

AGENDA
CITY OF FALLON – CITY COUNCIL
55 West Williams Avenue
Fallon, Nevada
December 7, 2020 – 9:00 a.m.

The Honorable City Council will meet in a regularly scheduled meeting on December 7, 2020 at 9:00 a.m. in the City Council Chambers, 55 West Williams Avenue, Fallon, Nevada.

Items on the agenda may be taken out of order. The Council may combine two or more agenda items for consideration. The Council may remove an item from the agenda or delay discussion relating to an item on the agenda at any time. Unless otherwise allowed by the City Council, public comments by an individual will be limited to three minutes.


1. Pledge of Allegiance to the Flag.
2. Certification of Compliance with Posting Requirements.
3. Public Comments: General in nature, not relative to any agenda items.
No action may be taken on a matter raised under this item until the matter has been specifically included on an agenda as an item upon which action will be taken. **(For discussion only)**
4. Consideration and approval of Council meeting minutes for November 16, 2020. **(For possible action)**
5. Approval of Warrants: **(For possible action)**
 - A) Accounts Payable
 - B) Payroll
 - C) Customer Deposit
6. Introduction of Bill No. 785: An Ordinance of the City Council of the City of Fallon, Nevada, Designated as the “2020 Medium-Term Bond Ordinance;” Providing for the Issuance by the City of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020; Providing Covenants, Conditions, and Other Details Concerning the Bond, the Project and General Tax Proceeds; Ratifying Action Previously Taken and Pertaining to the Foregoing by the City and its Officers and Employees; Providing for Adoption as if an Emergency Exists; and Providing Matters Relating Thereto. **(For possible introduction)**
7. Public Hearing of Bill No. 785: An Ordinance of the City Council of the City of Fallon, Nevada, Designated as the “2020 Medium-Term Bond Ordinance;” Providing for the Issuance by the City of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020; Providing Covenants, Conditions, and Other Details Concerning the Bond, the Project and General Tax Proceeds; Ratifying Action Previously Taken and Pertaining to

the Foregoing by the City and its Officers and Employees; Providing for Adoption as if an Emergency Exists; and Providing Matters Relating Thereto. **(For discussion only)**

8. Consideration and possible adoption of Bill No. 785 as Ordinance No. 766: An Ordinance of the City Council of the City of Fallon, Nevada, Designated as the "2020 Medium-Term Bond Ordinance;" Providing for the Issuance by the City of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020; Providing Covenants, Conditions, and Other Details Concerning the Bond, the Project and General Tax Proceeds; Ratifying Action Previously Taken and Pertaining to the Foregoing by the City and its Officers and Employees; Providing for Adoption as if an Emergency Exists; and Providing Matters Relating Thereto. **(For possible action)**
9. Public Comments **(For discussion only)**
10. Council and Staff Reports **(For discussion only)**
11. Executive Session (closed):

Discuss Litigation Matters **(For discussion only)** (NRS 241 et.seq.)
Negotiations with Operating Engineers Local Union No. 3 **(For discussion only)**
Negotiations with Fallon Peace Officers Association **(For discussion only)**

Pursuant to Governor Sisolak's Declaration of Emergency Directive 006 entered on March 22, 2020, and extended by Emergency Directive 016 entered on April 29, 2020, by Emergency Directive 018 entered on May 7, 2020, by Emergency Directive 021 entered on May 28, 2020, by Emergency Directive 026 entered on June 29, 2020 and by Emergency Directive 029 entered on July 31, 2020, this agenda has been posted on or before 9:00 a.m. on December 2, 2020 at City Hall, to the City's website (<https://fallonnevada.gov>) and to the State of Nevada public notice website (<https://notice.nv.gov/>). Members of the public may request the supporting material for this meeting by contacting Elsie M. Lee, Deputy City Clerk, at (775) 423-5104 or elee@fallonnevada.gov. The supporting material for this meeting is also available to the public on the City's website (<https://fallonnevada.gov>) and the State of Nevada public notice website (<https://notice.nv.gov/>).


Elsie M. Lee

NOTICE TO PERSONS WITH DISABILITIES: Reasonable effort will be made to assist and accommodate physically handicapped persons desiring to attend the meeting. Please call the City Clerk's Office at 423-5104 in advance so that arrangements may be conveniently made.

December 7, 2020

Agenda Item 4

Consideration and approval of Council meeting minutes for November 16, 2020. **(For possible action)**

**MINUTES
CITY OF FALLON
55 West Williams Avenue
Fallon, Nevada
November 16, 2020**

The Honorable City Council met in a regularly scheduled Council meeting on the above date in the Council Chambers, 55 West Williams Avenue, Fallon, Nevada.

Present:

Mayor Ken Tedford
City Councilman, James D. Richardson
City Councilwoman, Kelly Frost
City Councilwoman, Karla Kent
Police Chief, Kevin Gehman
Chief of Staff, Robert Erquiaga

The meeting was called to order by Mayor Tedford at 9:00 a.m.

Mayor Tedford led the Pledge of Allegiance.

Mayor Tedford inquired if the agenda had been posted in compliance with NRS requirements.

Chief of Staff Erquiaga advised that the agenda was posted in compliance with Governor Sisolak's Emergency Directives, the agenda and the supporting materials were posted at City Hall, on the City's website, and the State of Nevada's public notice website on or before 9:00 a.m. on November 10, 2020.

Public Comments

Mayor Tedford inquired if there were any public comments. He noted that comments are to be general in nature, not relative to any agenda items. No action may be taken on a matter raised under this item until the matter has been specifically included on an agenda as an item upon which action will be taken.

