor of the City, the City Treasurer and any other person designated by resolution of the City Council to act on behalf of the City with respect to this Indenture.

“City Treasurer” means the Treasurer of the City.

“Closing Date” means \_\_\_\_\_, 2020, being the date of delivery of the Debentures to the Original Purchaser.

“Completion Certificate” means a written certificate of a City Representative stating that (a) the portion of the Project to be financed through the Acquisition Fund has been completed and that all Project Costs therefor have been paid or are not required to be paid from the Acquisition Fund, or (b) the portion of the Project to be financed through the Acquisition Fund has been substantially completed and that all remaining Project Costs therefor have been determined and specifying the amount to be retained therefor in the Acquisition Fund.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the Debentures, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Debentures; and any other cost, charge or fee in connection with the original issuance of the Debentures.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee under Section 3.03.

“Debenture Fund” means the fund by that name established and held by the Trustee under Section 4.02(a).

“Debentures” means the City of Yerington Interim Debentures, Series 2020 issued in the aggregate principal amount of \$ \_\_\_\_\_ and at any time Outstanding hereunder issued pursuant to this Indenture.

“Debt Service” means, with respect to any Fiscal Year, the aggregate amount of principal of and interest on the Debentures and any outstanding Parity Debt during such Fiscal Year, including the amount of principal thereof coming due and payable in such fiscal year by operation of mandatory sinking fund redemption; provided that for purposes of calculating Debt Service with respect to the Debentures, it shall be assumed that the principal of the Debentures will be amortized in level installments over a thirty (30) year period beginning on the date of issuance of the Debentures at an assumed annual interest rate of \_\_\_\_%.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.04.

“Depository System Participant” means any participant in the Depository’s book-entry system.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Enterprise Funds” means, collectively, the Water Fund and the Sewer Fund.

“Event of Default” means any of the events described in Section 8.01.

“Federal Securities” means: (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; and (b) any obligations the timely payment of principal of and interest on which are fully guaranteed by the United States of America or which are directly or indirectly secured by obligations described in the preceding clause (a).

“Fiscal Consultant” means any consultant or firm of such consultants appointed by the City and who, or each of whom: (a) is judged by the City to have experience in matters relating to the financing of water and sewer systems; (b) is in fact independent and not under domination of the City; (c) does not have any substantial interest, direct or indirect, with the City other than as purchaser of the Debentures or any Parity Debt; and (d) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or such other period as may be established under the laws of the State of Nevada as the City’s official fiscal year period (written notice of which shall be given by the City to the Trustee).

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

“Gross Revenues” means all gross income and revenue received by the City from the ownership and operation of the Systems or any part thereof.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“Independent Accountant” means any accountant or firm of such accountants appointed and paid by the City, and who, or each of whom (a) is in fact independent and not under domination of the City; (b) does not have any substantial interest, direct or indirect, with the City; and (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or other audits of the books of or reports to the City.

“Interest Payment Date” means April 1 and October 1 in each year, beginning April 1, 2021, and continuing so long as any Debentures remain Outstanding; provided that the maturity date of the Debentures shall also be considered an Interest Payment Date.

“Net Revenues” means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs coming payable during such period.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated pursuant to Section 2.04(a).

“NRS” means the Nevada Revised Statutes, as amended from time to time.

“Office” means, with respect to the Trustee, the corporate trust office of the Trustee at the address set forth in Section 9.09, or at such other or additional offices as may be specified by the Trustee in writing to the City; except that with respect to presentation of Debentures for payment or for registration of transfer and exchange, such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

“Operation and Maintenance Costs” means all reasonable and necessary current expenses of the City calculated in accordance with GAAP, paid or accrued, of operating, maintaining and repairing the Systems, including, without limitation:

- (a) engineering, auditing, reporting, legal and other overhead expenses relating to the administration, operation and maintenance of the Systems;
- (b) fidelity bond and property and liability insurance premiums pertaining to the Systems or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Systems;
- (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 City, the Systems, revenues therefrom or the City’s income from or operations of any properties under its control and pertaining to the Systems, or any privilege in connection with the Systems or its operations;

(e) the reasonable charges of any Trustee and any depository bank pertaining to the Debentures or any other securities payable from Gross Revenues or otherwise pertaining to the Systems;

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

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

(h) any costs of utility services furnished to the Systems;

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

(j) all other administrative, general and commercial expenses pertaining to the Systems;

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 Systems;

(v) any allowance for the redemption of any Debentures 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 Systems, or otherwise; and

(vii) any liabilities imposed on the City for any grounds of legal liability not based on contract, including, without limitation, negligence in the operation of the Systems.

“Original Purchaser” means Municipal Capital Markets Group, Inc., as the original purchaser of the Debentures upon their delivery by the Trustee on the Closing Date.

“Outstanding”, when used as of any particular time with reference to Debentures, means all Debentures theretofore, or thereupon being, authenticated and delivered by the Trustee under this

Indenture except: (a) Debentures theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Debentures with respect to which all liability of the City has been discharged in accordance with Section 9.03; (c) Debentures for the transfer or exchange of or in lieu of or in substitution for which other Debentures shall have been authenticated and delivered by the Trustee pursuant to this Indenture; and (d) Debentures which are required to be disregarded and not deemed Outstanding under Section 9.05.

“Owner”, when used with respect to any Debenture, means the person in whose name the ownership of such Debenture shall be registered on the Registration Books.

“Parity Debt” means, all bonds, debentures, notes loan agreements, installment sale agreements, leases or other obligations of the City payable from and secured by a pledge of and lien upon the Net Revenues issued or incurred on a parity with the Debentures under Section 5.09.

“Parity Debt Documents” means all leases, installment sale agreements, trust agreements, indentures of trust, ordinances and other documents prescribing the terms and provisions applicable to any issue of Parity Debt.

“Permitted Investments” means any investments which at the time of investment are legal investments under the laws of the State of Nevada for the moneys proposed to be invested therein pursuant to NRS Chapter 355, “Public Investments - Investments by Local Governments,” Section 355.170, as amended.

“Person” means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Proceeds Fund” means the Proceeds Fund created in Section 3.02 hereof.

“Project” has the meaning ascribed to such term in the recitals.

“Project Costs” means all costs, as designated by the City, of the Project or any interest therein, which costs, at the option of the City (except as may be otherwise limited by law) may include all, any one or other portion of the incidental costs pertaining to the Project, including, without limitation:

(a) All preliminary expenses or other costs advanced by the City or advanced by the Federal Government, the State or by any other Person from any source, with the approval of the City Council of the City, or any combination thereof, or otherwise;

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

(c) The costs of premiums on any builders’ risk insurance and performance bonds during the construction, installation and other acquisition of the Project, or a reasonably allocated share thereof;

(d) The costs of appraising, printing, estimates, advice, services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help and other agents and 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 Debentures, and bank fees and expenses;

(f) The costs of contingencies;

(g) The costs of capitalization with proceeds of the Debentures of any operation and maintenance expenses pertaining to the Project and of any interest on the Debentures through the first anniversary of the completion date of the Project, of any discount on the Debentures, of any replacement expenses and of any other costs of issuance of the Debentures;

(h) The costs of amending any ordinance, resolution or other instrument pertaining to the Debentures or otherwise to the Systems; and

(i) The costs of funding any construction loans and other temporary loans pertaining to the Project and of the incidental expenses incurred in connection with such loans;

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

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

(l) All other expenses pertaining to the Project.

“Record Date” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date.

“Registration Books” means the books maintained by the Trustee under Section 2.07 for the registration and transfer of ownership of the Debentures.

“Securities Depositories” means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in a Request of the City delivered by the City to the Trustee.

“Sewer Fund” means the fund or funds established and held by the City with respect to the Sewer System for the deposit of Gross Revenues from the Sewer System.

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

“S&P” means S&P Global Ratings, of New York, New York, and its successors.

“Supplemental Indenture” means any indenture, agreement, resolution, ordinance or other instrument hereafter duly adopted or executed in accordance with the provisions of Section 7.01.

“Substantial Completion” means the term as set forth in Section 5.14 hereof and Appendix E.

“Systems” means, collectively, the Water System and the Sewer System.

“Take-Out Financing” shall mean the USDA Replacement Bonds and the Alternative Take-Out Financing.

“Tax Certificate” means the Tax Certificate executed by the City at the time of issuance of the Debentures relating to the requirements of Section 148 of the Tax Code, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

“Tax Code” means the Internal Revenue Code of 1986, as amended and in effect as of the date of issuance of the Debentures.

“Trust Estate” means the property pledged and assigned to the Trustee pursuant to the granting clauses of this Indenture.

“Trustee” means Zions Bancorporation, National Association, as Trustee hereunder, or any successor thereto appointed as Trustee hereunder in accordance with the provisions of Article VI.

“USDA Closing Conditions” means the term as set forth in Section 5.13 hereof and Appendix D hereto.

“USDA Loan Commitment” means, collectively, (i) the Letter of Conditions of USDA-RD, together with the Borrower's intent to meet Letter of Conditions and the USDA's Commitment Letter, dated [December 29, 2016, as amended on August 3, 2017], from the USDA-RD and (ii) the Letter of Conditions of USDA-RD, together with the Borrower's intent to meet Letter of Conditions and the USDA-RD's Commitment Letter, dated [December 29, 2016], from the USDA-RD.

“USDA Replacement Bonds” means the replacement bonds expected to be issued by the City in 2023 as further described in Section 2.08 or other USDA-RD funds.

“USDA-RD” means the United States Department of Agriculture acting through the United States Department of Agriculture, Rural Development.

“Water Fund” means the fund or funds established and held by the City with respect to the Water System for the deposit of Gross Revenues from the Water System.

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

**Section 1.02 Authorization.** Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

**Section 1.03 Interpretation.** Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(a) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(b) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### ISSUANCE OF DEBENTURES

**Section 2.01 Authorization and Purpose of Debentures.** The City has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Debentures do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now duly empowered, under each and every requirement of law, to issue the Debentures in the manner and form provided in this Indenture.

The City hereby authorizes the issuance of Debentures in the aggregate principal amount of \$\_\_\_\_\_ under the Bond Law for the purposes of financing a portion of the Project. The Debentures are authorized and issued under, and are subject to the terms of, this Indenture and the Bond Law. The Debentures shall be designated the "City of Yerington Interim Debentures, Series 2020."

**Section 2.02 Terms of the Debentures.** The Debentures shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. A separate Debenture shall be issued for each maturity and interest rate. The Debentures will be dated as of the Closing Date, and will mature on [\_\_\_\_ 1, 2023] and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rate of \_\_\_\_% per annum.

Interest on the Debentures is payable from the Interest Payment Date next preceding the date of authentication thereof unless

(a) a Debenture is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,

(b) a Debenture is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or

(c) interest on any Debenture is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Debentures is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Debenture which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Debenture is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Debentures by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Debentures at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Debentures in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Debentures on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Debentures in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

### **Section 2.03 Redemption of Debentures.**

(a) Optional Redemption. The Debentures are subject to redemption prior to maturity, at the option of the City, in whole or in part, by lot within a maturity, from any available source of funds, on October 1, 2022, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Debentures to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The City shall give the Trustee written notice of its intention to redeem Debentures under this subsection (a), and the manner of selecting such Debentures for redemption from among the maturities thereof and the amount of the redemption premium thereon, in sufficient time to enable the Trustee to give notice of such redemption in accordance with subsection (b) of this Section.

(b) Notice of Redemption. The Trustee on behalf and at the expense of the City shall mail (by first class mail) notice of any redemption to the respective Owners of any Debentures designated for redemption at their respective addresses appearing on the Registration Books, at least 30 but not more than 60 days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Debentures or the cessation of the accrual of interest thereon. Such notice must state the date of the notice, the redemption date, the redemption place and the redemption price and must designate the CUSIP numbers, the Debenture numbers and the maturity or

maturities (in the event of redemption of all of the Debentures of such maturity or maturities in whole) of the Debentures to be redeemed, and must require that such Debentures be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Debentures will not accrue from and after the redemption date.

(c) Right to Rescind Notice of Redemption. The City has the right to rescind any notice of the optional redemption of Debentures under subsection (a) of this Section by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Debentures then called for redemption. The City and the Trustee shall have no liability to the Debenture Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption to the respective Owners of the Debentures designated for redemption, at their addresses appearing on the Registration Books.

(d) Partial Redemption of Individual Maturity of Debentures. Whenever provision is made in this Section for the redemption of less than all of the Debentures of a particular maturity, the Trustee shall select the Debentures of such maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all Debentures will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Debentures which may be separately redeemed.

(e) Partial Redemption of Individual Debenture. If only a portion of any Debenture is called for redemption, then upon surrender of such Debenture the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Debenture or Debentures of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Debenture to be redeemed.

(f) Effect of Redemption. From and after the date fixed for redemption, if notice of redemption has been duly mailed and funds available for the payment of the principal of and interest (and premium, if any) on the Debentures so called for redemption have been duly provided, such Debentures so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. Unless otherwise directed in writing by the City, the Trustee shall cancel and destroy all Debentures redeemed under this Section.

#### **Section 2.04 Book Entry System.**

(a) Original Delivery. The Debentures will be initially delivered in the form of a separate single fully registered Debenture for each separate stated maturity and interest rate of the Debentures. Upon initial delivery, the Trustee shall register the ownership of each Debenture on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Debentures shall be registered in the name of the Nominee on the Registration Books.

With respect to Debentures the ownership of which shall be registered in the name of the Nominee, the City and the Trustee has no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Debentures.

Without limiting the generality of the immediately preceding sentence, the City and the Trustee has no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Debentures, (ii) the delivery to any Depository System Participant or any other person, other than a Debenture Owner as shown in the Registration Books, of any notice with respect to the Debentures, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Debentures to be redeemed if the City elects to redeem the Debentures in part, (iv) the payment to any Depository System Participant or any other person, other than a Debenture Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Debentures or (v) any consent given or other action taken by the Depository as Owner of the Debentures. The City and the Trustee may treat and consider the person in whose name each Debenture is registered as the absolute owner of such Debenture for the purpose of payment of principal of and premium, if any, and interest on such Debenture, for the purpose of giving notices of redemption and other matters with respect to such Debenture, for the purpose of registering transfers of ownership of such Debenture, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Debentures only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Debentures to the extent of the sum or sums so paid. No person other than a Debenture Owner shall receive a Debenture evidencing the obligation of the City to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the City of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the City shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Debentures for the Depository's book-entry system, the City shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Debentures. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in the Debentures other than the Debenture Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the City may take any other actions, not inconsistent with this Indenture, to qualify the Debentures for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Debentures, or (ii) the City determines to terminate the Depository as such, then the City shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the City and the Trustee in the issuance of replacement Debentures by providing the Trustee with a list showing the interests of the Depository System Participants in the Debentures, and by surrendering the Debentures, registered in the name of the Nominee, to the Trustee on or before the date such replacement Debentures are to be issued. The Depository, by accepting delivery of the Debentures, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the City fails to identify another Securities Depository to replace the Depository, then the Debentures shall no longer be required to be registered in the Registration Books in the name of the Nominee,

but shall be registered in whatever name or names the Owners transferring or exchanging Debentures shall designate, in accordance with the provisions hereof.

If the City determines that it is in the best interests of the beneficial owners of the Debentures that they be able to obtain certificated Debentures, the City may notify the Depository System Participants of the availability of such certificated Debentures through the Depository. In such event, the Trustee will issue, transfer and exchange Debentures as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the City shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate certificates evidencing the Debentures to any Depository System Participant having Debentures credited to its account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Debentures, all at the City's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Debenture is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Debenture and all notices with respect to such Debenture shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

**Section 2.05 Form and Execution of Debentures.** The Debentures, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Each Debenture shall be signed and executed by the manual or facsimile signature of the Mayor, shall be sealed with the manual or facsimile seal of the City, shall be countersigned by the manual or facsimile signature of the City Treasurer and shall be attested by the manual or facsimile signature of the City Clerk. The fully registered Debenture bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligation of the City notwithstanding that before the delivery thereof and payment therefor, any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices.

If any officer whose signature appears on any Debenture ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Debenture may be signed and attested on behalf of the City by such persons as at the actual date of the execution of such Debenture are the proper officers of the City, duly authorized to execute debt instruments on behalf of the City, although on the date of such Debenture any such person was not an officer of the City.

Only those Debentures bearing a certificate of authentication in the form set forth in Appendix A, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Debentures have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

## **Section 2.06 Transfer and Exchange of Debentures.**

(a) Transfer. Any Debenture may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Debenture to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall collect any tax or other governmental charge on the transfer of any Debentures under this Section. Whenever any Debenture or Debentures shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and deliver to the transferee a new Debenture or Debentures of like series, interest rate, maturity and aggregate principal amount. The City shall pay the cost of printing Debentures and any services rendered or expenses incurred by the Trustee in connection with any transfer of Debentures.

(b) Exchange. The Debentures may be exchanged at the Office of the Trustee for a like aggregate principal amount of Debentures of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Debentures under this subsection (b). The City shall pay the cost of printing Debentures and any services rendered or expenses incurred by the Trustee in connection with any exchange of Debentures.

(c) Limitations. The Trustee may refuse to transfer or exchange, under the provisions of this Section, any Debentures selected by the Trustee for redemption under Section 2.03, or any Debentures during the period established by the Trustee for the selection of Debentures for redemption.

**Section 2.07 Registration Books.** The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Debentures, which must at all times during normal business hours, and upon reasonable notice, be open to inspection by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Debentures as hereinbefore provided.

## **ARTICLE III**

### **ISSUANCE OF DEBENTURES; ESTABLISHMENT OF FUNDS**

**Section 3.01 Issuance of Debentures.** Upon the execution and delivery of this Indenture, the City shall execute and deliver Debentures in the aggregate principal amount of \$ \_\_\_\_\_ to the Trustee and the Trustee shall authenticate and deliver the Debentures to the Original Purchaser upon receipt of a Request of the City therefor.

**Section 3.02 Deposit and Application of Proceeds.** There is hereby created and established a special fund to be held by the Trustee and known as the "Proceeds Fund." On the Closing Date, the Trustee shall deposit (i) the proceeds of the Debentures (in the amount of \$ \_\_\_\_\_) and (ii) the contribution of the City (in the amount of \$ \_\_\_\_\_) into the Proceeds Fund and shall apply such amounts on deposit in the Proceeds Fund as follows:

(a) \$ \_\_\_\_\_ shall be deposited into the Capitalized Interest Account;

- (b) \$ \_\_\_\_\_ shall be deposited into the Costs of Issuance Fund; and
- (c) \$ \_\_\_\_\_ shall be deposited into the Acquisition Fund.

**Section 3.03 Costs of Issuance Fund.** There is hereby created and established a separate fund to be known as the “Costs of Issuance Fund,” to be held by the Trustee in trust. The Trustee shall disburse moneys in the Costs of Issuance Fund for payment of Costs of Issuance upon receipt of a payment request in substantially the form attached hereto as Appendix B signed by the City Representative. On \_\_\_\_\_ 1, 2021, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Acquisition Fund, and thereupon the Trustee shall close the Costs of Issuance Fund.

**Section 3.04 Acquisition Fund.**

(a) There is hereby created and established a special fund designated as the “Acquisition Fund.” All moneys at any time on deposit in the Acquisition Fund shall be held by the Trustee in trust for the benefit of the City and applied solely as provided herein.

(b) There shall be deposited in the Acquisition Fund on the Closing Date the amount specified in Section 3.02(c) hereof. Additionally, the Trustee shall deposit in the Acquisition Fund amounts required to be deposited therein pursuant to Section 3.03 hereof. Moneys in the Acquisition Fund shall be expended for Project Costs. The Trustee shall disburse moneys in the Acquisition Fund for payment of the Project Costs upon receipt by the Trustee of a payment request substantially in the form attached hereto as Appendix C signed by the City Representative. The Trustee may rely on such payment requests as complete authorization for the disbursements requested thereby.