Mr. Geoff Knell of 261 Serpa Place stated that Jesus Christ is King; He is the lawgiver and judge. He read Psalms 5. He stated that he walks these streets with his dog, talks to people on the street, and surveys the environment of the City of Fallon. There is so much evil in the City, it is uncanny. People are threatening people's lives and doing foolish things. He praised the stop sign installed on Serpa Place; it is still not stopping it, but it has reduced it quite a bit. It is the mindset of how our environment – our City – has become. We have Satan strongholds in this City. We have witches and witchcraft. It is alive today – just hearing what people say – he does not bring it up, they bring it up. It is just amazing. Psalm 5 says to rely on Him in your decision making; rely on Him in all circumstances because we are seeing evil in the world today, especially with the deception of our elections. Matthew 24 says that lawlessness shall abound.

He sees people rolling through stop signs, no matter where he goes. People are angry and bitter. In Matthew 24, Jesus says hearts will grow cold and he is seeing it today.

Mayor Tedford thanked Mr. Knell.

Approval of Council meeting minutes for August 3, 2020, September 8, 2020, September 21, 2020, October 5, 2020, October 19, 2020, and November 2, 2020

Mayor Tedford inquired if there were any additions or corrections to the minutes for August 3, 2020, September 8, 2020, September 21, 2020, October 5, 2020, October 19, 2020, and November 2, 2020.

No additions or corrections were noted.

Councilwoman Kent motioned to approve the Council meeting minutes for August 3, 2020, September 8, 2020, September 21, 2020, October 5, 2020, October 19, 2020, and November 2, 2020 as submitted, seconded by Councilwoman Frost and approved with a 3-0 vote by the Council.

Approval of Warrants

- A) Accounts Payable
- B) Payroll
- C) Customer Deposit

Mayor Tedford inquired if there were any comments regarding the accounts payable, payroll and customer deposit warrants.

No comments were noted.

Councilwoman Frost motioned to approve the accounts payable, payroll and customer deposit warrants and authorize the Mayor to sign the same; seconded by Councilman Richardson and approved with a 3-0 vote by the Council.

Appointment and possible confirmation of Dusty Casey to the City of Fallon Board of Adjustment

Mayor Tedford stated that it was his honor today to present Dusty Casey to the Council for confirmation to the Board of Adjustment. "Dusty Casey is a fourth generation Fallon resident. He was raised on a ranch in Stillwater and graduated from Churchill County High School in 1996. He went on to earn a Bachelor of Science degree in Computer Information Systems and a Master of Arts in Economics, both from the University of Nevada, Reno. His wife, Dr. Amanda Casey, is also a Fallon native and a graduate from UNR and the UNR School of Medicine. They are currently raising 2 daughters, Sequoya and Lakota, and reside in Fallon. After spending a decade solely in the private sector as an employee and entrepreneur in the fields of construction and land development, Dusty now works in the public sector as well. He is a founding board member of Oasis Academy, and the school's current Chief Financial Officer and Athletic Director. He is also on the board of the Food Bank of Northern Nevada, the Commission on School Funding for the State of Nevada, the president of the Fallon Youth Basketball League, and a former volunteer reserve deputy at the Churchill County Sheriff's Office. Dusty is also the operations manager for his wife's medical practice, Casey Professional

Health Service, PLLC, as well as a dedicated coach for youth sports in our community. It is with great pleasure that I appoint Dusty Casey to the Board of Adjustment, and I bring him before the Council for your consideration and confirmation.”

Mayor Tedford inquired if the Council had any comments or questions.

No comments were noted.

Mayor Tedford inquired if there were any public comments or questions.

No comments were noted.

Councilwoman Kent motioned to confirm the appointment Dusty Casey to the City of Fallon Board of Adjustment; seconded by Councilman Richardson and approved with a 3-0 vote by the Council.

At this time, Mayor Tedford administered the Oath of Office to Dusty Casey.

Consideration and possible approval of a professional services contract with Atkins North America, Inc. for engineering design and bidding services for the Replacement of Runway Edge Lights at the Fallon Municipal Airport in an amount not-to-exceed Seventy Thousand Dollars (\$70,000.00), of which the FAA share would be 93.75% or Sixty-Five Thousand Six Hundred Twenty-Five Dollars (\$65,625.00) and the City's share would be 6.25% or Four Thousand Three Hundred Seventy-Five Dollars (\$4,375.00)

Chief of Staff Erquiaga explained the City has identified the replacement of the runway edge lights at the Fallon Municipal Airport as our next capital improvement project. Like in years past, we are asking the Council to approve Atkins to move forward with the design and bidding services. If approved, this contract would get the project designed, we would make application to the Federal Aviation Administration (FAA), and assuming that we are approved, Atkins would take us through the actual bidding and award of a contract to a successful bidder. As always, we advance the design money and then when our application is approved by the FAA, we would be reimbursed at the 93.75% FAA share once we started construction, which typically occurs in the summer. We had hoped to do a little more this round, but the FAA is under some budget constraints and this is the project that they were willing to go forward with. We are asking the Council to approve the contract so we can continue to improve the airport and continue to be successful with these FAA grants.

Mayor Tedford inquired if the Council had any comments or questions.

Councilwoman Kent noted that the FAA has been very good to the City. She asked if the FAA would approve the project to actually replace the lights in 2021 or was it a subject for when we get to that point.