When (i) the portion of the Project to be financed through the Acquisition Fund has been completed and all Project Costs therefor have been paid or are not required to be paid from the Acquisition Fund, or (ii) the portion of the Project to be financed through the Acquisition Fund has been substantially completed and all remaining Project Costs therefor have been determined, the City shall deliver to the Trustee a Completion Certificate. On the date 15 days after the date on which the City delivers a Completion Certificate to the Trustee, the Trustee shall transfer any remaining balance in the Acquisition Fund (but less the amount of any retention specified in such Completion Certificate) to the Debenture Fund to be applied to the payment of the Debentures in accordance with Section 5.02 hereof.

**Section 3.05 Incontestable Recital.** Pursuant to NRS 350.628, the Debentures shall contain a recital that they are issued under authority of the Bond Law, which recital shall be conclusive evidence of their validity and the regularity of their issuance.

**ARTICLE IV**

**PLEDGE; DEBENTURE FUND; PAYMENT OF THE DEBENTURES**

**Section 4.01 Pledge of Proceeds of the Take-Out Financing and the Net Revenues.** The pledge of the proceeds of the Take-Out Financing to repay the principal of the Debentures and the interest thereon shall constitute a prior lien and charge thereon and such principal of and interest on the Debenture shall be payable from the proceeds of the Take-Out Financing. Notwithstanding

the foregoing, to the extent the principal of or interest on the Debenture is not paid from proceeds of the Take-Out Financing as herein provided, such principal of or interest on the Debenture shall be paid, to the extent permitted by law, from, and the City hereby pledges for such payment, the Net Revenues. In addition, the Debentures are secured by a pledge of all of the moneys in the Proceeds Fund, the Acquisition Fund, the Costs of Issuance Fund and the Debenture Fund, including all amounts derived from the investment of such moneys. The Debentures are also secured by a pledge of the USDA Loan Commitment (except to the extent such pledge is prohibited by the USDA or applicable law) and all amounts payable by the USDA-RD thereunder.

#### **Section 4.02 Establishment and Application of the Debenture Fund.**

(a) There is hereby created and established a separate fund designated as the "Debenture Fund" which shall be maintained by the Trustee. Within the Debenture Fund, the Trustee hereby creates and establishes a "Principal Account" and a "Capitalized Interest Account."

(b) The City shall transfer, or cause the transfer of, any Take-Out Financing proceeds to the Trustee and the Trustee shall deposit such funds into the Principal Account for the payment of the principal of, and premium, if any, on the Debentures on the maturity date of the Debentures, or the date of the earlier redemption thereof, as applicable. Any funds on deposit in Principal Account shall be only be used for the payment of the principal of, and premium, if any, on the Debentures on the maturity date of the Debentures, or the date of the earlier redemption thereof, as applicable.

(c) On each Interest Payment Date, the Trustee shall pay all interest coming due on such Interest Payment Date from funds on deposit in the Capitalized Interest Subaccount. To the extent funds in the Capitalized Interest Account are insufficient to pay the interest payment due on an Interest Payment Date, the City shall deposit an amount of Net Revenues from the Enterprise Funds equal to such insufficiency with the Trustee no later than the third (3<sup>rd</sup>) Business Day prior to such Interest Payment Date for deposit into the Debenture Fund for the payment of interest coming due on such Interest Payment Date; provided that the Net Revenues to be deposited from respective Enterprise Funds shall be proportionate to the portion of interest on the Debentures which is allocable to the applicable Enterprise Fund. Any funds within the Capitalized Interest Account shall only be used for the interest payments due on the Interest Payment Dates.

(d) To the extent funds are required to be transferred from the Enterprise Funds to the Debenture Fund as a result of insufficient funds in the Capitalized Interest Account to make the required interest and principal payments when due, the Trustee shall provide written notice to the City of the amount of the deficiency and the date the funds must be transferred to the Debenture Fund no later than five (5) Business Days prior to the Interest Payment Date.

(e) The Trustee shall apply all funds held under this Indenture in any fund or subaccount to the payment of principal and interest payable in connection with the Debentures to the extent proceeds from the Take-Out Financing are not available at maturity, at mandatory redemption or acceleration of the Debentures. Except as provided herein, the moneys and Eligible Investments in the Debenture Fund shall be used solely and exclusively for the payment of the principal of and interest on the Debentures upon maturity, upon redemption or upon acceleration, all as provided herein.

#### **Section 4.03 Investments.**

(a) Investment of Funds Held by City. All moneys in the Enterprise Funds may be invested by the City from time to time in any securities in which the City may legally invest funds subject to its control under the laws of the State of Nevada.

(b) Investment of Funds Held by Trustee. The Trustee shall invest moneys in the funds and accounts held by it hereunder in Permitted Investments specified in the Request of the City delivered to the Trustee at least two Business Days in advance of the making of such investments.

(c) General Investment Provisions. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture the City is required to transfer any moneys to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be retained in the respective fund or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the City. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made under this Section.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic transaction statements which include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

#### **Section 4.04 Valuation and Disposition of Investments.**

(a) Except as otherwise provided in subsection (b) of this Section, the City covenants that all investments of amounts deposited in any fund or account created by or under this Indenture, or otherwise containing gross proceeds of the Debentures (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Indenture or the Tax Code) at Fair Market Value as such term is defined in subsection (d) below. The Trustee has no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the City in any Certificate or Request of the City.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and investments in the Reserve Fund shall be valued at cost thereof (consisting of present value thereof within the meaning of Section 148 of the Tax Code); provided that the City must inform the Trustee which funds are subject to a yield restriction, and must provide the Trustee with any necessary valuation criteria or formulae.

(c) Except as provided in the preceding subsection (b), for the purpose of determining the amount in any fund, the Trustee shall value Permitted Investments credited to such fund at least annually at the Fair Market Value thereof. The Trustee may utilize computerized

securities pricing services that may be available to it, including those available through its regular accounting system. If and as directed by the City in writing, the Trustee shall sell or present for redemption any Permitted Investment so purchased by the Trustee whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee has no liability or responsibility for any loss resulting therefrom.

(d) For purposes of this Section, the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

## ARTICLE V

### FINANCIAL COVENANTS

**Section 5.01 Punctual Payment; Compliance With Documents.** The City shall punctually pay or cause to be paid the principal of and interest on the Debentures in strict conformity with the terms of the Debentures and of this Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures.

**Section 5.02 Discharge of Claims.** The City covenants that in order to fully preserve and protect the priority and security of the Debentures the City shall pay from the Gross Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Systems which, if unpaid, may become a lien or charge upon the Gross Revenues prior or superior to the lien of the Debentures and impair the security of the Debentures. The City shall also pay all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Systems or upon any part thereof.

**Section 5.03 Operation of Systems in Efficient and Economical Manner.** The City covenants and agrees to operate the Systems in an efficient and economical manner and to operate, maintain and preserve the Systems in good repair and working order.

**Section 5.04 Sale or Eminent Domain of Systems.** Except as provided herein, the City covenants that the Systems will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise dispose of, as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the City to pay the principal of or interest on the Debentures or would materially adversely affect its ability to comply with the terms of this Indenture. The City may not enter into any agreement which impairs the operation of the Systems or any part of it necessary to secure adequate Net Revenues to pay the Debentures, or

which otherwise would impair the rights of the Debenture Owners with respect to the Net Revenues. If any substantial part of the Systems is sold, the payment therefor shall be applied for the repair or replacement of the affected property, or to other capital improvements of the related Enterprise.

Any amounts received as awards as a result of the taking of all or any part of the Systems by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the City, shall be applied to the acquisition of replacement facilities or other capital improvements of the Systems.

**Section 5.05 Insurance.** The City shall at all times maintain with responsible insurers all such insurance on the Systems as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Systems. All amounts collected from insurance against accident to or destruction of any portion of the Systems shall be applied to the repair or replacement of the insured facilities, or to other capital improvements of the related Enterprise.

The City shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City, Trustee and the Owners of the Debentures.

Any policy of insurance required under this Section may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance.

**Section 5.06 Records and Accounts.** The City will keep proper books of record and accounts of the Systems, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Systems. Said books shall, upon reasonable request, be subject to the inspection of the Trustee and the Owners of not less than 10% of the Outstanding Debentures or their representatives authorized in writing.

The City will cause the books and accounts of the Systems to be audited annually by an Independent Accountant and will make available for inspection by the Debenture Owners at the Office of the Trustee, upon reasonable request, a copy of the report of such Independent Accountant. The City will furnish a copy of such statements, upon reasonable request, to the Trustee and any Debenture Owner.

**Section 5.07 Rates and Charges.**

(a) Net Revenue Covenant – Combined Systems.

(i) The City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Systems during each Fiscal Year which are sufficient to yield combined Net Revenues of the Systems which are at least equal to [110]% of the amount of Debt Service calculated for such Fiscal Year.

(i) In the event that the actual collection of Net Revenues based on such rates, fees and charges is insufficient to yield Net Revenues which meet the requirements of this

subsection (a), such event shall not constitute an Event of Default unless it has continued uncured for a period of at least 12 months.

(b) Net Revenue Covenant – Water System.

(i) By no later than [June 1, 2021], the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which are sufficient to yield Net Revenues of the Water System which are at least equal to [110]% of the amount of Debt Service calculated for such Fiscal Year with respect to the Water System.

(ii) In the event that the actual collection of Net Revenues based on such rates, fees and charges is insufficient to yield Net Revenues which meet the requirements of this subsection (b), such event shall not constitute an Event of Default unless it has continued uncured for a period of at least 12 months.

(c) Net Revenue Covenant – Sewer System.

(i) By no later than [June 1, 2021], the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Sewer System during each Fiscal Year which are sufficient to yield Net Revenues of the Sewer System which are at least equal to [110]% of the amount of Debt Service calculated for such Fiscal Year with respect to the Sewer System.

(ii) In the event that the actual collection of Net Revenues based on such rates, fees and charges is insufficient to yield Net Revenues which meet the requirements of this subsection (c), such event shall not constitute an Event of Default unless it has continued uncured for a period of at least 12 months.

**Section 5.08 [Reserved].**

**Section 5.09 Issuance of Parity Debt.** The City may issue or incur any Parity Debt upon satisfaction of all of the following conditions:

(a) No Event of Default has occurred and is continuing.

(b) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the City for the most recent completed Fiscal Year for which audited financial statements of the City are available, or for any more recent consecutive 12-month period selected by the City, in either case verified by an Independent Accountant or a Fiscal Consultant or shown in the audited financial statements of the City, plus at the option of the City any or all of the Additional Revenues, are at least equal to [125]% of the Debt Service for such Fiscal Year.

(c) The City shall deliver to the Trustee a Certificate of the City certifying, and an opinion of Bond Counsel stating, that the conditions precedent to the issuance of such Parity Debt set forth in the foregoing provisions of this Section have been satisfied.

No bonds, debentures, notes loan agreements, installment sale agreements, leases or other obligations issued pursuant to this Section 5.09 shall have a parity lien on the proceeds of the USDA

Replacement Bonds (except obligations of the City issued for purposes of the completion of the Project, the principal amount of which, together with the Debentures, shall not exceed the amount of total USDA Loan Commitment).

Nothing herein limits or affects the ability of the City to issue or incur obligations which are either unsecured or which are secured by an interest which is junior and subordinate to the pledge of and lien on the Net Revenues which secures the Debentures.

#### **Section 5.10 Tax Covenants Relating to Debentures.**

(a) The City shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Tax Code. Without limiting the generality of the foregoing, the City shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Debentures.

(b) In the event that at any time the City is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established hereunder, the City shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the City shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Debentures, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

(d) Certain agreements, requirements and procedures contained or referred to in this Indenture, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Debentures) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Any such change may occur or action may be taken or omitted upon the advice or approval of Bond Counsel other than the Bond Counsel that rendered a final opinion with respect to the Debentures upon their original issuance, only if the City obtains from such Bond Counsel an opinion, substantially to the effect that interest on the Debentures is excluded from gross income for federal income tax purposes.

(e) The Trustee shall establish, maintain and hold in trust a special fund separate from any other fund or account established and maintained hereunder designated as the "Rebate Fund." The Rebate Fund shall be maintained by the Trustee until the Trustee receives written notification from a City Representative that it be closed.

The Trustee shall establish and maintain in the Rebate Fund a separate account designated as the "Investment Earnings Account" and a separate account designated as the "Excess Earnings Account." All moneys in the Investment Earnings Account and the Excess Earnings Account shall be held by the Trustee in trust and shall be applied solely as provided herein. All Investment Earnings on amounts on deposit in the Excess Earnings Account shall be retained therein. Amounts on deposit in the Investment Earnings Account shall be transferred to the Excess Earnings Account pursuant to

the written instructions from a City Representative in accordance with the provisions of the Tax Certificate. No later than the dates provided in the Tax Certificate, the City shall determine, or cause to be determined, the City's rebate liability in accordance with the provisions of Section 148(f) of the Tax Code and a City Representative shall (a) inform the Trustee in writing as to the amount, if any, required to be maintained in the Excess Earnings Account in order to provide for the satisfaction of any such liability, and (b) instruct the Trustee to transfer from the Investment Earnings Account to the Excess Earnings Account the amount, if any, necessary to cause the amount on deposit in the Excess Earnings Account to equal the amount required to be maintained therein. After any such necessary transfer and no later than the dates provided in the Tax Certificate, the Trustee shall transfer any amount remaining in the Investment Earnings Account and any amount on deposit in the Excess Earnings Account which exceeds the amount required to be maintained therein to the Enterprise Funds. Except as set forth in the preceding sentence, amounts on deposit in the Excess Earnings Account shall only be applied to payments made to the federal government in accordance with the Tax Certificate and the written instruction of a City Representative. All money at any time deposited in the Excess Earnings Account shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article XII hereof or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Excess Earnings Account shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference).

The Trustee shall not be required to take any actions under the Tax Certificate in the absence of written instructions from the City, and the Trustee shall conclusively be deemed to have complied with the provisions of the Tax Certificate if it complies with such written instructions of the City.

The Trustee may conclusively rely on any written direction from the City with regard to the Rebate Fund and the City hereby agrees to hold harmless the Trustee for any loss, claim, liability or expense incurred by the City for any actions taken by the Trustee in accordance with such written direction

**Section 5.11 Continuing Disclosure.** The City shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate which has been executed and delivered by the City on the Closing Date. Notwithstanding any other provision hereof, failure of the City to comply with the Continuing Disclosure Certificate does not constitute an Event of Default hereunder; provided, however, that any Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate) or any Owner or beneficial owner of the Debentures may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section.

**Section 5.12 Completion of the Project.** The City will use its reasonable good faith efforts to complete the Project in conformity with the USDA Closing Conditions and USDA Loan Commitments so that they are completed as scheduled.

**Section 5.13 Compliance with USDA Closing Conditions.** The City covenants to comply with all USDA Closing Conditions and USDA Loan Commitment, as set forth in Appendix D.

**Section 5.14 Project Requirements.** The City covenants to use its reasonable good faith efforts to undertake the Project to Substantial Completion and in compliance with the Budget and

Construction timetable set forth in Appendix E and shall certify compliance with such timetable in writing within thirty (30) days of the end of each Fiscal Year.

**Section 5.15 Alternative Take-Out Financing.**

(a) If by [October 1, 2022], the City has not received confirmation from USDA-RD that all of the requirements in the USDA Loan Commitment have been satisfied to permit the USDA-RD to purchase the USDA Replacement Bonds, or if by [October 1, 2022], the City has been notified by the USDA-RD that it does not intend to purchase the USDA Replacement Bonds, the City shall use its reasonable good faith efforts to initiate proceedings for an Alternative Take-Out Financing to allow for the payment of the Debentures at maturity.

(b) In furtherance of the obligation to initiate proceedings for an Alternative Take-Out Financing under Section 5.15(a), the City shall take all necessary action to:

(i) By no later than [February 1, 2022], fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which are sufficient to yield Net Revenues of the Water System which are at least equal to 125% of the amount of Debt Service calculated for such Fiscal Year with respect to the Water System; and

(ii) By no later than [February 1, 2022], fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Sewer System during each Fiscal Year which are sufficient to yield Net Revenues of the Sewer System which are at least equal to 125% of the amount of Debt Service calculated for such Fiscal Year with respect to the Sewer System.

**Section 5.16 Further Assurances.** The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Debentures, the Trustee the rights and benefits provided in this Indenture.

**ARTICLE VI**

**THE TRUSTEE**

**Section 6.01 Duties, Immunities and Liabilities of Trustee.**

(a) Performance of Duties. The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties will be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable corporate trustee would exercise or use.

(b) Removal of Trustee. The City may remove the Trustee at any time, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Debentures then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee ceases to be eligible in accordance with subsection (e) of this Section, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. The City may accomplish such removal by giving 30 days written notice to the Trustee, whereupon the City will appoint a successor Trustee by an instrument in writing.

(c) Resignation by Trustee. The Trustee may at any time resign by giving written notice of such resignation to the City, and by giving notice of such resignation by first class mail, postage prepaid, to the Debenture Owners at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the City will promptly appoint a successor Trustee by an instrument in writing.

(d) Appointment of Successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the City will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the City shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Debentures, and to the Owners at the addresses shown on the Registration Books. If the City fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the City.

(e) Qualifications of Trustee. Any Trustee appointed under the provisions of this Section in succession to the Trustee must: (i) be a company or bank having trust powers; (ii) have a

corporate trust office in the State of California; (iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least \$50,000,000, and (iv) be subject to supervision or examination by federal or state authority.

If such bank or company publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee ceases to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in subsection (c) of this Section.

The City will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this subsection (e), so long as any Debentures are Outstanding.

**Section 6.02 Merger or Consolidation.** Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 6.03 Rights and Liabilities of Trustee.** The recitals of facts herein and in the Debentures contained are taken as statements of the City, and the Trustee has no responsibility for the correctness of the same, nor does it have any liability whatsoever therefor, nor make any representations as to the validity or sufficiency of this Indenture or of the Debentures nor shall it incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee is, however, responsible for its representations contained in its certificate of authentication on the Debentures. The Trustee is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee is not liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of any Debentures with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Debentures then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the City.

(a) The Trustee has no liability with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of the Debentures at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(b) The Trustee has no liability for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The

permissive right of the Trustee to do things enumerated hereunder is not construed as a mandatory duty.

(c) The Trustee will not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge thereof, or unless and until a responsible officer of the Trustee has received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee is not bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Debentures, or as to the existence of an Event of Default hereunder or thereunder. The Trustee is not responsible for the City's payment of principal and interest on the Debentures, the City's observance or performance of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, the Trustee is not responsible for reviewing the contents of any financial statements furnished to the Trustee under Section 5.06 and may rely conclusively on the Certificate of the City accompanying such financial statements to establish the City's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Gross Revenues into the Enterprise Funds and the investment and application of moneys on deposit in the Enterprise Funds (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(d) No provision in this Indenture requires the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder. The Trustee is entitled to receive interest on any moneys advanced by it hereunder, at the maximum rate permitted by law.

(e) The Trustee may establish additional accounts or subaccounts of the funds established hereunder as the Trustee deems necessary or prudent in furtherance of its duties under this Indenture.

(f) The Trustee has no responsibility or liability whatsoever with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Debentures, nor shall the Trustee have any obligation to review any such material, and any such review by the Trustee will not be deemed to create any obligation, duty or liability on the part of the Trustee.

(g) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, have the right (but not the duty) fully to inspect the Systems, including all books, papers and records of the City pertaining to the Systems and the Debentures, and to take such memoranda from and with regard thereto as may be desired but which is not privileged by statute or by law.

(h) Before taking any action under Article VIII the Trustee may require indemnity satisfactory to the Trustee be furnished to it to hold the Trustee harmless from any expenses whatsoever and to protect it against any liability it may incur hereunder.

(i) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(j) The permissive right of the Trustee to do things enumerated in this Indenture is not construed as a duty.

(k) The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and is not answerable for the conduct of the same if appointed by it with reasonable care.

**Section 6.04 Right to Rely on Documents.** The Trustee is protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, Bond Counsel or other counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee is not bound to recognize any person as the Owner of a Debenture unless and until such Debenture is submitted for inspection, if required, and such person's title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the City, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but has no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant appointed by the City.

**Section 6.05 Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during normal business hours, and upon reasonable prior written notice, to the inspection of the City and any Owner, and their agents and representatives duly authorized in writing.

**Section 6.06 Compensation and Indemnification.** Absent any agreement to the contrary, the City shall pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture.

To extent permitted by law, the City further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities, whether or not litigated, which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the City under this Section shall survive resignation or removal of the Trustee under this Indenture and payment of the Debentures and discharge of this Indenture.

**Section 6.07 Accounting Records and Financial Statements.** The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Debentures and all funds and accounts established and held by the Trustee under this Indenture. Such books of record and account shall be available for inspection by the City at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the City, at least semiannually, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Debentures and all funds and accounts held by the Trustee under this Indenture.

## ARTICLE VII

### MODIFICATION AND AMENDMENT OF THIS INDENTURE

#### Section 7.01 Amendments Permitted.

(a) Amendment With Debenture Owner Consent. This Indenture and the rights and obligations of the City and of the Owners of the Debentures may be modified or amended by the City and the Trustee upon Request of the City at any time by the execution of a Supplemental Indenture, but only with the written consents of the Owners of a majority in aggregate principal amount of the Debentures then Outstanding with respect to all Debentures then Outstanding, exclusive of Debentures disqualified as provided in Section 9.05. Any such Supplemental Indenture becomes effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite Debenture Owners. No such modification or amendment shall:

(i) extend the maturity of any Debenture or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the written consent of the Owner of such Debenture, or

(ii) permit the creation by the City of any mortgage, pledge or lien upon the Net Revenues superior to or on a parity with the pledge and lien created for the benefit of the Debentures (except as expressly permitted by this Indenture), or reduce the percentage of Debentures required for the affirmative vote or written consent to an amendment or modification, or

(iii) modify any of the rights or obligations of the Trustee without its written consent.

(b) Amendment Without Debenture Owner Consent. This Indenture and the rights and obligations of the City and of the Owners of the Debentures may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners of the Debentures, but only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Indenture, or in any other respect whatsoever as the City deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the City and the Trustee;

(iii) to provide for the issuance of Parity Debt under Section 5.09, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 5.09;

(iv) to amend any provision hereof to assure the exclusion from gross income of interest on the Debentures for federal income tax purposes under the Tax Code, in the opinion of Bond Counsel filed with the City and the Trustee; or

**Section 7.02 Effect of Supplemental Indenture.** From and after the time any Supplemental Indenture becomes effective under this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**Section 7.03 Endorsement or Replacement of Debentures After Amendment.** After the effective date of any amendment or modification hereof under this Article VII, the City may determine that any or all of the Debentures shall bear a notation, by endorsement in form approved by the City, as to such amendment or modification and in that case upon demand of the City the Owners of such Debentures shall present such Debentures for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Debentures. In lieu of such notation, the City may determine that new Debentures shall be prepared and executed in exchange for any or all of the Debentures and in that case upon demand of the City the Owners of the Debentures shall present such Debentures for exchange at the Office of the Trustee without cost to such Owners.

**Section 7.04 Amendment by Mutual Consent.** The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Debenture held by such Owner.

**Section 7.05 Trustee's Reliance.** The Trustee may conclusively rely, and is protected in relying, upon a Certificate of the City and an opinion of counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Owners.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF DEBENTURE OWNERS

**Section 8.01 Events of Default and Acceleration of Maturities.** Each of the following events constitutes an Event of Default hereunder:

(a) Failure to pay any installment of the principal of any Debentures when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on the Debentures when due.

(c) Failure by the City to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Debentures, if such failure has continued for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the City by the Trustee; provided, however, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 60-day period, such failure shall not constitute an Event of Default if the City institutes corrective action within such 60-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

(d) The City commences a voluntary case under Title 9 of the United States Code or any substitute or successor statute.

(e) The occurrence and continuation of an event of default under and as defined in any Parity Debt Documents.

If an Event of Default occurs and is continuing, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Debentures then Outstanding the Trustee shall, (a) declare the principal of the Debentures, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in this Indenture or in the Debentures to the contrary notwithstanding, and (b) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Debenture Owners in law or at equity to enforce the rights of the Debenture Owners under this Indenture.

Immediately upon obtaining actual knowledge of the occurrence of an Event of Default, but in no event later than five Business Days following actual knowledge of such occurrence, the Trustee shall give notice of such Event of Default to the City by telephone confirmed in writing. Such notice shall also state whether the principal of the Debentures has been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the Debentures, which shall include the statement that interest on the Debentures shall cease to accrue from and after the date, if any, on which the Trustee declares the Debentures to become due and payable under the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Debentures is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Debentures has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all principal on the Debentures matured prior to such declaration and all matured installments of interest (if any) upon all the Debentures, at the rate or rates applicable to the remaining unpaid principal balance of the Debentures if paid in accordance with their terms and the reasonable fees and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Debentures due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Debentures then Outstanding, by written notice to the City and to the Trustee, may, on behalf of the Owners of all of the Debentures, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

**Section 8.02 Application of Funds Upon Acceleration.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Debentures; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 6.06.

(b) To the payment of the full amount then owing and unpaid upon the Debentures for interest and principal, as follows and in the following order:

First: to the payment of installments of interest then due in the order of the maturity of such installments, and, if the amount that is available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment of such interest ratably, according to amounts due thereon, to the Owners entitled thereto, without any discrimination or preference; and

Second: to the payment to Owners entitled thereto of the unpaid principal of the Debentures which shall have become overdue, whether at maturity or by acceleration or redemption, [with interest on the overdue principal at the rate of eight (8%) per annum,] and, if the amount that is available shall not be sufficient to pay the full amount of the Debentures, [together with interest thereon], then to the payment thereof ratably, according to the amounts due on such date, to the Owners of the Debentures entitled thereto without any discrimination or preference.

**Section 8.03 Power of Trustee to Control Proceedings.** If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, in the performance of its duties hereunder, whether upon its own discretion, with the consent or at the request of the Owners of a majority in aggregate principal amount of the Debentures then Outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Debentures, with respect to the continuance, discontinuance, withdrawal, compromise, settlement

or other disposal of such action. The Trustee may not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Debentures hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

**Section 8.04 Limitation on Owners' Right to Sue.** No Owner of any Debenture has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless:

(a) said Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;

(b) the Owners of a majority in aggregate principal amount of all the Debentures then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;

(c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners has any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Debentures.

The right of any Owner of any Debenture to receive payment of the principal of and premium, if any, and interest on such Debenture as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

**Section 8.05 Non-waiver.** Nothing in this Article VIII or in any other provision of this Indenture or in the Debentures, affects or impairs the obligation of the City, which is absolute and unconditional, to pay from the Net Revenues and other amounts pledged hereunder, the principal of and interest and redemption premium (if any) on the Debentures to the Debenture Owners when due and payable as herein provided, or affects or impairs the right of action, which is also absolute and unconditional, of the Debenture Owners to institute suit to enforce such payment by virtue of the contract embodied in the Debentures.

A waiver of any default by any Debenture Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Debenture Owner to exercise any right or power accruing upon any default shall impair any such right or power

or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Debenture Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Debenture Owners.

If a suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Debenture Owners, the City, the Debenture Owners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

**Section 8.06 Actions by Trustee as Attorney-in-Fact.** Any suit, action or proceeding which any Owner has the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Debentures shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI. Notwithstanding the foregoing provisions of this Section, the Trustee has no duty to enforce any such right or remedy unless it has been indemnified to its satisfaction for any additional fees, charges and expenses of the Trustee related thereto, including without limitation, fees and charges of its attorneys and advisors.

**Section 8.07 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Bond Law or any other law.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.01 Limited Liability of City.** Notwithstanding anything in this Indenture contained, the City is not required to advance any moneys derived from any source of income other than the proceeds of the Take-Out Financing and Net Revenues for the payment of the principal of or interest on the Debentures, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Gross Revenues). The City may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the City for such purpose without incurring indebtedness.

The Debentures are special obligations, payable exclusively from the proceeds of the Take-Out Financing, Net Revenues and other funds as in this Indenture provided. The general fund of the City is not liable, and the credit of the City is not pledged, for the payment of the interest on or principal of the Debentures. The Owners of the Debentures have no right to compel the forfeiture of any property of the City. The principal of and interest on the Debentures, and any premiums upon the redemption of any thereof, are not a debt of the City, or a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or upon any of its income, receipts or revenues except

the proceeds of the Take-Out Financing, the Net Revenues and other funds pledged to the payment thereof as provided in this Indenture.

**Section 9.02 Benefits of Indenture Limited to Parties.** Nothing in this Indenture, expressed or implied, gives to any person other than the City and the Owners of the Debentures, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the Trustee and the Owners of the Debentures.

**Section 9.03 Defeasance of Debentures.** If the City pays and discharges the entire indebtedness on any Debentures in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Debentures, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or an escrow bank, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under this Indenture, in the opinion or report of an Independent Accountant is fully sufficient to pay such Debentures, including all principal, interest and redemption premium, if any;

(c) by irrevocably depositing with the Trustee or an escrow bank, in trust, Federal Securities in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under this Indenture, be fully sufficient to pay and discharge the indebtedness on such Debentures (including all principal, interest and redemption premium, if any) at or before maturity; or

(d) by purchasing such Debentures prior to maturity and tendering such Debentures to the Trustee for cancellation;

and if such Debentures are to be redeemed prior to the maturity thereof notice of such redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, then, at the election of the City, and notwithstanding that any such Debentures have not been surrendered for payment, the pledge of the Net Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the City under this Indenture with respect to such Debentures shall cease and terminate, except only:

(a) the obligations of the City under Section 5.10,

(e) the obligation of the Trustee to transfer and exchange Debentures hereunder,

(f) the obligation of the City to pay or cause to be paid to the Owners of such Debentures, from the amounts so deposited with the Trustee, all sums due thereon, and

(g) the obligations of the City to compensate and indemnify the Trustee under Section 6.06.

The City must file notice of such election with the Trustee. The Trustee shall pay any funds thereafter held by it, which are not required for said purpose, to the City.

In the case of a defeasance or payment of all of the Debentures Outstanding in accordance with this Section, the Trustee shall pay all amounts held by it in any funds or accounts hereunder, which are not required for said purpose or for payment of amounts due the Trustee under Section 6.06, to the City.

**Section 9.04 Execution of Documents and Proof of Ownership by Owners.** Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, consent, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Debentures and the amount, maturity, number and date of ownership thereof are conclusively proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Debenture binds all future Owners of such Debenture in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

**Section 9.05 Disqualified Debentures.** In determining whether the Owners of the requisite aggregate principal amount of Debentures have concurred in any demand, request, direction, consent or waiver under this Indenture, Debentures which are owned or held by or for the account of the City (but excluding Debentures held in any employees' retirement fund) must be disregarded and deemed not to be Outstanding for the purpose of any such determination. The Trustee will not be deemed to have knowledge that any Debenture is owned or held by the City unless the City is the Registered Owner or the Trustee has received written notice to that effect.

**Section 9.06 Waiver of Personal Liability.** No member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of or interest or any premium on the Debentures; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

**Section 9.07 Destruction of Canceled Debentures.** Whenever in this Indenture provision is made for the surrender to the City of any Debentures which have been paid or canceled under the provisions of this Indenture, a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Debentures and the City shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Debentures therein referred to. The City shall pay all costs of any microfilming of Debentures to be destroyed.

**Section 9.08 Funds and Accounts.** Any fund or account required by this Indenture to be established and maintained by the City or the Trustee may be established and maintained in the accounting records of the City or the Trustee, as the case may be, either as a fund or an account, and

may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the City shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with industry practices; in each case with due regard for the protection of the security of the Debentures and the rights of every Owner thereof.

**Section 9.09 Notices.** All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the City:

If to the Trustee:

**Section 9.10 Unclaimed Moneys.** Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Debentures which remains unclaimed for two years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Debentures have become payable, shall be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of the principal of and interest and redemption premium (if any) on such Debentures.

**Section 9.11 Execution in Several Counterparts.** This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

**Section 9.12 Governing Law.** This Indenture shall be governed by and construed in accordance with the laws of the State of Nevada.

IN WITNESS WHEREOF, the CITY OF YERINGTON, Nevada has caused this Indenture to be signed in its name by its Mayor and attested by the City Clerk of the City, and \_\_\_\_\_, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

CITY OF YERINGTON, NEVADA

By: \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

**APPENDIX A**  
**FORM OF DEBENTURE**

No. R-1

\*\*\*\$ \_\_\_\_\_ \*\*

CITY OF YERINGTON, NEVADA

USDA BONDS INTERIM DEBENTURE, SERIES 2020

INTEREST RATE: MATURITY DATE:      ISSUE DATE: CUSIP:

\_\_\_\_\_, 2020

REGISTERED OWNER:      CEDE & CO.

PRINCIPAL AMOUNT:      \_\_\_\_\_

The City of Yerington, a municipality and a political subdivision organized and existing under the Constitution and laws of the State of Nevada, and the Charter of the City of Yerington (the "City"), for value received, hereby promises to pay (but only out of the proceeds of the Take-Out Financing, the Net Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount stated above, in lawful money of the United States of America; and to pay interest thereon in like lawful money from the Interest Payment Date next preceding the date of authentication of this Debenture (unless this Debenture is authenticated as of a day during the period commencing after the fifteenth day of the month preceding an Interest Payment Date and ending on or before such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Debenture is authenticated on or before \_\_\_\_\_, 2020, in which event it shall bear interest from the Issue Date stated above) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each \_\_\_\_ 1 and \_\_\_\_ 1, commencing \_\_\_\_ 1, 2020 (each, an "Interest Payment Date").

The principal (or redemption price) hereof is payable by check at the Office (as defined in the Indenture referred to below) of Zions Bancorporation, National Association (together with any successor trustee under the Indenture, the "Trustee"). Interest hereon is payable by check of the Trustee mailed on each Interest Payment Date to the Registered Owner as of the 15th day of the month preceding each Interest Payment Date (except with respect to payment of defaulted interest as provided in the Indenture hereinafter referred to) at the address shown on the registration books maintained by the Trustee. Payment of interest will be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Debentures in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee before the 15th day of the month preceding the applicable Interest Payment Date.

This Debenture is one of a duly authorized issue of Debentures of the City designated as its "City of Yerington USDA Bonds Interim Debentures, Series 2020" (the "Debentures"), in the aggregate principal amount of \$\_\_\_\_\_ authorized under an ordinance adopted and approved by the City Council of the City (the "Council") on October 12, 2020 (the "Ordinance"), and issued

under an Indenture of Trust dated as of \_\_\_\_\_ 1, 20\_\_ (the "Indenture"), between the City and the Trustee, for the purposes set forth therein, by virtue of and in full conformity with the Constitution of the State of Nevada; the City Bond Law (NRS Sections 268.672 to 268.740), the Water and Sewer Revenue Bond Law (NRS 350.350 through 350.490), the Local Government Securities Law (NRS 350.500 through 350.720) and the Supplemental Bond Act (NRS 348); and all other laws of the State of Nevada thereunto enabling, and pursuant to the duly adopted Ordinance and the Indenture. Pursuant to NRS 350.628, this Debenture is being issued pursuant to the provisions of and in accordance with the provisions of the Local Government Securities Law and this recital shall be conclusive evidence of its validity and the regularity of its issuance.

The Debentures have been issued for the purpose of financing certain improvements to the City's water supply, treatment and distribution system (the "Water System") and its sewer collection, treatment and disposal system (the "Sewer System").

Reference is hereby made to the Indenture for an additional description of the nature and extent of the security for the Debentures, the accounts and revenues pledged to the payment thereof, the rights and remedies of the Owners of the Debentures, the manner in which the Indenture may be amended, and the other terms and conditions upon which the Debentures are issued, copies of which are on file for public inspection at the office of the City.

The Debentures are subject to redemption prior to maturity, at the option of the City, in whole or in part, by lot within a maturity, from any available source of funds, on October 1, 2022, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Debentures to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Trustee shall select the Debentures to be redeemed within any maturity by lot in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, all Debentures shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Debentures which may be separately redeemed.

The Trustee on behalf and at the expense of the City shall mail (by first class mail) notice of any redemption to the respective Owners of any Debentures designated for redemption, at least 30 but not more than 60 days prior to the redemption date, at their respective addresses appearing on the Registration Books. Neither the failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Debentures or the cessation of the accrual of interest thereon. Interest on the Debentures called for redemption will not accrue from and after the redemption date.

The Debentures are issuable as fully registered Debentures in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations provided in the Indenture, Debentures may be exchanged, at said Office of the Trustee, for a like aggregate principal amount of Debentures of other authorized denominations of the same maturity.

This Debentures is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Debenture. Upon such transfer, a new Debenture or Debentures, of authorized denomination or denominations, of the same maturity and for the same aggregate principal amount, will be issued to the transferee in

exchange herefor. The City and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the City and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the City and of the owners of the Debentures and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Debenture or otherwise alter or impair the obligation of the City to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided therein of any Debenture without the express written consent of the owner of such Debenture, (b) reduce the percentage of Debentures required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

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

This Debenture is not entitled to any benefit under the Indenture, or is not valid or obligatory for any purpose, until the certificate of authentication hereon endorsed has been signed by the Trustee.

**IN WITNESS WHEREOF**, City of Yerington, in the State of Nevada, acting by and through its City Council, has caused this Debenture to be signed and executed in the name and on behalf of the City with the manual or facsimile signature of the Mayor, countersigned with the manual or facsimile signature of the City Treasurer and attested by the manual or facsimile signature of the City Clerk and has caused the manual or facsimile impression of the corporate seal of the City to be affixed hereon, all as of the date above designated.

CITY OF YERINGTON, NEVADA

\_\_\_\_\_  
Mayor

(SEAL)

Countersigned:

Attest:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
City Treasurer

[End of Form of Debenture]

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Debentures described in the within-mentioned Indenture.

Dated:

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

**ASSIGNMENT**

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ whose address and social security or other tax identifying number is \_\_\_\_\_, the within-mentioned Debenture and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_  
Note: Signature(s) must be guaranteed by an eligible guarantor institution.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Debenture in every particular without alteration or enlargement or any change whatsoever.

APPENDIX B

FORM OF COSTS OF ISSUANCE  
PAYMENT REQUEST

PAYMENT REQUEST NO. \_\_\_\_  
PERTAINING TO PAYMENT OF COSTS OF ISSUANCE

City of Yerington  
USDA Bonds Interim Debentures, Series 2020

To: \_\_\_\_\_

You are hereby requested to pay from the Costs of Issuance Fund established by the Indenture of Trust, dated as of \_\_\_\_ 1, 2020 (the "Indenture"), by and between the City of Yerington, Nevada, and \_\_\_\_\_, to the Person designated, the Costs of Issuance described below. The amount of the obligation shown below is a Cost of Issuance, has been properly incurred and is a proper charge against the Costs of Issuance Fund and has not been the basis of any previous disbursement. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Payee: \_\_\_\_\_

Payee's address: \_\_\_\_\_

Amount: \_\_\_\_\_

Description of Costs of Issuance: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

A duplicate original of Payee's statement is attached.