Chief of Staff Erquiaga noted that both the City and Atkins, our consultant, are in communications with the FAA as we submit proposed projects – typically on a 5-year scale – where the FAA is involved in the conversation and essentially agrees that those would be appropriate projects for the upcoming years. Then, when we get to this time of year, going into the grant application timeframe, we communicate with them and they let us know how their budget is looking and what they think they can approve. In the City's history with the FAA, they have never gone back on that word, of telling us that this is the project that we can go forward with. As long as we get the design to them and get it awarded in time, they typically approve both the design and going forward with funding for the project. The FAA is pretty well in the mix by the time we get to this point, so we do not give them any surprises. Every once in a

while, we get lucky and there is a little more money available. The Mayor has been good at that, keeping projects on the shelf and ready to go, so if we get the word that there is additional funding available, we can jump in line and bite off another project a little quicker than we had anticipated. Atkins will do the design; they are very good at it. He was certain the FAA would approve the design and that is to replace the lights.

Mayor Tedford stated that the key to what Chief of Staff Erquiaga said is this: If your 5-year plan is in order, the projects you have for a certain year are usually always granted. There have been exceptions where it has been close because of federal money beginning to fall out, but we seem to always get our projects funded. Our 5-year plan is firm enough so projects will not slip out of place. Once you have a strong consultant, they talk to the FAA all the time so when you get this far down the track, your project is usually a go. Chief of Staff Erquiaga is correct; we are good about having projects on the shelf, so if they call and say they have some money that another City did not use and ask if we have a project ready to go – we are able to say that we do. We have had projects move up the list that way. At a 93.75% match, these grants are too good to let go.

Councilwoman Frost asked if the lighting would be upgraded to LED lighting.

Chief of Staff Erquiaga replied affirmative; LED offers both cost savings in the long run and they are easier for the approaching pilots to see.

Councilman Richardson asked if we knew an estimated amount for the actual project.

Chief of Staff Erquiaga explained that he had not seen a zeroed-in estimate. We put it in the 5-year plan, but we are working with a new contact at Atkins, so we are pushing the timeline and keeping things on track. Our prior contact at Atkins left to pursue a different opportunity, so we have been a bit scrambled, so he has not seen an updated number, but he thought it would be in the couple hundred thousand dollar range with the lighting, cans, and wiring. We know that the City's match is 6.25% of whatever that amount turns out to be. There is also a little bit of hope, perhaps, that the FAA would fund at 100% again. With our CARES Act allocation, they funded at 100%. There is some talk of that, but it depends on what Congress gets done.

Mayor Tedford inquired if there were any public comments or questions.

No comments were noted.

Councilwoman Kent motioned to approve a professional services contract with Atkins North America, Inc. for engineering design and bidding services for the Replacement of Runway Edge Lights at the Fallon Municipal Airport in an amount not-to-exceed Seventy Thousand Dollars (\$70,000.00), of which the FAA share would be 93.75% or Sixty-Five Thousand Six Hundred Twenty-Five Dollars (\$65,625.00) and the City's share would be 6.25% or Four Thousand Three Hundred Seventy-Five Dollars (\$4,375.00); seconded by Councilwoman Frost and approved with a 3-0 vote by the Council.

Presentation of the Police Department Report for October 2020

Chief Gehman presented the October monthly report:

- We provided indoctrination lectures to newly stationed Navy personnel last month. One was given by departing Detective Decker and the other was given by new Detective Goodrick.
- We participated in a drug take-back event at CVS Pharmacy that was coordinated with the State of Nevada. The Churchill County Sheriff's Office was collecting at Walgreens.
- The Police Explorers served meals at Fallon Daily Bread.

- The School Resource Officers were active in the schools. They put together a video about drug prevention, the dangers of drugs, and the negative consequences of peer pressure. They showed this video to classes throughout the school.
- VIPs donated 43 hours of their time in October. They contacted shut-in citizens and helped with some administrative things around the office.

Mayor Tedford inquired if the Council had any comments or questions.

No comments were noted.

Mayor Tedford thanked Chief Gehman for the report.

Public Comments

Mayor Tedford inquired if there were any public comments.

Mr. Geoff Knell of 261 Serpa Place stated that there are 23 imprecatory prayers in the Book of Psalms. He implored the Council to check them out, adding that he had a list of the numbers if they would like to have them.

Mayor Tedford thanked Mr. Knell.

Council and Staff Reports

Mayor Tedford inquired if there were any Council or staff reports.

Councilwoman Frost noted there was progress in the crack sealing of some of our streets. She was happy to see it and was sure citizens were happy to see it too.

Mayor Tedford advised that the contractor is crack sealing right now, and due to upcoming cold weather, would return in the spring to apply the slurry seal. The South Maine Street project – which is the fifth phase of the downtown revitalization – has begun, as well as the Front Street Reconstruction project. A&K Earth Movers is the contractor on those two projects. The D Street electrical upgrade was also just completed; PAR was the contractor on that project.

Executive Session

Mayor Tedford tabled the executive session, as it was not needed at this time.

Adjournment

There being no further business to come before the Council, Mayor Tedford adjourned the meeting at 9:25 a.m.