I hereby certify that no Event of Default has occurred and is continuing.

I further certify that I am an authorized City Representative as defined in the Indenture.

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

APPENDIX C

FORM OF PROJECT COSTS PAYMENT REQUEST

PAYMENT REQUEST NO. \_\_\_\_\_  
PERTAINING TO PAYMENT OF PROJECT COSTS

City of Yerington  
USDA Bonds Interim Debentures, Series 2020

To: \_\_\_\_\_

You are hereby requested to pay from the Costs of Issuance Fund established by the Indenture of Trust, dated as of \_\_\_\_\_ 1, 2020 (the "Indenture"), by and between the City of Yerington, Nevada, and \_\_\_\_\_, to the Person designated, the Project Costs described below. The amount of the obligation shown below constitutes Project Costs, has been properly incurred and is a proper charge against the Acquisition Fund and has not been the basis of any previous disbursement. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Payee: \_\_\_\_\_

Payee's address: \_\_\_\_\_

Amount of Project Costs: \_\_\_\_\_

Segment Nos. to which Project Costs Pertain: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

I hereby certify that no Event of Default has occurred and is continuing.

I further certify that I am an authorized City Representative as defined in the Indenture.

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**APPENDIX D**  
**USDA LETTERS AND REQUIREMENTS**

**APPENDIX E**  
**PROJECT DESCRIPTION, BUDGET AND TIMETABLE**

YERINGTON APPA MASTER

## APPENDIX A

### ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the City. It is intended only to provide prospective investors with general information regarding the City. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The City makes no representation as to the accuracy or completeness of data obtained from parties other than the City.

#### **The City of Yerington, Nevada and Area**

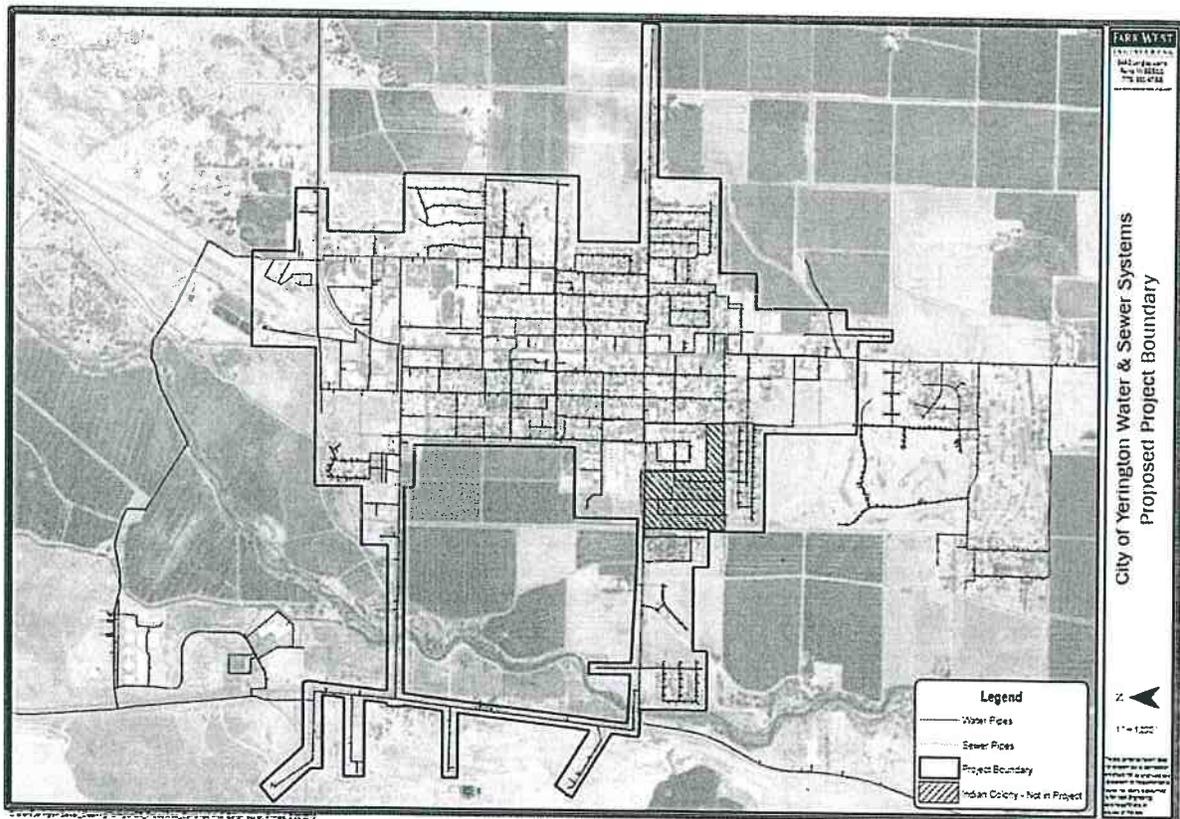
The City of Yerington (formerly Greenfield, Mason Valley and Pizen Switch) is a city in Lyon County, Nevada, United States. It is named after Henry M. Yerington, superintendent of the Virginia and Truckee Railroad from 1868 to 1910. It was founded on August 6, 1871. The City was incorporated on March 17, 1907. It is the current county seat of Lyon County, with the first county seat having been established at Dayton on November 29, 1861. After the Dayton Court House burned down in 1909, the county seat was moved to Yerington in 1911.

On March 17, 1907, the City was organized as a consolidated municipality. The City is organized and operates under a charter (the "Charter") granted by the State Legislature (the "Legislature"). The City is situated in southwestern Nevada, approximately 51 miles south of Reno, Nevada and 44 miles east of Lake Tahoe. The total area of the City is approximately 29.46 square miles. The Nevada State Demographer estimated the City's population to be 3,048 as of the 2010 Census. See "THE CITY."

The Northern Nevada Development Authority serves to promote economic development activity in the Sierra Region which includes City of Yerington, and Douglas, Lyon and Storey counties.

Complementing the area's emphasis on economic diversification are the numerous business advantages unique to the State. Competitive wage rates, low workers' compensation costs, an expanding labor force, centralized location and attractive transportation costs to other prominent western markets, and the State's incentive programs combine to give business and industry an attractive incentive to move to, relocate or expand in the Sierra Region of Nevada.

# Map



### City Council Members

<i>Position</i>	<i>Name</i>	<i>Term Expires</i>	<i>Occupation Industry</i>
Mayor	John Garry	6/30/2023	Mayor
Council Member	Selena Catalano	6/30/2021	Healthcare Industry
Council Member	Terceira Schunke	6/30/2023	Healthcare Industry
Council Member	Jerry Bryant	6/30/2023	Automotive Industry
Council Member	Shane Martin	6/30/2021	Agricultural Industry

### Population and Age Distribution

Population. The table below sets forth the population growth of the City and the State since 1970.

Calendar Year	<u>Population</u>			
	City of Yerington	Percent Change	State of Nevada	Percent Change
1970	2,021	--	488,738	--
1980	2,367	17.1%	800,508	63.8%
1990	2,883	21.8	1,201,833	50.1
2000	3,048	5.7	1,998,257	66.3
2010	3,048	0	2,700,551	35.1
2019	3,241	6.3	3,080,156	14.1

Sources: U.S. Bureau of the Census (1970-2010); and Nevada State Demographer, Nevada Department of Taxation (2019 estimates as of August, 2020).

### Economic

#### Establishment Based Industrial Employment City of Yerington, Nevada (Estimates in Thousands)

Calendar Year	2015	2016	2017	2018	2019(1)
Construction	0.8	1.0	1.0	1.1	1.4
Manufacturing	2.6	2.7	2.6	2.5	2.6
Trade, Transportation & Utilities	3.7	3.9	4.0	4.0	4.1
Information	0.2	0.2	0.2	0.2	0.3
Financial Activities	1.0	1.0	1.1	1.2	1.1
Professional and Business Services	2.0	2.0	1.9	1.9	2.0
Education and Health Services	3.8	3.8	3.8	4.2	4.2
Leisure and Hospitality	3.3	3.3	3.5	3.5	3.5
Other Services	0.6	0.6	0.6	0.6	0.7
Government	9.3	9.2	9.3	9.3	9.6
TOTAL ALL INDUSTRIES <sup>(2)</sup>	27.5	27.7	28.1	28.6	29.5

(1) Averaged figures through \_\_\_\_\_.

(2) Totals may not add due to rounding. All numbers are subject to periodic revision.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

City of Yerington's Five Largest Employers

Employer	Employment Range	Industry
Lyon County	1,000 - 1,499	Local Government
Lyon County School District	1,000 - 1,499	Public education
Peri & Sons Farm	700 - 799	Agriculture
Reviglio Farms Inc.	700 - 799	Agriculture
Nevada Copper	500 - 599	Mining/Manufacturing

Source: The City.

City of Yerington's Five Largest Ratepayers

Payer	Industry	Water Usage	Sewer Usage
Peri and Sons Farm	Agriculture	1,476,000 gallons	22 units collected
Lyon County	Local Government	866,000 gallons	39 units collected
Nevada Copper*	Mining/Manufacturing	Block A: 3,500 acres ft Block B: 1,000 acres ft Block C: 500 acres ft	
Lyon County School District	Public Education	976,800 gallons	122 units
Pioneer Mobile Home Park	Housing	429,000 gallons	93 units

\*City has a service agreement Nevada Copper to reserve a water right payable biannually at a fixed price of approximately \$50K year. They currently don't access the water

The City of Yerington has entered into an agreement with Nevada Copper, Inc. to reserve 3,500 acre feet of water for future use in a proposed mining operation in exchange for semi-annual payments of \$43,750 until such time that Nevada Copper, Inc. begins using the water. The agreement also specifies the future use fees to be charged. The agreement, dated August 10, 2009, is for a period of thirty years and revenues are credited to the Water Utility Fund.

**Development Activity**

The Northern Nevada Development Authority serves to promote economic development activity in the Sierra Region which includes City of Yerington, and Douglas, Lyon and Storey counties.

Complementing the area's emphasis on economic diversification are the numerous business advantages unique to the State. Competitive wage rates, low workers' compensation costs, an expanding labor force, centralized location and attractive transportation costs to other

prominent western markets, and the State's incentive programs combine to give business and industry an attractive incentive to move to, relocate or expand in the Sierra Region of Nevada.

**Water System**

The service area includes Yerington, Mason, Willowcreek, Crystal Clear, and Sunset Hills. The Sunset Hills area is not currently integrated into the Yerington System but it will be by the end of 2015.

**Distribution System**

Today, the Yerington water distribution system is made up of approximately 28 miles of pipe (over 145,000 feet). The first water system was installed in 1908. There have been numerous improvements to the water system over its 105-year history. Much of the early water system was comprised of redwood and replaced in the 30's, 40's and 50's with cast iron pipe and leaded joints. Later, asbestos cement pipe was used. Finally, PVC pipe has been used in recent years. The cities have not reported excessive leaks or problems; however, the cast iron pipe has exceeded its expected useful life.

**Water Rights**

The water rights are summarized in Table 2 (below). Between the two systems, there is the right to pump up to 1.7 billion gallons annually. The Willowcreek rights were transferred to the Mt. View and the Broadway Wells, giving the right to pump an additional 129.3 million gallons annually. In 2005, only a total of 485 million gallons were pumped from the five wells, far less than amount allowed under the permits.

Total Water and Sewer Connections

Water Utility Customers (active/connected)

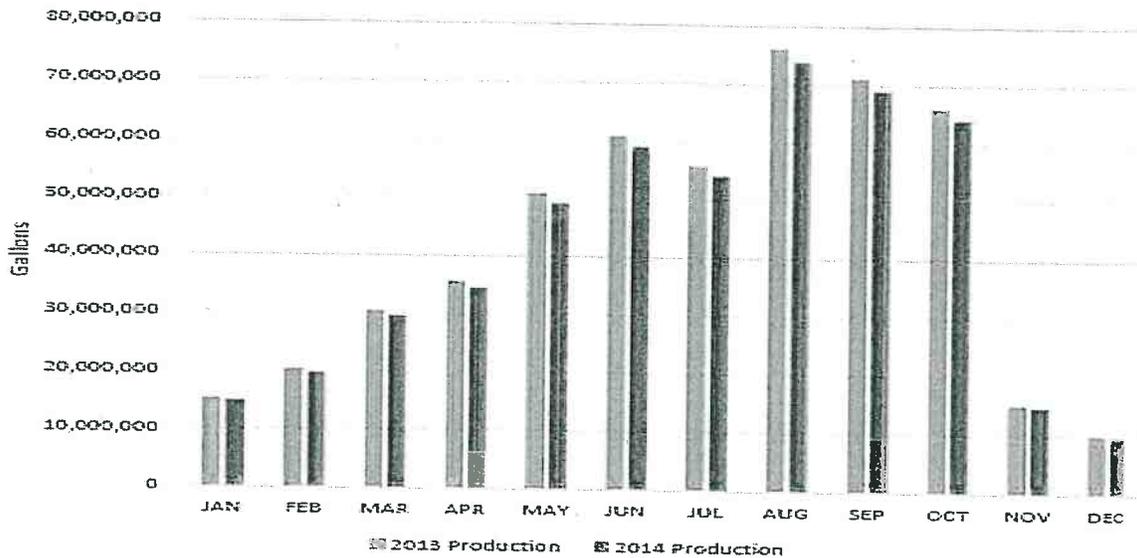
2016	2,419
2017	2,370
2018	2,362
2019	2,369
2020	2,262

Sewer Utility Customers (active/connected)

2016	1,459
2017	1,661
2018	1,425
2019	1,432
2020	1,370

Source: The City.

**Figure 2.1**  
Yerington Water Production 2013 and 2014



**Summary of Yerington Water Rights**

<u>Source</u>	<u>Permit Numbers</u>	<u>Owner</u>	<u>Max Rate of Diversion (CFS)</u>	<u>Max Annual Use (AFA)</u>	<u>Max Annual Use (MGA)</u>
<b>Mt. View Well (Well #1)</b>	65303	City of Yerington	1.00	112.01	36.52
	65296	City of Yerington	1.50	1,085.96	354.02
	69122	City of Yerington	1.50	1,085.96	354.02
	71412	Willowcreek GID	0.36	19.10	6.23
	71413	Willowcreek GID	1.50	377.47	123.06
				<b>5.86</b>	<b>2680.50</b>
<b>Broadway Well (Well #3)</b>	65298	City of Yerington	3.42	537.01	175.07
	65302	City of Yerington	1.00	112.01	36.52
	65358	City of Yerington	1.00	723.97	236.01
	69120	City of Yerington	0.50	361.98	118.01
	69121	City of Yerington	1.00	723.97	236.01
	71410	Willowcreek GID	0.50	19.10	6.23
	71411	Willowcreek GID	1.50	377.47	123.06
			<b>8.92</b>	<b>2855.51</b>	<b>930.91</b>
<b>California Well (Well #2)</b>	65297	City of Yerington	0.83	598.43	141.23
<b>Mason Road Well</b>	65299	City of Yerington	3.00	723.97	236.01
<b>Rio Vista Well</b>	65300	City of Yerington	3.00	723.97	236.01

See Permit 71413- The total combined duty of water under permits 65296, 65297, 65298, 65299, 65300, 65302, 65303, 65358, 69120, 69121, 69122, 71410, 71411, 71412, and 71413 shall not exceed 5625.56 acre feet or 1.834.03 million gallons annually.

Source: City of Yerington 2015 Water Conservation Plan

## Detailed Sources and Uses:

Water System		Sewer System	
Sources		Sources	
USDA Loan	17,253,000	USDA Loan	15,577,000
City of Yerington Contribution (Verified)	1,311,000	USDA Grant (12/29/16)	741,000
		USDA Grant (8/3/17)	710,000
		USDA Grant (8/7/20)	753,000
		City of Yerington Contribution (required)	953,000
	18,564,000		18,734,000
Uses		Uses	
Construction - 14,207,093	14,207,093	Construction \$14,126,637.15	14,126,637.15
Bond Counsel	45,000	Bond Counsel	40,000.00
Local Attorney - \$10,000	10,000	Local Attorney \$13,000	13,000.00
Design and Engineering \$2,692,114.20	2,692,114	Design and Engineering \$2,438,383.20	2,438,383.20
Engineering Inspection	549,120	Engineering Inspection	506,880.00
Permitting - \$0.00	-	Permitting \$0.00	-
Interest Interest	400,000	Interest Interest	390,000.00
Contingency - \$660,672.80	660,673	Contingency \$1,219,099.65	1,219,099.65
	Total 18,564,000		Total 18,734,000.00

# OFFICIAL STATEMENT-YERINGTON

PRELIMINARY OFFICIAL STATEMENT DATED AS OF \_\_\_\_\_, 2020

NEW ISSUE

BOOK-ENTRY ONLY

RATINGS: \_\_\_\_ “ \_\_\_\_ ”

See “RATINGS”

*[In the opinion of Stradling, Yocca, Carlson & Rauth, A Professional Corporation, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Debentures is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Debentures (the “Tax Code”), and interest on the Debentures is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. See “TAX MATTERS-Federal Tax Matters.”]*

**\$32,830,000\***  
**CITY OF YERINGTON, NEVADA**  
**INTERIM DEBENTURES**  
**SERIES 2020**

**Dated: Date of Delivery**

**Due: \_\_\_\_\_ 1, as shown herein**

The Debentures are issued by the City of Yerington, Nevada (the “City”), as fully registered securities in denominations of \$5,000, or any integral multiple thereof. The Debentures initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), securities depository for the Debentures. Purchases of the Debentures are to be made in book-entry form only. Purchasers will not receive Debentures representing their beneficial ownership interest in the Debentures. See APPENDIX D--Book-Entry Only System. The Debentures bear interest at the rates set forth herein, to and including the maturity dates herein (unless the Debentures are redeemed earlier), to the registered owners of the Debentures (initially Cede & Co.). Interest on the Debentures is payable semiannually on \_\_\_\_\_ 15 and \_\_\_\_\_ 15 of each year, commencing [\_\_\_\_\_ 15], 2021. The principal of the Debentures will be payable upon presentation and surrender at the principal office of Zions Bank, a division of ZB, National Association, or its successor as the trustee and the paying agent for the Debentures. See “THE DEBENTURES.”

**The maturity schedule for the Debentures appears on the inside cover page of this Official Statement.**

[The Debentures are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described in “THE DEBENTURES--Redemption Provisions.”]

Proceeds of the Debentures will be used to: (i) undertake various improvements, including the replacement of wastewater collection lines, to the Water System (defined herein) and the Sewer System (defined herein); and (ii) pay the costs of issuing the Debentures. See “SOURCES AND USES OF FUNDS.”

THE DEBENTURES ARE LIMITED OBLIGATIONS OF THE ISSUER AND, WILL BE PAYABLE SOLELY FROM AND SECURED BY THE PROCEEDS OF THE USDA COMPLETION BONDS AND A CERTAIN PLEDGE OF NET REVENUES, WHICH CONSISTS OF ALL INCOME AND REVENUE DERIVED BY THE CITY FROM THE OPERATION OF THE SYSTEMS (DEFINED HEREIN) AFTER DEDUCTION OF OPERATION AND MAINTENANCE COSTS (DEFINED HEREIN), WITH A LIEN PRIORITY AS DESCRIBED HEREIN. THE DEBENTURES WILL NOT CONSTITUTE OR GIVE RISE TO A GENERAL OBLIGATION OR LIABILITY OF, OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF, THE ISSUER, NOR ARE THE HOLDERS OF THE DEBENTURES GRANTED THE RIGHT TO HAVE THE ISSUER LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL THEREOF OR THE INTEREST OR ANY PREMIUM ON THE DEBENTURES. See “SECURITY FOR THE DEBENTURES”

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy, be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The definitive Official Statement with respect to these securities will be made available, convenient with their sale. As of its date, this Preliminary Official Statement has been deemed final by the City for purposes of Rule 15c2-17 of the Securities and Exchange Commission.