Mayor Ken Tedford

Attest: _____
Sean C. Richardson, City Clerk-Treasurer

December 7, 2020

Agenda Item 6

Introduction of Bill No. 785: An Ordinance of the City Council of the City of Fallon, Nevada, Designated as the “2020 Medium-Term Bond Ordinance;” Providing for the Issuance by the City of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020; Providing Covenants, Conditions, and Other Details Concerning the Bond, the Project and General Tax Proceeds; Ratifying Action Previously Taken and Pertaining to the Foregoing by the City and its Officers and Employees; Providing for Adoption as if an Emergency Exists; and Providing Matters Relating Thereto. **(For possible introduction)**

**CITY OF FALLON
REQUEST FOR COUNCIL ACTION**

Agenda Item No. 6

DATE SUBMITTED: November 30, 2020

AGENDA DATE REQUESTED: December 7, 2020

TO: The Honorable City Council

FROM: Robert Erquiaga, Chief of Staff
Sean Richardson, City Clerk/Treasurer

SUBJECT TITLE: Introduction of Bill No. 785: An Ordinance of the City Council of the City of Fallon, Nevada, Designated as the "2020 Medium-Term Bond Ordinance;" Providing for the Issuance by the City of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020; Providing Covenants, Conditions, and Other Details Concerning the Bond, the Project and General Tax Proceeds; Ratifying Action Previously Taken and Pertaining to the Foregoing by the City and its Officers and Employees; Providing for Adoption as if an Emergency Exists; and Providing Matters Relating Thereto. **(For possible introduction)**

TYPE OF ACTION REQUESTED: (Check One)

<input type="checkbox"/> Resolution	<input checked="" type="checkbox"/> Ordinance
<input type="checkbox"/> Formal Action/Motion	<input type="checkbox"/> Other

RECOMMENDED COUNCIL ACTION: Introduction of Bill No. 785: An Ordinance of the City Council of the City of Fallon, Nevada, Designated as the "2020 Medium-Term Bond Ordinance;" Providing for the Issuance by the City of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020; Providing Covenants, Conditions, and Other Details Concerning the Bond, the Project and General Tax Proceeds; Ratifying Action Previously Taken and Pertaining to the Foregoing by the City and its Officers and Employees; Providing for Adoption as if an Emergency Exists; and Providing Matters Relating Thereto.

DISCUSSION: None. The proposed Ordinance will be read by title to the City Council.

FISCAL IMPACT: Medium-Term Bonds in the aggregate principal amount not to exceed \$2,000,000

FUNDING SOURCE: Electric Enterprise Fund, Water Enterprise Fund, Sewer Enterprise Fund, Sanitation Enterprise Fund, Landfill Enterprise Fund, Water Treatment Enterprise Fund, Airport Fund and General Fund

PREPARED BY: Robert Erquiaga, Chief of Staff

TO BE PRESENTED BY: Robert Erquiaga and Sean Richardson

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FALLON, NEVADA, DESIGNATED AS THE “2020 MEDIUM-TERM BOND ORDINANCE;” PROVIDING FOR THE ISSUANCE BY THE CITY OF ITS GENERAL OBLIGATION (LIMITED TAX) MEDIUM-TERM BOND, SERIES 2020; PROVIDING COVENANTS, CONDITIONS, AND OTHER DETAILS CONCERNING THE BOND, THE PROJECT AND GENERAL TAX PROCEEDS; RATIFYING ACTION PREVIOUSLY TAKEN AND PERTAINING TO THE FOREGOING BY THE CITY AND ITS OFFICERS AND EMPLOYEES; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING MATTERS RELATING THERETO.

WHEREAS, the City of Fallon in the State of Nevada (the “City” and the “State,” respectively) is a political subdivision of the State duly organized and consolidated as a city under the provisions of chapter 266 of the Nevada Revised Statutes (“NRS”) and the general laws of the State; and

WHEREAS, the City has previously executed and delivered a Federally Taxable Lease/Purchase Agreement dated as of March 26, 2020 with Zions Bancorporation, N.A. (the “Prior Lease Agreement”) to finance the costs of a vacuum truck for use by the City; and

WHEREAS, the Prior Lease Agreement is subject to prepayment at the option of the City on any date; and

WHEREAS, pursuant to NRS 350.087 to 350.095, inclusive (the “Note Act”), the City is authorized to issue medium-term obligations to finance improvements to City Hall and the City’s Public Works Building, the construction of a new fixed base operator building at the City’s airport (collectively, the “Improvement Project”) and to refinance the Prior Lease Agreement (the “Refunding Project” and collectively with the Improvement Project, the “Project”); and

WHEREAS, pursuant to the Note Act, the City authorized to issue, as evidence thereof, negotiable medium-term notes or bonds which shall not be paid in whole or in part from a levy of a special tax exempt from the limitations on the levy of ad valorem taxes, but which shall be paid from other legally available funds of the City (subject to certain Constitutional and statutory tax limitations), which must mature not later than 10 years after the date of issuance and must

bear interest at a rate or rates which do not exceed by more than 3% the "Index of Twenty Bonds" which was most recently published before bids for their purchase are received; and

WHEREAS, pursuant to NRS 350.087, the City Council of the City (the "Council") determined to publish a notice (the "Notice"), of its intention to authorize and to issue medium-term obligations in an aggregate principal amount not to exceed \$2,000,000, in a newspaper of general circulation in the City and an affidavit of such publication is on file in the office of the City Clerk (the "Clerk"); and

WHEREAS, the Council adopted by at least a two-thirds majority a resolution authorizing medium-term obligations in the maximum principal amount of \$2,000,000 to finance the Project (the "Authorization Resolution") which contained a finding by the Council that the public interest requires medium-term obligations and a statement of the facts upon which the finding was based, which vote was taken at least 10 days after the publication of the Notice; and

WHEREAS, pursuant to NRS 350.089 and relevant provisions of the Nevada Administrative Code, the Council caused a certified copy of the Authorization Resolution and supporting documents to be submitted to the Executive Director of the Department of Taxation of the State of Nevada (the "Department of Taxation") for his or her approval; and