**This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.**

The Debentures are offered when, as, and if issued and accepted by the initial purchaser, subject to the approval of legality of the Debentures by Stradling, Yocca, Carlson & Rauth, A Professional Corporation, Reno, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Certain legal matters will be passed upon for the Underwriter by Taylor English Duma LLC, Philadelphia, Pennsylvania. It is expected that the Debentures will be available for delivery through the facilities of DTC, on or about October \_\_\_\_\_, 2020.

This Official Statement is dated \_\_\_\_\_, 2020.

---

\*Preliminary, subject to change.



**MATURITY SCHEDULE**

(CUSIP® 6-digit issuer number: \_\_\_\_\_)

**\$32,830,000\***  
**CITY OF YERINGTON, NEVADA**  
**INTERIM DEBENTURES**  
**SERIES 2020**

Maturing	Principal Amount	Interest Rate	Price or Yield	CUSIP® Issue Number
3/15/2021				
9/15/2021				
3/15/2022				
9/15/2022				
3/15/2023				
\$____,000	____%	Term	Debenture due _____,	Price ____.
				CUSIP® Issue No. ____

© CUSIP® is a registered trademark of the American Bankers Association (the "ABA"). The CUSIP numbers set forth herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Capital IQ, a part of McGraw Hill Financial, Inc. The CUSIP numbers are provided for convenience of reference only. The City does not take any responsibility for the selection or accuracy of the CUSIP numbers.

---

\* Preliminary, subject to change.

## USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Debentures in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Debentures, and if given or made, such information or representations must not be relied upon as having been authorized by City of Yerington, Nevada (the "City"). The City provides certain information to the public on the internet; however, such information is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Debentures.

The information set forth in this Official Statement has been obtained from the City and from the other sources referenced throughout this Official Statement, which are believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information received from parties other than the City. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Debentures shall, under any circumstances, create any implication that there has been no change in the affairs of the City, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the Debentures and may not be reproduced or used in whole or in part for any other purpose.

The Debentures have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The Debentures have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE DEBENTURES ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE DEBENTURES, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE DEBENTURES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**CITY OF YERINGTON, NEVADA**

**Mayor and Council**

Mayor John Garry  
Councilwoman Selena Catalano  
Councilwoman Terceira Schunke  
Councilman Jerry Bryant  
Councilman Shane Martin

**City Officials**

City Manager Robert Switzer  
Interim City Clerk/Administrative Director Sheema Shaw  
Bookkeeper Pamela Argo  
Clerk / Building Permit Technician Jesslyna Cochrane  
Deputy Clerk Stacey Larsen

**Bond Counsel**

Stradling, Yocca, Carlson & Rauth, A Professional Corporation  
Reno, Nevada

**Underwriter**

Municipal Capital Markets Group, Inc.  
Denver, Colorado

**Underwriter Counsel**

Taylor English Duma LLC  
Philadelphia, Pennsylvania

**Trustee**

Zions Bank, a division of ZB Bank, National Association

TABLE OF CONTENTS

SUMMARY STATEMENT.....6

INTRODUCTION .....8

SOURCES AND USES OF FUNDS .....13

THE DEBENTURES .....14

THE CAPITAL IMPROVEMENT PROJECT.....18

DEBT SERVICE REQUIREMENTS.....18

SECURITY FOR THE DEBENTURES .....18

BONDHOLDERS’ RISKS.....22

TAX MATTERS[to be updated] .....30

LEGAL MATTERS .....34

RATING.....35

INDEPENDENT AUDITORS .....35

UNDERWRITING .....35

OFFICIAL STATEMENT CERTIFICATION .....36

APPENDIX A – CERTAIN INFORMATION REGARDING THE CITY OF YERINGTON,  
NEVADA.....A-  
1

APPENDIX B – AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDING  
DECEMBER 31, 2018 AND 2019 .....B-  
1

APPENDIX C – FORMS OF CERTAIN PRINCIPAL DOCUMENTS .....C-  
1

APPENDIX D – DTC AND BOOK ENTRY ONLY BONDS.....D-  
1

APPENDIX E – USDA COMMITMENT LETTER AND REQUIREMENTS.....E-  
1

APPENDIX F – FORM OF BOND COUNSEL OPINION.....F-  
1

APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENT .....G-  
1

*The following Summary Statement is subject, in all respects, to more complete information contained in this Official Statement and in the Appendices to this Official Statement. The offering of the Installment Sale Anticipation Certificates to potential investors is made only by means of this entire Official Statement, including the Appendices, and no person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without the entire Official Statement, including the Appendices. Certain defined terms used herein are defined in the Forms of Principal Legal Documents included in Appendix C, below.*

### SUMMARY STATEMENT

- Interim Debentures:** The offering consists of the City of Yerington (Nevada) Interim Debentures, Series 2020, in the aggregate principal amount of \$32,830,000 (the “Debentures”), to be issued by the Issuer. The Debentures will be initially issued in Book Entry Form.
- Interest:** Interest on is payable semi-annually, on March 15 and October 15, beginning on \_\_\_\_\_, 2021. Interest on the Interim Debentures will accrue semi-annually and paid by the District through a combination of the funds from the USDA and funds deposited into the [Debt Service Reserve Fund]. See the inside cover of this Official Statement for payment dates.
- Principal:** Principal of the Debentures is \$32,830,000 to be redeemed by the USDA on \_\_\_\_\_, 2023, upon certification of the substantial completion of the Capital Improvement Project, such completion is estimated on or about October 1, 2022.
- Use of Proceeds:** The proceeds from the sale of the Debentures of \$32,830,000 will be used by the Issuer to finance the acquisition, construction,

installation and equipping of certain capital improvements of benefit to the District's water system and sewer system, as more particularly described herein and to pay certain costs of issuance.

The City: The City is a political subdivision of the State of Nevada under the Constitution and laws of the State of Nevada, located in Yerington, Nevada, with a mission to provide drinking water and wastewater service in its service area.

Security: The Interim Debentures are secured by Net Revenues derived from the Water and Sewer Systems received by the City from the operation of its water and sewer system and from the proceeds of the sale of \$32,830,000 USDA completion bonds (the "USDA Completion Bonds") to be sold to the USDA-RD pursuant to a Letter of Conditions and approval, dated December 29, 2016, from the USDA-RD. The Issuer has assigned any proceeds from the sale of its USDA Completion Bonds, when, and if, received, and the City has granted a lien on the City's Net Revenues to Zions Bank, a division of ZB, National Association, as Trustee (the "Trustee"), pursuant to a certain Indenture of Trust (the "Trust Agreement"), dated as of the date of issuance of the Interim Debentures, by and between the City and the Trustee.

Construction: The Project will be constructed, acquired and installed by a qualified contractor that offers the City the best bid. Construction bids were received on for a principal amount of approximately \$28,333,730, The successful bidder(s) will be required to provide a performance and completion bonds or a sub guard policy in an amount equal to the construction contract, and in a form and provided by an insurance company acceptable by the City and the USDA-RD Project construction will be conducted and monitored by a qualified inspector to be approved by the City and USDA as well as proven experience in this type of water / wastewater project. The process for which draws are made during construction require each draw approval from the Contractor, the City, and the USDA then disbursement will be given to the Trustee, Zions Bank, a division of ZB, National Association.

## OFFICIAL STATEMENT

\$32,830,000\*  
**CITY OF YERINGTON, NEVADA**  
**INTERIM DEBENTURES**  
**SERIES 2020**

### INTRODUCTION

#### General

This Official Statement, including the cover page and the appendices, is furnished by City of Yerington, Nevada (the "City"), to provide information about the City's \$32,830,000\* Interim Debentures, Series 2020 (the "Debentures"). The Debentures will be issued pursuant to an ordinance adopted by the City Council of the City (the "Council") on October \_\_, 2020 (the "Debenture Ordinance") and an Indenture of Trust, dated \_\_\_\_\_, 2020 (the "Trust Indenture"), by and between the City and Zions Bank, a division of ZB, National Association (the "Trustee"). Capitalized terms used herein that are otherwise not defined have the meanings ascribed to them in the Trust Indenture.

*The offering of the Debentures is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Debentures. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page and the appendices, is unauthorized.*

#### The City

The City of Yerington (formerly Greenfield, Mason Valley and Pizen Switch) is a city in Lyon County, Nevada, United States. It is named after Henry M. Yerington, superintendent of the Virginia and Truckee Railroad from 1868 to 1910. It was founded on August 6, 1871. The City was incorporated on March 17, 1907. It is the current county seat of Lyon County, with the first county seat having been established at Dayton on November 29, 1861. After the Dayton Court House burned down in 1909, the county seat was moved to Yerington in 1911.

---

\* Preliminary, subject to change.

On March 17, 1907, the City was organized as a consolidated municipality. The City is organized and operates under a charter (the "Charter") granted by the State Legislature (the "Legislature"). The City is situated in southwestern Nevada, approximately 51 miles south of Reno, Nevada and 44 miles east of Lake Tahoe. The total area of the City is approximately 29.46 square miles. The Nevada State Demographer estimated the City's population to be 3,241 as of the 2019 Census. See "THE CITY."

### **The Debentures; Prior Redemption**

The Debentures are issued solely as fully registered Debentures in denominations of \$5,000, or any integral multiple thereof. The Debentures initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the Debentures. Purchases of the Debentures are to be made in book-entry form only. Purchasers will not receive Debentures representing their beneficial ownership interest in the Debentures. See Appendix C--Book-Entry Only System. The Debentures are dated as of the date of their delivery and mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the Debentures is described in "THE DEBENTURES--Payment Provisions."

[The Debentures are subject to optional and mandatory sinking fund redemption as described in "THE DEBENTURES--Redemption Provisions."]

### **Authority for Issuance**

The Debentures are being issued pursuant to: the Charter; the Yerington Municipal Code (the "City Code"); Nevada Revised Statutes ("NRS") Sections 268.672 to 268.740, as well as NRS Sections 350.350 through 350.490, cited in NRS 350.350 as the Water and Sewer Revenue Debenture Law, and NRS Chapter 350 and all laws amendatory thereof, which includes the Local Government Securities Law, being NRS 350.500 through 350.720, NRS 348, as in effect on the Closing Date or as thereafter amended from time to time; and the Trust Indenture.

### **Purpose**

Proceeds of the Debentures will be used to: (i) undertake various improvements, including the replacement of wastewater collection lines, to the Water System and the Sewer System (defined herein); and (ii) pay the costs of issuing the Debentures. See "SOURCES AND USES OF FUNDS."

### **Security**

#### Limited Obligations.

The Debentures are secured by (i) the USDA Completion Bonds (described below) and (ii) an irrevocable pledge of and lien (but not necessarily an exclusive lien) on the pledge of Net Revenues (described below), and on a parity with the lien thereon of any future Parity Debt.

THE DEBENTURES WILL NOT CONSTITUTE OR GIVE RISE TO A GENERAL OBLIGATION OR LIABILITY OF, OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF, THE ISSUER, NOR ARE THE HOLDERS OF THE DEBENTURES GRANTED THE RIGHT TO HAVE THE ISSUER LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL THEREOF OR THE INTEREST OR ANY PREMIUM ON THE DEBENTURES.

USDA Completion Bonds. The USDA Completion Bonds are to be issued subject to the USDA's commitment and Letter of Conditions, as set forth herein. The failure by USDA to purchase the USDA Completion Bonds may result in a default on the Debentures if the City does not secure alternate financing, and/or does not generate sufficient Net Revenues for Debt Service to pay the principal of, and interest and premium, if any, on the Debentures on or before the Maturity Date. For additional information regarding the USDA Completion Bonds, see "SECURITY FOR THE DEBENTURES – USDA Completion Bonds".

Net Revenues. "Net Revenues" consist of an amount equal to all gross income and revenue received by the City from the ownership and operation of the Systems or any part thereof received during such period minus the amount required to pay all Operation and Maintenance Costs coming payable during such period. The "Systems" means, collectively, the Water System and the Sewer System. "Sewer System" means the sewer system of the City, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City through purchase, construction or otherwise, and used in connection with such system of the City, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City, including, without limitation, machinery, apparatus, structures, buildings and related or appurtenant furniture, fixtures and other equipment, as such system is from time to time extended, bettered or otherwise improved, or any combination thereof. "Water System" means the water system of the City, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City through purchase, construction or otherwise, and used in connection with such system of the City, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City, including, without limitation, machinery, apparatus, structures, buildings and related or appurtenant furniture, fixtures and other equipment, as such system is from time to time extended, bettered or otherwise improved, or any combination thereof. For additional information regarding the pledge of Net Revenues, see "SECURITY FOR THE DEBENTURES – Pledge of Net Revenues."

In addition, the Debentures are secured by all moneys and securities from time to time held by the Debenture Fund, Proceeds Fund, Acquisition Fund and Costs of Issuance Fund (including the accounts and any subaccounts thereof), and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specially pledged or hypothecated, as and for additional security hereunder by the City or by anyone on its behalf or with

its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The Trust Indenture also permits the issuance of additional bonds which have a parity lien on the pledge of Net Revenues (the "Parity Securities") upon the satisfaction of certain conditions set forth therein. See APPENDIX B--Summary of Certain Provisions of the Trust Indenture--Additional Debentures.

### **Professionals**

Stradling, Yocca, Carlson & Rauth, A Professional Corporation, Reno, Nevada, has acted as Bond Counsel and has also acted as Special Counsel to the City in connection with preparation of this Official Statement. The audited basic financial statements of the City (contained in Appendix A to this Official Statement) include the report of Sciarani & Co., certified public accountants, Yerington, Nevada. See "INDEPENDENT AUDITORS." Zions Bank, a division of ZB, National Association, will act as Trustee and Paying Agent for the Debentures (the "Trustee" and "Paying Agent"). See "SOURCES AND USES OF FUNDS--Uses of Debenture Proceeds. Municipal Capital Markets Group, Inc. has acted as underwriter in connection with the issuance of the Debentures and were represented by its counsel, Taylor English Duma LLC.

### **Tax Matters**

In the opinion of Stradling, Yocca, Carlson & Rauth, A Professional Corporation, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Debentures is excluded from gross income pursuant to the Internal Revenue Code of 1986, as amended to the date of delivery of the Debentures (the "Tax Code"), and interest on the Debentures is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS-Federal Tax Matters."

Under laws of the State in effect as of the date of issuance of the Debentures, the Debentures, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS. See "TAX MATTERS--State Tax Exemption."

### **Continuing Disclosure Undertaking**

The City will execute a continuing disclosure agreement with respect to the Debentures (the "Disclosure Agreement") at the time of the closing for the Debentures. The Disclosure Agreement will be executed for the benefit of the beneficial owners of the Debentures and the City will covenant in the Trust Indenture to comply with its terms. The Disclosure Agreement will provide that so long as the Debentures remain outstanding, the City will provide the following

information to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; all as more particularly described in the Disclosure Agreement. The form of the Disclosure Agreement is attached hereto as Appendix F.

In the last five years, the City has not failed to comply, in any material respect, with any undertakings made pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the “Rule”).

### **Certain Debenture Holder Risks**

The purchase of the Debentures involves certain investment risks that are discussed throughout this Official Statement. See, in particular, “SECURITY FOR THE DEBENTURES—USDA Completion Bonds” and “-- Certain Risks Associated With Pledge of Net Revenues.” Each prospective investor should read this Official Statement in its entirety and to give particular attention to the risks described herein which could affect the payment of the Debentures and could affect the market price of the Debentures to an extent that cannot be determined at this time.

### **Forward-Looking Statements**

This Official Statement, particularly (but not limited to) any statements referring to budgeted, unaudited or interim information for fiscal year 2020 or future years, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not occur as assumed or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be materially adverse to the owners of the Debentures and could impact the availability of revenues to pay debt service on the Debentures.

### **Secondary Market**

No guarantee can be made that a secondary market for the Debentures will develop or be maintained by the Underwriters or others. Prospective investors should be prepared to hold their Debentures to maturity.

### **Additional Information**

This introduction is only a brief summary of the provisions of the Debentures and the Trust Indenture; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the Debentures, the Trust Indenture, the City, the USDA Completion Bonds, the pledge of Net Revenues, and the Project are included in this Official Statement. All references herein to the Debentures, the Trust Indenture and other documents are qualified in their entirety by

reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the City at the addresses set forth below:

City of Yerington, Nevada  
102 South Main Street  
Yerington, Nevada 89447  
Attn: City Manager

**SOURCES AND USES OF FUNDS**

**Sources and Uses of Funds**

The proceeds of the Debentures are expected to be applied in the manner set forth in the following tables.

Sources and Uses of Funds

SOURCES:

Principal amount.....	\$
Plus: net original issue premium .....	
Total	\$

USES:

Capital Improvement Project.....	\$
Costs of issuance (including underwriting discount) .....	
Total .....	\$

Source: The City.

**The Capital Improvement Project**

The net proceeds of the Debentures will be used to make certain improvements to the Water System and the Sewer System by acquiring, constructing, improving and equipping facilities pertaining to the Water System and Sewer System. The Capital Improvement Project is anticipated to be completed by October 1, 2022.. See “The Capital Improvement Project” herein.

## THE DEBENTURES

### General

The Debentures will be issued as fully registered securities in denominations of \$5,000 and any integral multiple thereof. The Debentures will be dated as of their date of delivery and will mature and bear interest as described below and as set forth on the inside cover page of this Official Statement. The Debentures initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the Debentures. Purchases of the Debentures are to be made in book-entry only form. Purchasers will not receive Debentures evidencing their beneficial ownership interest in the Debentures. See “Book-Entry Only System” below.

### Payment Provisions

The Debentures shall bear interest (calculated on the basis of a 360 day year consisting of twelve 30 day months) from their date until their respective maturity dates (or, if redeemed prior to maturity as provided below, their redemption dates) at the respective rates set forth on the inside cover page hereof, and payable semiannually on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year commencing on \_\_\_\_\_ 1, \_\_\_\_\_; provided that those Debentures which are reissued upon transfer, exchange or other replacement shall bear interest at the rates set forth on the inside cover page hereof 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 Debentures. The Debentures shall mature on the designated dates in the amounts of principal, as designated on the inside cover page hereof. The principal of any Debenture shall be payable to the owner thereof as shown on the registration records kept by the Trustee, upon maturity and upon presentation and surrender at the office designated by the Paying Agent. If any Debenture shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Debenture until the principal thereof is paid in full. The payment of interest on any Debenture shall be made to the owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the owner thereof, at his or her address as shown on the registration records kept by the Paying Agent at the close of business on the fifteenth day of the calendar month next preceding each interest payment date (other than a special interest payment date fixed for payment of defaulted interest) (the “Regular Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the owner thereof as shown on the registration records of the Paying Agent as of the close of business on the Regular Record Date and shall be payable to the person who is the owner thereof, at his or her address, as shown on the registration records of the Paying Agent as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the “Special Record Date”). Such Special Record Date and the date for payment of defaulted interest shall be fixed by the

Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date and the date for payment of defaulted interest shall be given to the owners of the Debentures not less than ten days prior thereto by first-class mail to each such owner as shown on the Paying Agent's records as of a date selected by the Paying Agent, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Debenture by such alternative means as may be mutually agreed upon between the owner of such Debenture 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.

Notwithstanding the foregoing, payments of the principal of and interest on the Debentures will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the Debentures. Disbursement of such payments to DTC's Participants (defined in Appendix D) is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners (defined in Appendix D) is the responsibility of DTC's Participants and the Indirect Participants (defined in Appendix D), as more fully described herein. See "Book-Entry Only System" below.

### **Redemption Provisions**

Optional Redemption. The Debentures are subject to redemption prior to maturity, at the option of the City, in whole or in part among maturities on such basis as designated by the City and by lot within a maturity, from any available source of funds, on \_\_\_\_ 1, 20\_\_, and on any date thereafter, at a redemption price equal to 100% of the principal amount of Debentures to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption - Debentures. The Debentures maturing on \_\_\_\_\_ (the "Term Debentures"), are subject to mandatory sinking fund redemption at a Redemption Price equal to the principal amount of each Debenture, or portion thereof, so redeemed, and the accrued interest thereon to the redemption date.

As and for a sinking fund for the redemption of the Term Debentures, there shall be deposited into the Debenture Fund on or before the dates set forth below, a sum which, together with other moneys available therein, is sufficient to redeem on the years and the principal amounts of the Term Debentures set forth below.

#### Principal Amount Date

[TBI]

(1) Maturity date.

Term Debentures being redeemed in part will be selected by lot in such manner as the Trustee may determine. Not more than 60 days nor less than 30 days prior to the sinking fund payment dates for the Term Debentures, the Trustee shall proceed to select for redemption (in the

manner described above) from all Outstanding Term Debentures, a principal amount of the Term Debentures equal to the aggregate principal amount of Term Debentures redeemable with the required sinking fund payments.

Notice of Redemption. Unless waived by any registered owner of a Debenture to be redeemed, notice of prior redemption shall be given by the Trustee, electronically as long as the nominee of The Depository Trust Company or a successor depository is the registered owner of the Debentures, and otherwise by first class mail, at least 30 days but not more than 60 days prior to the redemption date, to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access System (the "MSRB") and to the registered owner of any Debenture (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Trustee. Actual receipt of any such notice by the MSRB or any registered owner of Debentures shall not be a condition precedent to redemption of such Debentures. Failure to give such notice to the MSRB or the registered owner of any Debenture designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Debentures. A certificate by the Trustee that notice of call and redemption has been given shall be conclusive against all parties; and no owner whose Debenture is called for redemption or any other owner of any Debenture may object thereto or may object to the cessation of interest on the redemption date on the ground that he failed actually to receive such notice of redemption.

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

### **Tax Covenant**

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

## **Defeasance**

When all Debenture Requirements of any Debenture have been duly paid, the pledge, the lien, and all obligations under the applicable Trust Indenture as to that Debenture shall thereby be discharged and the Debenture shall no longer be deemed to be Outstanding within the meaning of the applicable Trust Indenture. There shall be deemed to be such due payment when the City has placed in escrow or in trust with a trust bank, 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 Debenture Requirements of the Debenture, as the same become due to the final maturity of the Debenture, or upon any redemption date as of which the City shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Debenture 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 City 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. "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owner of the Debenture at the addresses last shown on the registration records for the Debentures maintained by the Trustee.

## **Book-Entry Only System**

The Debentures will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the Debentures. The ownership of one fully registered Debenture for each maturity of each series, as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix D - Book-Entry Only System.

**SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE DEBENTURES, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE DEBENTURES WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.**

None of the City, the Trustee or the Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined in Appendix D), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Debentures as further described in APPENDIX D to this Official Statement.

## THE CAPITAL IMPROVEMENT PROJECT

The net proceeds of the Debentures will be used undertake various improvements (the “Capital Improvement Project”), including the replacement of wastewater collection lines, to the Water System and the Sewer System. The funds will be used to replace 105,000 feet of sewer lines, along with approximately 1,139 sewer laterals, 310 manholes, and 560,000 square feet of pavement. The Capital Improvement Project is estimated to cost \$28,333,730 and is anticipated to be completed by October 1, 2022.

The City has hired \_\_\_\_\_, as construction manager (the “Construction Manager”), to undertake the construction of the Capital Improvement Project.

## DEBT SERVICE REQUIREMENTS

### The Debentures

The following table sets forth the annual debt service requirements for the Debentures. For an illustration of the debt service requirements on all of the City’s outstanding bonds and Debentures, see “DEBT STRUCTURE--Annual Debt Service Requirements.”

<u>Debentures - Debt Service Requirements<sup>(1)</sup></u>		
Principal	Interest <sup>(2)</sup>	Total

(1) Totals may not add due to rounding.

(2) As estimated by the City; subject to change upon final pricing of the Debentures.

Source: The City.

## SECURITY FOR THE DEBENTURES

### USDA Completion Bonds

Pursuant to the Trust Indenture, the City will irrevocably assign to the Trustee for the benefit of the owners of the Debentures, all right, title and interest in and to the amounts anticipated to be received from the USDA Completion Bonds. The City will covenant in the Trust Indenture to apply the proceeds of the USDA Completion Bonds to redeem the Debentures on or prior to the Maturity Date. The City expects that USDA will purchase and fund the USDA Completion Bonds prior to or on the Maturity Date (6 months after the estimated completion date of the Capital Improvement Project). The USDA's purchase of the USDA Completion Bonds is conditioned upon compliance by the City with the provisions contained in the Commitment Letter, including but not limited to substantial completion of the Project in accordance with USDA requirements and the Letter of Conditions. See "USDA LETTER OF CONDITIONS AND USDA COMMITMENT LETTER" in Appendix E hereto for copies of the Letter of Conditions and the Commitment Letter. USDA has approved the Capital Project design, selection of the Construction Manager and will be reviewing all draws on the proceeds of the Debentures to be used for construction of the Project. However, USDA is not unconditionally bound to purchase the USDA Completion Bonds. The breach by the City of its covenants under the Letter of Conditions and the Commitment Letter could result in a decision by USDA not to purchase the USDA Completion Bonds. If the City does not complete construction of the Project on or prior to the Maturity Date but meets all other conditions and requirements contained in the Letter of Conditions, USDA may (but is not required to) purchase USDA Completion Bonds. If USDA does not purchase the USDA Completion Bonds, the City would have to seek financing from other sources in order to redeem the Debentures on or before the Maturity Date. There is no assurance the City could secure financing from other sources, and such failure to sell the USDA Completion Bonds or secure financing from other sources would result in the nonpayment of the Debentures on the Maturity Date.

The failure by USDA to purchase the USDA Completion Bonds may result in a default on the Debentures if the City does not secure alternate financing, and/or does not generate sufficient Net Revenues available for Debt Service to pay the principal of, and interest and premium, if any, on the Debentures on or before the Maturity Date. See "BONDHOLDERS' RISKS - Failure to Redeem the Debentures" herein. Even with the issuance of the Commitment Letter, USDA is not unconditionally bound to purchase the USDA Completion Bonds. There is no assurance that USDA will purchase the USDA Completion Bonds. See "USDA LETTER OF CONDITIONS AND USDA COMMITMENT LETTER" in Appendix C attached hereto for copies of the Letter of Conditions and the Commitment Letter. See "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" in Appendix C hereto.

### **Pledge of Net Revenues**

Net Revenues. "Net Revenues" consist of an amount equal to all gross income and revenue received by the City from the ownership and operation of the Systems or any part thereof received during such period minus the amount required to pay all Operation and Maintenance Costs coming payable during such period. The "Systems" means, collectively, the Water System and the Sewer System. "Sewer System" means the sewer system of the City, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City through purchase, construction or otherwise, and used in connection with such system of the City, and in any way pertaining thereto,

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

In addition, the Debentures are secured by all moneys and securities from time to time held by the Debenture Fund, Proceeds Fund, Acquisition Fund and Costs of Issuance Fund (including the accounts and any subaccounts thereof), and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specially pledged or hypothecated, as and for additional security hereunder by the City or by anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

See "BONDHOLDERS' RISKS – Pledge of Net Revenue Generally; Lien Priority" and Appendix A – ECONOMIC AND DEMOGRAPHIC INFORMATION" hereto.

#### Certain Financial Information

##### *Liquidity*

As of June 2020, both the Water and Sewer Funds have a combined unrestricted cash position of \$6,221,967.85 with \$5,189,999.33 available for the Water Fund and \$1,032,079.52 for the Sewer Fund. The USDA is requiring \$2,264,000 in combined contribution from the City for the loans which includes an additional \$1,500,000 spent to date by the City which will be reimbursed at closing of the Bond Anticipation Notes. The total cash on hand at closing will approximately \$7,722,079 or approximately 23% of the total USDA loan amount \$32,830,000 and 20.7% of the total project cost of \$37,298,000.

*Cash Position of Water Fund and Sewer Fund*

<b>Cash Positions</b>	
Cash Water Fund (June 2020)	5,189,999
Cash Sewer Fund (June 2020)	1,032,080
Reimbursement at Closing Water	700,000
Reimbursement at Closing Sewer	800,000
	1,500,000
At Closing Cash position for Water	5,889,999
As Closing Cash Position for Sewer	1,832,080
<b>Total Cash</b>	<b>7,722,079</b>

(Source: The City)

*USDA Compliance for coverage:* The USDA is requiring a coverage ratio of at least 1.0x coverage at the time the USDA is taking out the interim loan and City as evidenced in the Letter of Intent and subsequent Resolutions to increase rates to exceed the USDA requirement.

**Historical Revenues and Debt Service Coverage Ratio for 2020:**

	<b>Water</b>					
	Historical (ending June 2020)					
	2015	2016	2017	2018	2019	2020 (unaudited)
Total Operating Revenues	999,479	974,559	1,075,810	1,267,441	1,295,233	1,486,838
Total Operating Expenses	1,186,676	1,402,281	1,434,319	1,448,495	1,577,565	1,557,609
Net Income	(187,197)	(427,722)	(358,509)	(181,054)	(282,332)	(70,771)
Depreciation	469,285	593,141	630,412	722,556	698,450	742,116
EBIDA	282,088	165,419	271,903	541,502	416,118	671,345

	<b>Sewer</b>					
	Historical (ending June 2020)					
	2015	2016	2017	2018	2019	2020 (unaudited)
Total Operating Revenues	646,913	671,469	670,590	828,947	1,025,484	1,127,034
Total Operating Expenses	617,077	723,380	698,922	722,438	827,390	759,301
Net Income	29,836	(51,911)	(28,332)	106,509	198,094	367,733
Depreciation	145,430	180,000	163,669	173,615	173,555	173,353
EBIDA	175,266	128,089	135,337	280,124	371,649	541,086

<b>Combined Financials</b>						
	2015	2016	2017	2018	2019	2020 (unaudited)
Combined EBIDA	457,354	293,508	407,240	821,626	787,767	1,212,430
Combined Debt Service(with USDA Debt at 1.375% over 40 years)						1,072,533
Combined DSCR						1.13

(Source: The City)

*Rate Increases:* The USDA Rural Development loans will be issued as revenue bonds for which the City pledges to generate sufficient user fee revenues to meet debt service requirements. In anticipation of these loans, the City Council authorized rate increases, and beginning on July 1, 2017, for both water and sewer customers. The water rate initially increased \$2.38 from \$29.00 to \$31.38 and the sewer rate increased \$3.79 from \$28.00 to \$31.79. The current water base rate is \$33.75 and the current sewer base rate is \$43.16. Below is a historical rate increases.

<b>Historic Utility Rate Increases</b>						
FY Year	<b>Water Utility Montly Rates</b>			<b>Sewer Utility Montly Rates</b>		
	Monthly Rate	Increase	% Increase	Monthly Rate	Increase	% Increase
2017	29.00			28.00		
2018	31.28	2.28	7.86%	31.79	3.79	13.54%
2019	33.75	2.47	7.90%	43.16	11.37	35.77%

(Source: 2019 Audited Financial Report June 2019, page 59).

See “BONDHOLDERS’ RISKS – Pledge of Net Revenue Generally; Lien Priority” and Appendix A – ECONOMIC AND DEMOGRAPHIC INFORMATION” hereto.

## **BONDHOLDERS’ RISKS**

### **General**

No person should purchase any Debenture without carefully reviewing this entire Official Statement, including, without limitation, the following information which summarizes some, but not all, of the risks associated with such purchase.

The Debentures are secured by (a) the USDA Completion Bonds and (b) the pledge of Net Revenues. In the event USDA does not purchase the USDA Completion Bonds and the City cannot obtain other financing to refund the Debentures, Debentureholders must look to the other sources of security for payment of principal of and interest on the Debentures, including Net Revenues.

Certain risks are inherent in the successful operation of the City’s operation. Such risks should be considered in evaluating the City’s ability to generate sufficient revenues to pay the principal of, premium, if any, and interest on the Debentures when due. This section discusses some

of these risks, but it is not intended to be a comprehensive listing of all risks associated with the operation of the City or the payment of the Debentures.

### **Covid-19 Outbreak**

The spread of the novel strain of coronavirus called COVID-19 (“COVID-19”) is having significant negative impacts throughout the world, including in the City. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the City, County, State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

There have been confirmed cases of COVID-19 in the City, and confirmed cases of COVID-19 are growing throughout the State and health officials are expecting the number of confirmed cases to continue to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools. The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns. The impact COVID-19 may have on the operation and revenues of the Systems is unclear; to date, however, the City has not seen a material adverse impact on the Net Revenues of the Systems.

### **Failure to Redeem the Debentures**

The Debentures are intended to provide interim financing for a portion of the Project and mature on \_\_\_\_\_, 202\_. USDA has obligated funds to the City in the amount of \$32,830,000 and, prior to the pricing of the Debentures, will have committed to purchase the USDA Completion Bonds upon satisfaction by the City of the terms and conditions contained in the Letter of Conditions, including substantial completion of the Project in accordance with USDA requirements. The Project is anticipated to be substantially complete by October 1, 2022. See “USDA LETTER OF CONDITIONS AND USDA COMMITMENT LETTER” in Appendix E hereto for copies of the Letter of Conditions and the Commitment Letter.

As part of the construction process USDA will be reviewing and approving construction draw requests for construction of the Project in accordance with USDA standards. However, even with the issuance of the Commitment Letter and the issuance of the Debentures, USDA is not unconditionally bound to purchase the USDA Completion Bonds. The breach by the City of its covenants under the Letter of Conditions could result in a decision by USDA not to purchase the USDA Completion Bonds.

The Debentures are secured by amounts payable therefor by the City under the Trust Indenture, proceeds of the USDA Completion Bonds, funds and accounts established in the Trust Indenture (other than the Rebate Fund). See “SECURITY FOR THE DEBENTURES” herein for a further discussion of the security for the Debentures.

If (1) USDA determines that it will not purchase the USDA Completion Bonds because all of the conditions for the purchase of the USDA Completion Bonds by USDA have not been met on or before the Maturity Date, including but not limited to substantial completion of the Project, or (2) the City does not secure other interim or permanent financing for the Project, the City will likely not have sufficient Net Revenues to pay the principal of and interest on the Debentures at maturity. See "SECURITY FOR THE DEBENTURES" herein for a description of a Multiple Advance Loan. There is no certainty that the City would be able to obtain other financing or generate sufficient revenues to pay the principal of, premium, if any, and interest on the Debentures on or before the Maturity Date, if ever. The Net Revenues of the City would be insufficient to pay in full the outstanding principal of, premium, if any and interest on the Debentures when due. See "BONDHOLDERS' RISKS – Adequacy of Revenues" herein. Failure by City principal of and interest on the Debentures when due would result in an event of default under the Trust Indenture.

### **Changes in Federal and State Law**

From time to time, there are legislative proposals that, if enacted, could adversely affect the federal and state tax matters referred to herein, adversely affect the marketability or market value of the Debentures, or otherwise prevent holders of the Debentures from realizing the full benefit of the tax exemption of interest on the Debentures. In addition, regulatory and administrative actions may from time to time be announced that could adversely affect the market value, marketability or tax status of the Debentures. No prediction is made concerning future events. The opinions expressed by Bond Counsel in connection with the issuance of the Debentures are based upon existing law. Purchasers of the Debentures should consult their own tax advisors regarding any pending or proposed legislation, regulatory actions, or litigation.

Regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Debentures. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Debentures would be impacted thereby.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Debentures to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Debentures. Prospective purchasers of the Debentures should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

### **Adequacy of Revenues**

Except to the extent that the Debentures will be payable from the proceeds of the USDA Completion Bonds to be purchased by the USDA or other interim or permanent financing (which the City may not be able to obtain), the Debentures will be payable solely from payments to

be made by the City to the City pursuant to the funds held under and pursuant to the Trust Indenture. The ability of the City to make payments under the Trust Indenture is dependent upon the generation of revenues by the City in the amounts necessary for the City to pay the principal of and interest on the Debentures when due, as well as other operating and capital expenses. The realization of future revenues and expenses are subject to, among other things, the capabilities of the management of the City, government regulation and future economic and other conditions that are unpredictable and that may affect revenues and payment of principal and interest on the Debentures. No representation or assurance can be made that Net Revenues will be realized by the City in amounts sufficient to make payments of all or a portion of the principal of and interest on the Debentures when due.

### **Construction Risks**

The City has entered into a construction contract with the construction manager, \_\_\_\_\_, providing a guaranteed maximum price with respect to the Capital Project in the amount of \$ \_\_\_\_\_, which is the maximum amount the City can be charged for such construction unless change orders are requested (the "GMP"). The Construction Manager was selected pursuant to a competitive procurement process, with oversight from USDA of City's acceptance of bids and selections of the Construction Manager. The total estimated cost of construction and other Capital Project costs is approximately \$ \_\_\_\_\_, including architects fees, fixtures, furniture and equipment and a contingency. The City intends to use the portion of the net proceeds of the Debentures allocated to construction and funds of the City for construction of the Capital Project. If the costs of construction of the Capital Project exceed the proceeds of the Debentures and the cash designated by the City to pay such construction and acquisition costs, the City may be required to contribute additional moneys to complete such construction or reduce the scope of such construction accordingly. To mitigate the construction risk, the City shall require the construction manager to post a construction bond on the Capital Project prior to closing of the Debentures. In addition, there can be no assurances that such construction will be completed on schedule or that such construction or management by the City will be successful. See "THE CAPITAL IMPROVEMENT PROJECT" herein..

### **Non-Completion of the Capital Project**

The USDA's commitment to issue the USDA Completion Bonds is conditioned upon completion of the Capital Project. If the Capital Project is not completed by the Debentures' maturity date, any Debenture proceeds unexpended on the Capital Project may be used to pay amounts due on the Debentures; however, such unexpended proceeds will not be sufficient to satisfy all amounts due on the Debentures. To the extent non-completion of the Capital Project is the result of deficiencies of the Construction Manager, certain amounts may be available for payment from the construction performance bond. See "Construction Risks" above.

### **Risks Related to Tax-Exempt Status of the Debentures**

The ongoing tax-exempt status of interest on the Debentures is conditioned, under relevant provisions of the Internal Revenue Code of 1986, on compliance by the issuer with various requirements set forth in the Code. Failure to comply with such requirements could cause interest on the Debentures to become taxable.

## **Matters Relating to Enforceability of Agreements**

Debentureholders shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Nevada, and of the United States of America, for the enforcement of payment of their obligation, and the pledge of the revenues made pursuant to the Trust Indenture, and of all covenants of the City pursuant to the Trust Indenture, including, but not limited to, the right to a proceeding at law or in equity by suit, action or mandamus to enforce and compel performance of the duties, required by Nevada law and the Trust Indenture, or to obtain the appointment of a receiver to take possession of or operate the City and to perform the duties required by Nevada law and the Trust Indenture.