WHEREAS, the City received the approval of the Department of Taxation for such medium-term obligations, a copy of such approval being attached hereto as follows:

(Attach Approval of Department of Taxation)



STEVE SISOLAK
Governor
JAMES DEVOLLD
Chair, Nevada Tax Commission
MELANIE YOUNG
Executive Director

STATE OF NEVADA
DEPARTMENT OF TAXATION

Web Site: <https://tax.nv.gov>

1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

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

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

November 25, 2020

Sean Richardson
City Clerk Treasurer
City of Fallon
55 West Williams Avenue
Fallon, NV 89406

Re: City of Fallon

MTO – Medium-Term Obligation (Bonds)
2,000,000 for financing a new Airport FBO Building, Remodeling Public Works Building & City Hall, and Refinancing Vacuum Truck

Dear Mr. Richardson:

The Department of Taxation has received a request from the City of Fallon for the approval of a Medium-Term Obligation not to exceed \$2,000,000. This medium-term obligation will be used to finance improvements to City Hall and the City's Public Works Building, the construction of a new fixed base operator building at the City's airport and refinancing certain outstanding obligations of the City. This Medium-Term Obligation is to be repaid from the operating revenues generated from the City's Electric, Water, Sewer, Sanitation, Landfill, Water Treatment and Airport Enterprise Funds and the General Fund. The term for this obligation is not to exceed ten (10) years after the date of execution, and the interest rate shall not exceed by more than 3 percent the "Index of Twenty Bonds" most recently published in The Bond Buyer before bids are received or negotiated offer is accepted. The annual interest rate is estimated to be 2.50%.

The request has been reviewed as required by NRS 350.089 and is APPROVED.

Pursuant to NRS 350.089, the approval must be recorded in the minutes of the governing board at the next meeting. You are reminded the financing must be secured within eighteen months of receipt of this approval.

If you have any questions regarding this matter, please contact Kellie Grahmann, Budget Analyst in the Local Government Finance Section at (775) 684-2065 or at kgrahmann@tax.state.nv.us.

Sincerely,

A handwritten signature in blue ink that reads "Melanie Young".

Melanie Young
Executive Director
Nevada Department of Taxation

WHEREAS, the approval of the Department of Taxation as set forth in the preambles hereof is hereby recorded in the minutes of the Council as required by NRS 350.089; and

WHEREAS, the City has not previously utilized any of the authority so approved by the Department of Taxation; and

WHEREAS, pursuant to the Authorization Resolution, the Council ordered the medium-term obligations to be offered for sale in the form of medium-term bonds and authorized the City Clerk/Treasurer (the "Clerk/Treasurer") to arrange for the sale of such medium-term bonds subject to, among other conditions, adoption by the City of this Ordinance specifying the bond terms and details and approving their sale; and

WHEREAS, the Council hereby determines that the bond herein authorized to be issued shall be designated the "City of Fallon, Nevada, General Obligation (Limited Tax) Medium-Term Bond, Series 2020" in an aggregate principal amount not to exceed \$2,000,000 (the "Bond"); and

WHEREAS, the Council has determined and hereby declares and determines that legally available funds of the City will at least equal the amount required in each year for the payment of interest on and the principal of the Bond; and

WHEREAS, pursuant to NRS 350.091, the Council has determined and hereby determines that the maximum term of the Bond does not exceed the estimated useful life of the Project financed with the proceeds of the Bond; and

WHEREAS, the Council has heretofore elected to and hereby determines to issue the Bond in accordance with the provisions of NRS 350.500 through 350.720, and all laws amendatory thereof, cited in NRS 350.500 by the short title "Local Government Securities Law" (the "Bond Act"); and

WHEREAS, the Council hereby elects to have the provisions of NRS Chapter 348 (the "Supplemental Bond Act") apply to the Bond; and

WHEREAS, the Council is not authorized to levy general ad valorem taxes (the "General Taxes") to pay the principal of or interest on the Bond which are exempt from the limitations of any statutes of the State; and

WHEREAS, any General Taxes levied for the purpose of paying principal or interest on the Bond will be subject to the limitations contained in the Constitution and the statutes of the

State, including, without limitation, the limitations on General Taxes contained in NRS Sections 354.59811, 354.59813, 354.59815, 354.5982 and 361.453; and

WHEREAS, the Council is therefore authorized and empowered by the City Bond Law, the Note Act, the approval of the Department of Taxation, and the Bond Act, without any further preliminaries:

A. To issue and sell the City's Bond; and

B. To exercise the incidental powers provided in the Bond Act in connection with the powers authorized therein or as otherwise expressly provided therein; and

WHEREAS, after a sale of the Bond pursuant to NRS 350.105 to 350.195, the Clerk/Treasurer is hereby authorized to sell the Bond to the best bidder therefor (the "Purchaser"), and accept a binding bid for the Bond; and

WHEREAS, the Bond is to bear interest at the rates or rates per annum provided in the bond purchase proposal submitted by the Purchaser (the "Bond Purchase Proposal") and accepted by the Clerk/Treasurer, which rates must not exceed by more than 3% the Index of Twenty Bonds most recently published in The Bond Buyer prior to the time bids were received for the Bond, and are to be sold at a price equal to the principal amount thereof, plus accrued interest to the date of delivery of the Bond, if any, less a discount not exceeding 9% of the principal amount thereof or plus a premium, all as specified in a certificate dated on or after the sale date of the Bond (the "Certificate of the Clerk/Treasurer"); and