## **Enforceability of Remedies and Bankruptcy Proceedings**

The practical realization of any rights of the Trustee following a default on the Debentures will depend upon the exercise of various remedies specified in the Trust Indenture and otherwise available under applicable law. The remedies available to the holders of the Debentures, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Trust Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Trust Indenture.

If the security for the Debentures is inadequate for payment in full of the Debentures, bankruptcy proceedings and usual equity principles may also limit any attempt by the Trustee to seek payment from other property of the City, if any.

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the ability of the Trustee to obtain amounts under the Trust Indenture or the Debentures. Remedies under the Trust Indenture, Trust Indenture under existing law may not be readily available or may be limited. Also, federal bankruptcy law permits adoption of a reorganization plan even though it has not been accepted by the holders of a majority in aggregate principal amount of the Debentures, if the Debentureholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if the bankruptcy court concludes that the Debentureholders have "adequate protection," it may (a) substitute other security subject to the lien of the Debentureholders and (b) subordinate the lien of the Debentureholders to (i) claims by persons supplying goods and services to the debtor after bankruptcy, and (ii) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain provisions of the Trust Indenture, including provisions that make bankruptcy and related proceedings by the City an event of default thereunder.

All legal opinions with respect to the enforceability of the Trust Indenture and other financing documents will be expressly subject to a qualification that enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors generally, and by general principles of equity and public policy.

### **Damage or Destruction**

Although the City will be required to obtain certain kinds of insurance as set forth in the Trust Indenture, there can be no assurance that the City will not suffer uninsured losses in the event of damage to or destruction to the Systems due to fire or other calamity or in the event of other unforeseen calamities which may impact the completion of the Capital Improvement Project and the obligation of the USDA to purchase the USDA Completion Bonds. For a further description of the insurance provisions required by the Trust Indenture, see "FORMS OF CERTAIN PRINCIPAL DOCUMENTS" in Appendix C.

### **Rating**

The Debentures have been given a short-term rating of "\_\_\_\_\_" by Moody's Investors Service, Inc. See "RATINGS" herein. Any downgrade or withdrawal of the rating on the Debentures could adversely affect the marketability of the Debentures.

### **Lack of Market for the Debentures**

The Debentures will not be listed on a securities exchange or inter-dealer quotation system. There can be no assurance that there will be a secondary market for the Debentures, and the absence of such a market for the Debentures could result in investors not being able to resell their Debentures should they need or wish to do so.

### **Certain Risks Associated With Utility Fees; Pledged Revenues**

Delays in Collections Could Occur. The collection of fees of the System may be delayed or insufficient to pay debt service on the Debentures despite such revenues being "pledge of Net Revenues" and as such may be unavailable at a given time to pay amounts due on the Debentures.

General. The generation of sufficient pledge of Net Revenues by the City's Systems (comprised of the Sewer System and the Water System) is important to the timely payment on the Debentures. If the Systems (particularly the Sewer System) becomes inoperable due to damage, destruction, environmental restriction or for any other reason, or if the City should lack adequate water supply to serve existing customers because of drought or for any other reason, or if the City is unable to increase rates and charges for any reason or if the City incurs unanticipated expenses or reduced revenues due to power rate increases or for any other reason, the City may be unable to generate adequate revenues from the Systems to pay debt service on the Debentures, the Parity Debt and any future Parity Debt.

Future Development Not Assured. Development in the City has generally increased since the national and regional economic recession which occurred in approximately 2008-11. Since fiscal year 2013, pledge of Net Revenues have increased each year. See "Historical and Estimated pledge of Net Revenues" below. In the event that development within the City once again slows significantly, debt service and other costs will be spread over the existing customer base, therefore

potentially requiring greater increases in fees for service to pay for Operation and Maintenance costs and debt service. Significant increases in fees, however, may result in a further reduction in development and an increase in delinquent accounts or other related losses to the pledge of Net Revenues. Further, if City rates and charges increase significantly beyond the charges applicable to neighboring municipalities, developers may be inclined to locate new development in areas other than the City.

### **No Pledge of Property**

The payment of the Debentures is not secured by an encumbrance, mortgage or other pledge of property of the City, except the pledge of the USDA Completion Bonds and the Net Revenues, and any other moneys pledged for the payment of the Debentures. No property of the City, subject to such exceptions, shall be liable to be forfeited or taken in payment of the Debentures.

### **Limitation of Remedies**

**Judicial Remedies.** Upon the occurrence of an Event of Default under the Trust Indenture, each owner of the Debentures is entitled to enforce the covenants and agreements of the City by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the pledge of Net Revenues applicable to the Debentures and other moneys held under the Trust Indenture and not against any other fund or properties of the City.

The enforceability of the Trust Indenture is also subject to equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and the exercise of judicial authority by State or federal courts. Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the City under the Trust Indenture, to the extent enforceable, could result in delays in any payment of principal of and interest on the Debentures.

**Bankruptcy, Federal Lien Power and Police Power.** The enforceability of the rights and remedies of the owners of the Debentures and the obligations incurred by the City in issuing the Debentures are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Debentures to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and

consequently may entail risks of delay, limitation or modification of their rights. See "BONDHOLDERS" RISKS - Enforceability of Bonds and Bankruptcy Proceedings" herein.

No Acceleration. There is no provision for acceleration of maturity of the principal of the Debentures in the event of a default in the payment of principal of or interest on the Debentures. Consequently, remedies available to the owners of the Debentures may have to be enforced from year to year.

### **Future Changes in Laws**

Various State laws apply to the imposition, collection, and expenditure of City revenues as well as to the operation and finances of the City. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the City and the imposition, collection, and expenditure of revenues.

### **Pledge of Net Revenues Generally; Lien Priority.**

The Debentures are secured by a lien (but not necessarily an exclusive lien) on the pledge of Net Revenues on a parity with the lien thereon of the Parity Debt (defined below) and any future Parity Debt. Additional securities having a lien on the pledge of Net Revenues that is superior to the lien of the Debentures may also be issued subject to certain conditions, may not be issued as general obligations, and may be issued solely as special obligations payable from the pledge of Net Revenues. APPENDIX B--Summary of Certain Provisions of the Trust Indenture--Additional Debentures. The pledge of Net Revenues. The Debentures will be additionally secured by the pledge of Net Revenues, which are generally consist of an amount equal to all gross income and revenue received by the City from the ownership and operation of the Systems or any part thereof received during such period minus the amount required to pay all Operation and Maintenance Costs coming payable during such period. The "Systems" means, collectively, the Water System and the Sewer System. "Sewer System" means the sewer system of the City, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City through purchase, construction or otherwise, and used in connection with such system of the City, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City, including, without limitation, machinery, apparatus, structures, buildings and related or appurtenant furniture, fixtures and other equipment, as such system is from time to time extended, bettered or otherwise improved, or any combination thereof. "Water System" means the water system of the City, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the City through purchase, construction or otherwise, and used in connection with such system of the City, and in any way pertaining thereto, whether or not located

within or without or both within and without the boundaries of the City, including, without limitation, machinery, apparatus, structures, buildings and related or appurtenant furniture, fixtures and other equipment, as such system is from time to time extended, bettered or otherwise improved, or any combination thereof.

### **Environmental Laws and Requirements.**

The Systems are subject to numerous federal and State regulatory requirements that are subject to change. Wastewater treatment systems like the Sewer System are regulated by the U.S. Environmental Protection Agency (the "EPA"), and the Nevada Division of Environmental Protection ("NDEP") has the authority to issue permits and enforce discharge standards. The City has obtained the necessary permits from NDEP to operate its facilities. The permits limit the quantities of certain chemicals and other substances that may be discharged. Implementation of more stringent standards in the future could result in increased Operation and Maintenance costs or could require substantial capital improvements to the Sewer System. Should that occur, the Systems' costs would increase; such increased costs could reduce the amount of pledge of Net Revenues available to pay debt service on the Debentures. In addition, failure to comply with regulatory changes, or the inability to comply with them in a timely manner could result in fines or mandatory shutdowns of portions of the Systems. Any disruption of service could negatively impact pledge of Net Revenues.

In operating the Systems, the City also may be subject to various environmental regulations which could subject the City to increased operating costs or capital expenditures. Such increased costs could reduce the amount of pledge of Net Revenues available to pay debt service on the Superior Securities, the Parity Debt and the Debentures.

**Other Regulatory Risks.** The Systems is subject to numerous federal and State statutory and regulatory requirements. Those laws are subject to change at any time. The City works with all regulatory agencies and personnel to stay abreast of future regulatory requirements as failure to comply with regulatory changes, or the inability to comply with them in a timely manner, could cause portions of the System to be unavailable. Any disruption of service could negatively impact the pledge of Net Revenues.

## **TAX MATTERS[to be updated]**

### **[Federal Tax Matters**

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Debentures is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code and interest on the Debentures is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax

Code except that for taxable years of corporations beginning before January 1, \_\_\_\_\_, such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the Debentures only to the extent such original issue discount is accrued as described herein

The Tax Code imposes several requirements which must be met with respect to the Debentures in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Debentures. These requirements include: (a) limitations as to the use of proceeds of the Debentures; (b) limitations on the extent to which proceeds of the Debentures may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Debentures above the yield on the Debentures to be paid to the United States Treasury. The City will covenant and represent in the Trust Indenture that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Debentures from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the Debentures are delivered. Bond Counsel's opinion as to the exclusion of interest on the Debentures from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the City to comply with these requirements could cause the interest on the Debentures to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the City and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Debentures. The alternative minimum tax on corporations described in this paragraph has been repealed effective for taxable years beginning after \_\_\_\_\_, but continues to apply for taxable years of corporations that begin before January 1, \_\_\_\_\_. Corporations with taxable years that do not coincide with the calendar year should consult their tax advisors about inclusion of interest on the Debentures in alternative minimum taxable income of the corporation as described in this paragraph during the corporation's taxable year that begins during calendar year 2017.

With respect to the Debentures that were sold in the initial offering at a discount (the "Discount Debentures"), the difference between the stated redemption price of the Discount Debentures at maturity and the initial offering price of those Debentures to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Debentures is treated as accruing over the respective terms of such Discount Debentures on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on May 1 and November 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Debentures. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Debentures (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Debentures.

Owners who purchase Discount Debentures after the initial offering or who purchase Discount Debentures in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Debentures. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Debentures. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Debentures may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Debentures. Owners of the Debentures should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Debentures made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Debentures were sold at a premium, representing a difference between the original offering price of those

Debentures and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Debentures, original issue discount) on the Debentures from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Debentures. Owners of the Debentures should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Debentures. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Debentures, the exclusion of interest (and, to the extent described above for the Discount Debentures, original issue discount) on the Debentures from gross income or alternative minimum taxable income or both from the date of issuance of the Debentures or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Debentures. Owners of the Debentures are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Debentures. If an audit is commenced, the market value of the Debentures may be adversely affected. Under current audit procedures the Service will treat the City as the taxpayer and the Debenture owners may have no right to participate in such procedures. The City has covenanted in the Trust Indenture not to take any action that would cause the interest on the Debentures to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the City, the Underwriters, or Bond Counsel is responsible for paying or reimbursing any Debenture holder with respect to any audit or litigation costs relating to the Debentures.

### **State Tax Exemption**

Under laws of the State in effect on the date of delivery of the Debentures, the Debentures, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

## LEGAL MATTERS

### **Litigation**

There is no litigation or controversy of any nature now pending, or to the knowledge of the District Attorney threatened: (i) restraining or enjoining the issuance, sale, execution or delivery of the Debentures or (ii) in any way contesting or affecting the validity of the Debentures or any proceedings of the City taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Debentures. Further, the District Attorney is of the opinion that although the City is subject to certain pending or threatened litigation or administrative proceedings, these matters either are adequately covered by insurance or, to the extent not insured, the final settlement thereof is not expected to materially, adversely affect the financial position of the City.

### **Approval of Certain Legal Proceedings**

The approving opinion of Stradling, Yocca, Carlson & Rauth, A Professional Corporation, Reno, Nevada as Bond Counsel, will be delivered with the Debentures. The form of the Bond Counsel opinion is attached to this Official Statement as Appendix E. The opinion will include a statement that the obligations of the City are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy.

### **Police Power**

The obligations of the City are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the federal constitution (including bankruptcy).

### **Sovereign Immunity**

Pursuant to State statute (NRS Section 41.035), an award for damages in an action sounding in tort against the City may not include any amount as exemplary or punitive damages and is limited to \$100,000 per cause of action. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

## RATING

Moody's Investors Service ("Moody's") has assigned the Debentures the insured rating of "\_\_\_." Such rating reflects only the views of such rating agency, and there is no assurance that any rating, once received, will continue for any given period of time or that either rating will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Debentures. Except for its responsibilities under the Disclosure Agreement, the City has not undertaken any responsibility to bring to the attention of the owners of the Debentures any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.]

## INDEPENDENT AUDITORS

The audited basic financial statements of the City as of and for the year ended December 31, [2018/19], included hereto as Appendix B, have been audited by \_\_\_\_\_ certified public accountants, \_\_\_\_\_, Nevada, to the extent and for the period stated in their report appearing herein.

Pursuant to State law, the audited financial statements of the City are public documents and no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. Accordingly, the City has not requested consent.

## UNDERWRITING

The City sold the Debentures at public sale to Municipal Capital Markets Group, Inc. at a price of \$ \_\_\_\_\_ (equal to the par amount of the Debentures, plus net original issue premium of \$ \_\_\_\_\_, less net underwriter's discount of \$ \_\_\_\_\_.)

**OFFICIAL STATEMENT CERTIFICATION**

The undersigned official of the City hereby confirms that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the Debentures have been duly authorized by the City Council.

CITY OF YERINGTON, NEVADA

By: /s/ \_\_\_\_\_  
\_\_\_\_\_

APPENDIX A

## APPENDIX B

## APPENDIX C

## APPENDIX D

APPENDIX E

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

AGREEMENT, made and executed as of the \_\_\_ day of \_\_\_\_\_, 2020, between the City of Yerington, Nevada (the "Issuer"), and [Zion Bank, a division of ZB, National Association] (the "Agent").

The parties agree:

#### FIRST:DEFINITIONS

For purposes of this Agreement, the following terms shall have the following definitions:

"Agent" means the Corporate Trust Department of Zion Bank, a division of ZB, National Association, or such successor agent as the Issuer may designate.

"Agreement" means this Continuing Disclosure Agreement between the Issuer and the Agent.

"Annual Financial Information" means the Financial Statements and other financial information and operating data set forth in Paragraph THIRD of this Agreement.

"Authorizing Documents" means the Indenture of Trust, dated as of the date hereof and the Ordinance of the Issuer dated as of \_\_\_\_\_, 2020, authorizing the issuance of the Debentures.

"Debentures" means the American Valley Consolidated Services District, California, Installment Sale Anticipation Debentures, Series 2020, dated \_\_\_\_\_, 2020, and issued in the aggregate principal amount of \$ \_\_\_\_\_ pursuant to the Authorizing Documents.

"Debentureholders" means the beneficial Debentureholders, registered Debentureholders, and holders of the Debentures.

"EMMA" means the Electronic Municipal Market Access System maintained by the MSRB.

"Financial Statements" means within the annual financial statements of the Issuer for the most current Fiscal Year, prepared in accordance with generally accepted accounting principles applicable to governmental units, as such principles may be changed from time to time, and audited in accordance with generally accepted auditing standards.

"Fiscal Year" means the fiscal year of the Issuer, commencing \_\_\_\_\_ of each year and ending on \_\_\_\_\_ of the following year.

"Issuer" means the City of Yerington, Nevada.

"Material Event" means any of the events listed in paragraph FOURTH of this Agreement.

"MSRB" means the Municipal Securities Rulemaking Board, Washington, D.C.

“Official Statement” means the Issuer’s Official Statement dated \_\_\_\_\_, 2020, relating to the issuance of the Debentures.

"Debentures" means the City of Yerington, Nevada Interim Debentures, Series 2020, dated, 2020, and issued in the aggregate principal amount of \$ \_\_\_\_\_, pursuant to the Authorizing Documents.

"Debentureholders" means the beneficial Debentureholders, registered Debentureholders, and holders of the Debentures.

“Repository” means EMMA.

“Rule” means SEC Rule 15c2-12(b)(5), as amended or interpreted by the SEC. “SEC” means the U.S. Securities and Exchange Commission.

#### SECOND: PURPOSE

This Agreement is being executed for the benefit of the Debentureholders of the Debentures in accordance with the Rule. The Agent hereby accepts appointment, pursuant to the Indenture of Trust, as agent of the Issuer for purposes of the Rule.

#### THIRD: PROVISION OF ANNUAL FINANCIAL INFORMATION

The Issuer, through the Agent, shall file annually, through the Repository, not later than [240] days following the end of each Fiscal Year:

- (1) Financial Statements of the Issuer;
- (2) Updates to the “Debt Service Coverage” table set forth in the Official Statement.
- (3) [ANYTHING ELSE].

If the Issuer fails to provide the required Annual Financial Information, the Agent shall provide notice of such failure to the Repository.

The Issuer reserves the right to modify from time to time the specific types of information provided, or the format of the presentation of such information, in a manner consistent with the Rule.

#### FOURTH: REPORTING OF MATERIAL EVENTS

The Issuer shall provide, through the Agent, in a timely manner not in excess of ten business days after the occurrence of the Event, notice of the occurrence of any of the following events, if material, with respect to the Debentures:

1. Principal and interest payment delinquencies on the Debentures;
2. Nonpayment related defaults under the Trust Agreement;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issued (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Debentures.
7. Modifications to rights of Bondholders;
8. Bond calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Debentures;
11. Rating changes;

12. Bankruptcy, insolvency, receivership, or a similar proceeding;
13. Merger, consolidation, acquisition, the sale of all or substantially all of the assets of the obligated person or their termination; and
14. Appointment of a successor or additional trustee, or the change of name of a trustee.
15. Release, substitution or sale of property securing repayment of the Debentures.

Whenever the Issuer obtains knowledge of the occurrence of a Material Event, the Issuer shall, as soon as possible, determine whether such event would constitute material information for Debentureholders of the Debentures; provided, that any event listed under 1, 3, 4, 5, 8, 9, 11, and 12. above will always be deemed to be material and must be reported.

#### FIFTH: AMENDMENTS

This Agreement may be amended only if the Issuer receives an opinion of independent bond counsel to the effect that:

1. such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the types of activities in which the Issuer is engaged;
2. this Agreement, as so amended, would have complied with the requirements of the Rule at the time of the primary offering of the Debentures, after taking into account any amendments or interpretations of the Rule as well as any change in circumstances; and
3. such amendment does not materially impair the interest of the Debentureholders of the Debentures.

If the amendment results in a change of the annual financial information and operating data required to be reported pursuant to this Agreement, the first annual report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. If the amendment involves a change in the accounting principles to be followed in preparing financial statements, the first annual report shall present a comparison between the financial statements or information based on the new accounting principles and those prepared based on the former accounting principles. Further, if the annual financial information required to be provided in the annual report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first annual report that does not include such information.

#### SIXTH: DUTIES, IMMUNITIES, AND LIABILITIES OF AGENT

The Agent shall have only such duties as are specifically set forth in this Agreement, and the Issuer agrees to indemnify and save th (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to Agent's gross negligence or willful misconduct. The Agent shall have no duty or obligation to review or verify any information provided to it by the Issuer or to determine the materiality of a listed material event and shall not be deemed to be acting in any fiduciary capacity for the Issuer, Debentureholders or any other party. The Agent shall have no responsibility for the Issuer's failure to comply with this Agreement or the Rule. The obligations of the Issuer under this Section shall survive resignation or removal of the Agent and payment of the Debentures.