WHEREAS, the Council has determined and hereby declares that each of the limitations and other conditions to the issuance of the Bond in the City Bond Law, the Note Act, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State or the Federal Government, has been met; and pursuant to NRS 350.708 this determination of the Council that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion; and

WHEREAS, the Council has determined and does hereby declare that each of the limitations and other conditions to the issuance of the Bond in the Bond Act, and in any other relevant act of the State or the Federal Government, has been met and pursuant to Section 350.708 of the Bond Act, this determination of the Council that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion; and

WHEREAS, the Council has determined and does hereby declare:

- A. This Ordinance pertains to the sale, issuance and payment of the Bond;
- B. Such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of Subsection 2 of NRS 350.579; and
- C. This Ordinance may accordingly be adopted as if an emergency now exists by an affirmative vote of all of the voting members 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.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FALLON DOES ORDAIN:

Section 1. Short Title. This ordinance shall be known and may be cited as the “2020 Medium-Term Bond Ordinance” (herein the “Ordinance”).

Section 2. Acceptance of Purchase Proposal. The Clerk/Treasurer is authorized to accept the Bond Purchase Proposal submitted by the Purchaser and execute the Certificate of the Clerk/Treasurer, subject to the terms and conditions specified herein.

Section 3. Ratification. All action heretofore taken by the Council and the officers and employees of the City directed toward the Project and toward the issuance, sale and delivery of the Bond is ratified, approved and confirmed.

Section 4. Necessity of Project and Bond; Authorization of Project. It is necessary and in the best interests of the Council, its officers, and the inhabitants of the City, that the City effect the Project and defray wholly or in part the cost thereof by the issuance of the Bond therefor, and it is hereby so determined and declared. The Council hereby authorizes the Project.

Section 5. Authorization of Bond. For the purpose of providing funds to pay all or a portion of the cost of the Project, the City shall issue the “City of Fallon, Nevada, General Obligation (Limited Tax) Medium-Term Bond, Series 2020” in the aggregate principal amount set forth in the Certificate of the Clerk/Treasurer (not to exceed \$2,000,000). The Bond shall be issued in the form substantially as set forth in Section 21 of this Ordinance.

Section 6. Ordinance to Constitute Contract. In consideration of the purchase and the acceptance of the Bond by those who shall own the same from time to time, the provisions

hereof shall be deemed to be and shall constitute contracts between the City and the owners from time to time of the Bond.

Section 7. General Obligation. All of the Bond, as to the principal thereof and the interest thereon (the "Bond Requirements"), shall constitute a general obligation of the City, which hereby pledges its full faith and credit for their payment.

Section 8. Payment of the Bond. The Bond Requirements of the Bond shall be payable from any monies legally available therefor, and provision for the payment of the Bond Requirements of the Bond shall be made as provided in the Note Act, provided, however, that General Taxes levied for the purpose of paying the principal of or interest on the Bond shall be subject to the limitations contained in the Constitution and statutes of the State, including, without limitation, the limitations on the levy of General Taxes imposed by NRS 354.59811, 354.59813, 354.59815, 354.5982 and 361.453. The City is not authorized to levy General Taxes exempt from the limitations of any of said statutes to pay the Bond Requirements of the Bond. The City hereby irrevocably covenants with the registered owner of the Bond from time to time that it will make sufficient provisions annually in its budget to pay the Bond Requirements of the Bond, when due.

Section 9. Limitations upon Security. The payment of the Bond is not secured by an encumbrance, mortgage, or other pledge of property of the City, except for the proceeds of General Taxes and any other moneys pledged for the payment of the Bond. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bond.

Section 10. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bond or for any claim based thereon or otherwise upon this Ordinance or any other instrument relating thereto, against any individual member of the Council or any officer or other agent of the Council or City, past, present or future, either directly or indirectly through the Council or the City, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of a penalty or otherwise, all such liability, if any, being by the acceptance of the Bond and as a part of the consideration of its issuance specially waived and released.

Section 11. Bond Details. The Bond shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with Section 149 of the Tax Code, and the regulations of the Secretary of the Treasury thereunder. The Bond shall be dated as of the

date of delivery of the Bond and shall be issued as a single bond in the aggregate principal amount thereof. The Bond shall bear interest from its date until its maturity date at the rate set forth in the Certificate of the Clerk/Treasurer, calculated on the basis of a 360-day year, payable semiannually on March 1 and September 1 of each year commencing on the March 1, or September 1 first occurring which is at least 45 days after the date of delivery of the Bond; provided that a Bond which is reissued upon transfer, exchange or other replacement shall bear interest at the rate set forth in the Certificate of the Clerk/Treasurer from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bond. The Bond shall mature in each of the designated amounts of principal and designated dates as set forth in the Certificate of the Clerk/Treasurer.

The principal of any Bond shall be payable to the registered owner thereof as shown on the registration records kept by the City Treasurer, as "Registrar" upon maturity thereof and upon presentation and surrender at the office of the City Treasurer, as "Paying Agent;" provided, however, that such presentation and surrender requirement shall only apply on the final maturity date of the Bond and shall not apply to mandatory sinking fund redemption payments. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the registered 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 registered owner thereof, at his or her address as shown on the registration records kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"). 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 Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at his or her address, as shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Bond not less than 10 days prior

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

Section 12. Prior Redemption.

A. Optional Prior Redemption. The Bond, or portions thereof (\$1,000 or any integral multiple), will be subject to redemption prior to maturity, at the option of the City, on and after the dates set forth in the Certificate of the Clerk/Treasurer, in whole or in part at any time, at a price equal to the principal amount of the Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date, and a premium, if any, computed in accordance with the schedule set forth in the Certificate of the Clerk/Treasurer.

B. Partial Redemption. If only a portion of the Bond is redeemed pursuant to this Section 12, the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond for the unredeemed portion thereof. The Paying Agent shall select the portion of the Bond to be redeemed by lot at such times as directed by the City (but at least 30 days prior to the redemption date).

C. Mandatory Redemption. The Bond will be subject to mandatory sinking fund redemption on the dates designated in the Certificate of the Clerk/Treasurer, if any, at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the Bond, there shall be deposited into the Medium-Term Debt Service Account, hereinafter created, on or before the dates set forth in the Certificate of the Clerk/Treasurer, a sum which, together with other moneys available therein, is sufficient to redeem (after credit is provided below) on the dates set forth in the Certificate of the Clerk/Treasurer, the principal amounts of the Bond as set forth in the Certificate of the Clerk/Treasurer.

At the option of the City to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation the Bond or portions thereof (\$1,000 or any integral multiple thereof) in an aggregate principal amount desired by the City or, (ii) specify a principal

amount of the Bond or portions thereof (\$1,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. The Bond or portion thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the City on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the City determines. In the event the City shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bond or portions thereof to be canceled.

D. Redemption Notice. Unless waived by any owner of the Bond to be redeemed, official notice of prior redemption shall be given by the Registrar on direction of the City, by first-class mail to the registered owner of the Bond or part of which is to be redeemed at the address shown on the records of the Registrar, at least 30 days and not more than 60 days prior to the date fixed for redemption. Failure to give such notice to the registered owner of the Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. All such notices of redemption shall be dated and shall state:

- i. the redemption date,
- ii. the redemption prices,
- iii. if less than all of the outstanding Bond is to be redeemed, the identification (and, in the case of partial redemption, the principal amount) of the Bond to be redeemed,
- iv. that on the redemption date the redemption price will become due and payable upon the Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- v. the place where the Bond is to be surrendered for payment of the redemption price, which place of payment shall be the office of the Paying Agent.

The notice of redemption having been given as aforesaid, such Bond or portion of Bond so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bond or portion of Bond shall cease to bear interest. Upon surrender of

such Bond for redemption in accordance with said notice, such Bond shall be paid by the Paying Agent at the redemption price. Installments of interest due prior to the redemption date and, if the redemption date is an interest payment date, on the redemption date shall be payable as herein provided for payment of interest. Accrued interest due on any Bond which is called for prior redemption on a date which is not an interest payment date will be paid at the time the principal of such Bond is paid. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond of the same maturity in the amount of the unpaid principal. Any Bond which has been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued. A certificate by the Registrar that notice of redemption has been given as provided in this Section shall be conclusive as against all parties; and no owner whose Bond is called for redemption or any other holder of any Bond or any other person may object thereto or may object to the cessation of interest on the redemption date on the ground that he failed actually to receive or see such notice of call and redemption.

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

Section 13. Negotiability. Subject to the registration provisions herein provided, the Bond shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code - Investment Securities and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

Section 14. Registration, Transfer, and Exchange of Bond.

A. Records for the registration and transfer of the Bond shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond of a like principal amount and of the same maturity, bearing a number not previously assigned. Any Bond may be exchanged at the Registrar for an equal aggregate principal amount of Bond, as provided in Section 11 hereof. The Registrar shall

authenticate and deliver a Bond which the owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. Such transfers and exchanges of any Bond shall be without charge to the owner or any transferee, but the Registrar shall require the payment by the owner of any Bond requesting exchange or transfer, of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

B. The person in whose name the Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 11 hereof with respect to interest payments); and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the owner thereof or his legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

C. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the City may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond of a like aggregate principal amount, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

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

E. Notwithstanding anything to the contrary set forth in this Ordinance, the Bond may only be transferred in whole to a new owner who is: (i) an affiliate of the original Purchaser of the Bonds; (ii) a "Bank" as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"); (iii) an "Accredited Investor" as defined in Regulation D under the Securities Act; or (iv) a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act.

Section 15. [RESERVED].

Section 16. Execution and Authentication.

A. Prior to the execution of any Bond by facsimile signature and pursuant to NRS 350.638, to the act known as the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351, NRS, and to the Supplemental Bond Act, the Mayor, and the City Clerk/Treasurer each shall file with the Secretary of State of Nevada his or her manual signature certified by him or her under oath.

B. The Bond shall be signed and executed in the name of and on behalf of the City with the manual or facsimile signature of the Mayor, shall be countersigned and executed with the manual or facsimile signature of the City Treasurer, and shall be countersigned, subscribed, and executed with the manual or facsimile signature of the City Clerk.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. By authenticating the Bond initially delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

D. The Mayor, the City Treasurer and the Clerk are hereby authorized and directed to prepare and to execute the Bond as herein provided.

Section 17. Use of Predecessor's Signature. The Bond bearing the signatures of the officers in office at the time of their execution shall be valid and binding obligations of the City, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Mayor, and the City Clerk/Treasurer, at the time of the execution of a signature certificate relating to the Bond, may each adopt as and for his or her own facsimile signature, the facsimile signature of his or her predecessor in office if such facsimile signature appears upon the Bond.

Section 18. Incontestable Recital. Pursuant to NRS 350.628, the Bond shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bond and the regularity of its issuance.

Section 19. State Tax Exemption. Pursuant to NRS 350.710, the Bond, its transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to NRS Chapter 375A and the tax on generation skipping transfers imposed pursuant to NRS Chapter 375B.