#### SEVENTH: TERMINATION

The Issuer reserves the right to terminate its obligation to provide Annual Financial Information and notices of Material Events, as set forth above, if and when the Issuer no longer remains an "obligated person" with respect to the Debentures within the meaning of the Rule.

EIGHTH: REMEDIES

In the event of a failure of the Issuer to comply with any provision of this Agreement, the Certificateholder of any Bond may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this disclosure Agreement shall not be deemed to constitute a default under the Trust Agreement, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

NINTH: ADDITIONAL INFORMATION

Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any annual report or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any annual report or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future annual report or notice of occurrence of a Material Event.

TENTH: BENEFICIARIES

This Agreement shall inure solely for the benefit of the Issuer and the Debentureholders of the Debentures, and shall create no rights in any other person or entities.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CITY OF YERINGTON, NEVADA

\_\_\_\_\_  
Chairman

ZION BANK, a division of ZB, National Association

\_\_\_\_\_  
By: \_\_\_\_\_

**ITEM**

**#9**

Report Criteria:  
 Report type: Invoice detail  
 Check Type = {<->} "Adjustment"

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Invoice Number	Description	Invoice GL Account	Invoice Amount	Check Amount
32784	09/20	09/22/2020	32784	1014 ACE HARDWARE	83120	SUPPLIES	01-52-20-7011	60.27	60.27
Total 32784:									
32785	09/20	09/22/2020	32785	1021 AFLAC	599367	AFLAC INSURANCE	00-00-00-2015	148.58	148.58
Total 32785:									
32786	09/20	09/22/2020	32786	6278 CIGNA	2703968	HEALTH INSURANCE	00-00-00-2023	14,716.04	14,716.04
Total 32786:									
32787	09/20	09/22/2020	32787	1216 CRAMER AUTOMOTIVE, INC.	27746	SERVICE / REPAIRS	01-52-20-7011	197.50	197.50
Total 32787:									
32788	09/20	09/22/2020	32788	1233 D AND M EMERGENCY SVC	6853	SERVICES/ REPAIRS	01-52-20-7044	144.00	144.00
Total 32788:									
32789	09/20	09/22/2020	32789	1633 GUARDIAN- DENTAL	OCT2020	DENTAL INSURANCE- RE	00-00-00-2023	1,184.26	1,184.26
Total 32789:									
32790	09/20	09/22/2020	32790	1948 GUARDIAN- LIFE	OCT2020	HOSPITAL INS. - LIFE	00-00-00-2023	325.00	325.00
Total 32790:									

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Invoice Number	Description	Invoice GL Account	Invoice Amount	Check Amount
32791	09/20	09/22/2020	32791	2034 JIM MENESINI PETROLEUM, LLC	171942	FUEL	01-52-20-7011	623.69	623.69
Total 32791:									
32792	09/20	09/22/2020	32792	1566 LYON COUNTY CLERK TREASURER	AUG20RMTX	ROOM TAX TRANSMITTA	08-56-35-8081	847.93	847.93
Total 32792:									
32793	09/20	09/22/2020	32793	6362 MASER, MONA	91420	UTILITY REFUND	23-00-00-2230	86.70	86.70
Total 32793:									
32794	09/20	09/22/2020	32794	1642 MSC INDUSTRIAL SUPPLY CO.	86574962	EQUIPMENT	01-54-26-7043	90.88	90.88
Total 32794:									
32795	09/20	09/22/2020	32795	1936 SOUTH LYON MEDICAL CENTER	20248349	Medical Services	01-52-20-7032	150.00	150.00
Total 32795:									
32796	09/20	09/22/2020	32796	1951 STATE OF NV-DEPT OF TAX	AUG20RMTX	ROOM TAX TRANSMITTA	08-56-35-8080	508.75	508.75
Total 32796:									
32797	09/20	09/22/2020	32797	2028 U.S. POSTAL SERVICE	91820	POSTAGE FOR MACHINE	03-54-25-7011	600.00	600.00
Total 32797:									
32798	09/20	09/22/2020	32798	1370 VAUGHN GODDARD LOCKSMITH	442413	CITY HALL REMODEL	04-10-00-8091	570.00	570.00
09/20	09/22/2020	32798	1370 VAUGHN GODDARD LOCKSMITH	442512	CITY HALL REMODEL	04-10-00-8091	480.00	480.00	480.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Invoice Number	Description	Invoice GL Account	Invoice Amount	Check Amount
Total 32798:									
32799	09/20	09/22/2020	32799	2063 VISION SERVICE PLAN (NV)	OCT2020	VISION SERVICES- RETI	00-00-00-2023	147.14	147.14
Total 32799:									
32800	09/20	09/22/2020	32800	1406 WELLS FARGO BANK-REMIT. CNTR	090620DEN	DENNIS - CREDIT CARD	02-54-25-7011	95.86	95.86
Total 32800:									
32801	09/20	09/22/2020	32801	1406 WELLS FARGO BANK-REMIT. CNTR	090620SHE	SHEEMA - CREDIT CARD	01-51-14-7041	1,830.76	1,830.76
Total 32801:									
32802	09/20	09/22/2020	32802	1406 WELLS FARGO BANK-REMIT. CNTR	090620DAR	DARREN - CREDIT CARD	01-52-20-7011	42.22	42.22
Total 32802:									
32803	09/20	09/29/2020	32803	1208 COOMBS, BRANDON	OCT2020	UNIFORM ALLOWANCE	01-52-20-7022	312.50	312.50
Total 32803:									
32804	09/20	09/29/2020	32804	1324 FARR WEST ENGINEERING	13890	WATER & SEWER REHAB	02-00-00-3220	1,793.00	1,793.00
Total 32804:									
32805	09/20	09/29/2020	32805	1324 FARR WEST ENGINEERING	14038	WATER & SEWER REHAB	02-00-00-3220	598.20	598.20
Total 32805:									

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Invoice Number	Description	Invoice GL Account	Invoice Amount	Check Amount
32806	09/29/2020	32806	1324	FARR WEST ENGINEERING	13890-2	WATER & SEWER REHAB	03-00-00-3220	2,109.00	2,109.00
Total 32806:									
32807	09/29/2020	32807	1324	FARR WEST ENGINEERING	13444-2	WATER & SEWER REHAB	02-00-00-1580	25,226.50	25,226.50
Total 32807:									
32808	09/29/2020	32808	1324	FARR WEST ENGINEERING	13578-2	WATER & SEWER REHAB	02-00-00-1580	2,313.50	2,313.50
Total 32808:									
32809	09/29/2020	32809	1324	FARR WEST ENGINEERING	13892-2	WATER & SEWER REHAB	02-00-00-1580	14,098.00	14,098.00
Total 32809:									
32810	09/29/2020	32810	1324	FARR WEST ENGINEERING	14040-2	WATER & SEWER REHAB	02-00-00-1580	13,106.85	13,106.85
Total 32810:									
32811	09/29/2020	32811	1335	FIRST ADVANTAGE OHS	251026008	SERVICES	02-54-25-7011	55.11	55.11
Total 32811:									
32812	09/29/2020	32812	2058	FRONTIER	92220CH	TELEPHONE	03-54-25-7033	421.02	421.02
09/20	09/29/2020	32812	2058	FRONTIER	92220PD	TELEPHONE	01-52-20-7033	362.47	362.47
09/20	09/29/2020	32812	2058	FRONTIER	92220PW	TELEPHONE	03-54-25-7033	159.92	159.92
Total 32812:									
32813	09/29/2020	32813	6253	GREENHOUSE THRIFT	MARCH19	RESTITUTION CC17027	01-00-00-2305	.00	.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Invoice Number	Description	Invoice GL Account	Invoice Amount	Check Amount
Total 32813:									
									.00
<b>32814</b>	09/20	09/29/2020	32814	6295 JENNERJOHN, RICHARD	OCT2020	UNIFORM ALLOWANCE	01-52-20-7022	312.50	312.50
Total 32814:									
									312.50
<b>32815</b>	09/20	09/29/2020	32815	6211 KOSAK, MARK	OCT2020	UNIFORM ALLOWANCE	01-52-20-7022	312.50	312.50
Total 32815:									
									312.50
<b>32816</b>	09/20	09/29/2020	32816	1600 MASON VALLEY FIRE DISTRICT	OCT2020	QTRLY CONTRACT	01-52-21-7002	44,568.75	44,568.75
Total 32816:									
									44,568.75
<b>32817</b>	09/20	09/29/2020	32817	6358 MASON VALLEY JANITORIAL	102059	CLEANING SERVICES	08-14-36-8083	1,075.00	1,075.00
Total 32817:									
									1,075.00
<b>32818</b>	09/20	09/29/2020	32818	1902 NV ENERGY	312572-920	POWER	23-54-25-7033	226.11	226.11
09/20	09/29/2020	32818	1902 NV ENERGY	513290-920	POWER	POWER	23-54-25-7033	64.49	64.49
09/20	09/29/2020	32818	1902 NV ENERGY	533954-920	POWER	POWER	08-14-27-8082	40.77	40.77
09/20	09/29/2020	32818	1902 NV ENERGY	546699-920	POWER	POWER	03-54-25-7033	77.01	77.01
Total 32818:									
									408.38
<b>32819</b>	09/20	09/29/2020	32819	1936 SOUTH LYON MEDICAL CENTER	20247252	Medical Services	01-52-20-7032	75.00	75.00
Total 32819:									
									75.00
<b>32820</b>	09/20	09/29/2020	32820	2066 WAGNER, DARREN	OCT2020	UNIFORM ALLOWANCE	01-52-20-7022	312.50	312.50

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Invoice Number	Description	Invoice GL Account	Invoice Amount	Check Amount
Total 32820:									
32821	09/20	09/29/2020	32821	2323 WALKER RIVER MECHANICAL	WRM1248320	SERVICES	01-51-14-7043	185.50	185.50
Total 32821:									
32822	09/20	09/29/2020	32822	2111 WISNER, NICHOLAS	OCT2020	UNIFORM ALLOWANCE	01-52-20-7022	312.50	312.50
Total 32822:									
32823	10/20	10/01/2020	32823	6363 OFUSA	318680	OFFICE FURNITURE NE	08-14-36-8083	6,694.16	6,694.16
Grand Totals:									
								312.50	312.50
								185.50	185.50
								6,694.16	6,694.16
								137,662.44	137,662.44

Summary by General Ledger Account Number

GL Account	Debit	Credit	Proof
00-00-00-2015	148.58	.00	148.58
00-00-00-2023	16,372.44	.00	16,372.44
00-00-00-2200	.00	16,521.02	16,521.02
01-00-00-2200	3.39	48,361.92	48,368.53
01-00-00-2305	3.39	3.39	.00
01-51-14-7011	279.99	.00	279.99
01-51-14-7041	1.99	.00	1.99
01-51-14-7043	185.50	.00	185.50
01-52-20-7011	887.20	.00	887.20
01-52-20-7022	1,562.50	.00	1,562.50
01-52-20-7032	225.00	.00	225.00
01-52-20-7033	362.47	.00	362.47
01-52-20-7044	144.00	.00	144.00

GL Account	Debit	Credit	Proof
01-52-21-7002	44,568.75	.00	44,568.75
01-54-26-7043	90.88	.00	90.88
01-54-26-7044	13.77	.00	13.77
01-56-35-7011	36.48	.00	36.48
02-00-00-1580	54,744.85	.00	54,744.85
02-00-00-2200	.00	57,726.50-	57,726.50-
02-00-00-3220	2,391.20	.00	2,391.20
02-54-25-7011	299.98	.00	299.98
02-54-25-7033	290.47	.00	290.47
03-00-00-2200	.00	2,713.70-	2,713.70-
03-00-00-3220	2,109.00	.00	2,109.00
03-54-25-7011	200.00	.00	200.00
03-54-25-7033	367.48	.00	367.48
03-54-25-7044	37.22	.00	37.22
04-00-00-2200	.00	1,050.00-	1,050.00-
04-10-00-8091	1,050.00	.00	1,050.00
08-00-00-2200	.00	10,915.39-	10,915.39-
08-14-27-8082	40.77	.00	40.77
08-14-36-8083	9,517.94	.00	9,517.94
08-56-35-8080	508.75	.00	508.75
08-56-35-8081	847.93	.00	847.93
22-00-00-2200	.00	74.00-	74.00-
22-00-00-2230	74.00	.00	74.00
23-00-00-2200	.00	303.30-	303.30-
23-00-00-2230	12.70	.00	12.70
23-54-25-7033	290.60	.00	290.60
<b>Grand Totals:</b>	<b>137,668.22</b>	<b>137,669.22-</b>	<b>.00</b>

Dated: \_\_\_\_\_  
Mayor: \_\_\_\_\_  
City Council: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
City Recorder: \_\_\_\_\_

Report Criteria:  
Report type: Invoice detail  
Check\_Type = {<->} "Adjustment"

Report Criteria:

- Computed checks included
- Manual checks included
- Supplemental checks included
- Termination checks included
- Void checks included

Pay Period Date	Journal Code	Check Issue Date	Check Number	Payee	Payee ID	Description	GL Account	Amount
10/04/2020	PC	10/08/2020	32824	West, Robert	635		00-00-00-102	396.18-
10/04/2020	PC	10/08/2020	1008200	Argo, Pamela	631		00-00-00-102	1,603.01-
10/04/2020	PC	10/08/2020	1008200	Becker, Dennis	20		00-00-00-102	2,058.38-
10/04/2020	PC	10/08/2020	1008200	Brown, Jeremiah	652		00-00-00-102	3,025.79-
10/04/2020	PC	10/08/2020	1008200	Campi, John Joseph	637		00-00-00-102	1,654.27-
10/04/2020	PC	10/08/2020	1008200	Cochrane, Jesslyna	60		00-00-00-102	533.32-
10/04/2020	PC	10/08/2020	1008200	Coombs, Brandon	31		00-00-00-102	2,340.83-
10/04/2020	PC	10/08/2020	1008200	Dew-Hedrick, Leslie	40		00-00-00-102	1,133.81-
10/04/2020	PC	10/08/2020	1008200	Flakus, Jay	32		00-00-00-102	1,677.90-
10/04/2020	PC	10/08/2020	1008200	Jennerjohn, Richard	650		00-00-00-102	1,939.97-
10/04/2020	PC	10/08/2020	1008201	Kosak, Mark	638		00-00-00-102	1,898.40-
10/04/2020	PC	10/08/2020	1008201	Kusmerz, Debra K.	634		00-00-00-102	366.10-
10/04/2020	PC	10/08/2020	1008201	Larsen, Stacey	644		00-00-00-102	1,064.44-
10/04/2020	PC	10/08/2020	1008201	Moore, Angela	653		00-00-00-102	917.09-
10/04/2020	PC	10/08/2020	1008201	Shaw, Sheema D.	150		00-00-00-102	1,928.08-
10/04/2020	PC	10/08/2020	1008201	Smith, David	157		00-00-00-102	1,168.66-
10/04/2020	PC	10/08/2020	1008201	Stanton, Monte	642		00-00-00-102	1,376.11-
10/04/2020	PC	10/08/2020	1008201	Sturtevant, Helen M.	163		00-00-00-102	1,344.59-
10/04/2020	PC	10/08/2020	1008201	Switzer, Robert	643		00-00-00-102	3,228.75-
10/04/2020	PC	10/08/2020	1008201	Wagner, Darren E.	184		00-00-00-102	2,566.69-
10/04/2020	PC	10/08/2020	1008202	Wisner, Nicholas	177		00-00-00-102	3,054.54-
Grand Totals:			<u>21</u>					<u>35,276.91-</u>

Report Criteria:

Transmittal checks included  
Void checks included

Pay Period Date	Journal Code	Check Issue Date	Check Number	Payee	Payee ID	Description	GL Account	Amount
10/04/2020	CDPT		0	YERINGTON POLICE OFFICERS	6	Police Dues Pay Period: 10/4/202	01-00-00-202	93.00-
10/04/2020	CDPT	10/05/2020	32825	PUBLIC EMPLOYEES RETIREM	2	Retirement - Employee Contrib. P	01-00-00-202	31.72-
10/04/2020	CDPT	10/05/2020	32825	PUBLIC EMPLOYEES RETIREM	2	Retirement - Employee Contrib. P	02-00-00-202	126.91-
10/04/2020	CDPT	10/05/2020	32825	PUBLIC EMPLOYEES RETIREM	2	Retirement - Employee Contrib. P	03-00-00-202	105.76-
10/04/2020	CDPT	10/05/2020	32825	PUBLIC EMPLOYEES RETIREM	2	Retirement - Employee Contrib. P	01-00-00-202	31.72-
10/04/2020	CDPT	10/05/2020	32825	PUBLIC EMPLOYEES RETIREM	2	Retirement - Employee Contrib. P	02-00-00-202	126.91-
10/04/2020	CDPT	10/05/2020	32825	PUBLIC EMPLOYEES RETIREM	2	Retirement - Employee Contrib. P	03-00-00-202	105.76-
10/04/2020	CDPT	10/05/2020	32825	PUBLIC EMPLOYEES RETIREM	2	Retirement - Regular Employees	01-00-00-202	1,710.69-
10/04/2020	CDPT	10/05/2020	32825	PUBLIC EMPLOYEES RETIREM	2	Retirement - Regular Employees	02-00-00-202	2,556.82-
10/04/2020	CDPT	10/05/2020	32825	PUBLIC EMPLOYEES RETIREM	2	Retirement - Regular Employees	03-00-00-202	2,102.87-
10/04/2020	CDPT	10/05/2020	32825	PUBLIC EMPLOYEES RETIREM	2	Retirement - Police Pay Period: 1	01-00-00-202	6,303.91-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Social Security Pay	01-00-00-201	10.77-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Social Security Pay	02-00-00-201	21.05-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Social Security Pay	03-00-00-201	21.04-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Social Security Pay	01-00-00-201	10.77-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Social Security Pay	02-00-00-201	21.05-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Social Security Pay	03-00-00-201	21.04-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Medicare Pay Perio	01-00-00-201	342.23-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Medicare Pay Perio	02-00-00-201	139.80-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Medicare Pay Perio	03-00-00-201	114.35-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Medicare Pay Perio	01-00-00-201	341.92-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Medicare Pay Perio	02-00-00-201	139.58-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Medicare Pay Perio	03-00-00-201	114.88-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Federal Withholding	01-00-00-201	3,037.43-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Federal Withholding	02-00-00-201	976.17-
10/04/2020	CDPT	10/05/2020	1005202	IRS Tax Deposit Wells Fargo	1	Tax Deposit Federal Withholding	03-00-00-201	760.53-
Grand Totals:			<u>25</u>					<u>19,368.68-</u>

**ITEM**

**#10**

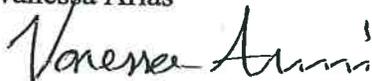
Dear City of Yerington Scholarship Committee,

My name is Vanessa Arias and I am a 2020-21 City of Yerington Scholarship recipient. This scholarship means the world to me and I will be forever grateful.

Thank you so much for this opportunity to further my education and be able to help people in my intended major. You probably receive a whole lot of these letters, but I cannot thank you enough. My parents were ecstatic to hear the news and are so grateful. This scholarship gave me the opportunity to not worry so much about the financial hardships that education causes and have allowed me to focus 100% on my education. I am in my sixth week at the University of Nevada, Reno, and even though this year has been different than I expected. It has been so much fun and I love knowing that the effort I am putting in is benefiting my future career and that is all possible from all the people that have helped me. I will forever hold you in my heart for giving me the opportunity to follow my dreams.

Sincerely,

Vanessa Arias



City of Yerington Scholarship recipient 2020-21.