Section 20. Bond Delivery. After registration by the Registrar and after their execution and authentication as provided herein, the Registrar shall cause the Bond to be delivered to the Purchaser, upon payment being made in accordance with the terms of their sale.

Section 21. Bond Form. Subject to the provisions of this Ordinance, the Bond shall be in substantially the following form, with such omissions, insertions, endorsements, and variations as may be required by the circumstances, be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

THE REGISTERED OWNER OF THIS BOND ACKNOWLEDGES AND AGREES THAT THIS BOND MAY ONLY BE TRANSFERRED TO A NEW OWNER WHO IS: (I) AN AFFILIATE OF THE ORIGINAL PURCHASER OF THIS BOND; (II) A "BANK" AS DEFINED IN SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"); (III) AN "ACCREDITED INVESTOR" AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT; OR (IV) A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT.

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

CITY OF FALLON, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDIUM-TERM BOND
SERIES 2020

No. _____ \$ _____

Interest Rate

Maturity Date

Dated As of

_____ % per annum

March 1, _____, 2020

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Fallon, in the County of Churchill and the State of Nevada (the "City," the "County," and the "State," respectively) for value received, hereby acknowledges itself to be indebted and promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay interest thereon on March 1 and September 1 of each year, commencing on _____ 1, 2021, at the interest rate per annum specified above, until the principal is paid or payment has been provided for or, if such payment date is not a business day, on the next succeeding business day. This Bond shall bear interest from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from the date of the initial delivery of this Bond (the "Bond"). The principal of this Bond is payable upon presentation and surrender hereof at the office of the City's paying agent for the Bond or any successor (the "Paying Agent"), presently the City Clerk/Treasurer in Fallon, Nevada who is also now acting as the City's Registrar for the Bond (the "Registrar"); provided, however, that such presentation

and surrender requirement shall only apply on the final maturity date of the Bond and shall not apply to mandatory sinking fund redemption payments. Interest on this Bond will be paid on each interest payment date (or, if such date is not a business day, on the next succeeding business day) by check or draft mailed to the person in whose name this Bond or any predecessor bond is registered (the "registered owner") in the registration records of the City maintained by the Registrar, at the address appearing thereon, as of the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the ordinance of the City Council of the City (the "Council") authorizing the issuance of the Bond and designated in Section 1 thereof as the "2020 Medium-Term Bond Ordinance," duly adopted by the Council (the "Ordinance"). All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar. If this Bond is not paid upon presentation at its maturity, interest at the rate specified above shall continue to be borne hereby until the principal hereof is discharged as provided in the Ordinance.

This Bond is issued by the City upon its behalf and upon the credit thereof, for the purpose of financing all or a portion of the cost of the Project as set forth in the Ordinance, under the authority of and in full compliance with the Constitution and laws of the State, and pursuant to the Ordinance.

The Bond, as to the principal thereof and the interest thereon (the "Bond Requirements"), shall be payable from any moneys of the City legally available for the purpose of making such payment and the full faith and credit of the City are hereby irrevocably pledged for making such payment. Provision for the payment of the Bond shall be made as provided in NRS 350.093 and 350.095, provided, however, that ad valorem taxes levied for the purpose of paying the principal of and interest on the Bond are subject to the limitations contained in the Constitution and the

statutes of the State, including, without limitation, the limitations on ad valorem taxes contained in NRS 354.59811, 354.5913, 354.59815, 354.5982 and 361.453. The City is not authorized to levy ad valorem taxes to pay the principal of or interest on the Bond exempt from the limitations of any such statutes, but the City has covenanted in the Ordinance to make sufficient provision annually in its budget to pay the Bond Requirements of the Bond, when due.

The City covenants and agrees with the Registered Owner of this Bond and with each and every person who may become the Registered Owner hereof that it will keep and will perform all of the covenants of the Ordinance.

The Bond is subject to [optional redemption and] mandatory sinking fund redemption as set forth in the Ordinance and the Certificate of the Clerk/Treasurer.

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

This Bond is not transferable or exchangeable, except as set forth in the Bond Ordinance.

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

It is hereby certified, recited, declared and warranted that all actions required to be taken prior to the issuance hereof have been had and taken by the City; that the issuance of the Bond has been approved by the Executive Director of the Department of Taxation of the State of Nevada as required by the NRS 350.087 to 350.095, inclusive, and that the principal of the Bond, when added to other City indebtedness, does not exceed the limits on indebtedness of the City provided in the Constitution and statutes of the State.

This Bond shall not be entitled to any benefit under the Ordinance, or be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

[The City has designated the Bond as a “qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code, as amended]

IN WITNESS WHEREOF, the City Council of the City of Fallon, Nevada, has caused this Bond to be executed in the name and on behalf of the City with the manual or facsimile signature of the Mayor, to be attested, signed and executed with a manual or facsimile signature of the City Clerk, has caused a manual or facsimile impression of the seal of the City to be affixed hereon, and has caused this Bond to be countersigned with the manual or facsimile signature of the City Treasurer, all as of _____, 2020.

CITY OF FALLON, NEVADA

(Manual or Facsimile Signature)

Mayor

(Manual or Facsimile Signature)

City Treasurer

(MANUAL OR FACSIMILE SEAL)

Attest:

(Manual or Facsimile Signature)

City Clerk

(End of Form of Bond)

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

Date of authentication
and registration _____

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

THE CITY OF FALLON TREASURER
as Registrar

By _____ (Manual Signature) _____
Authorized Officer

(Form of Registration Panel)

The within Bond is registered in the office of the Registrar, in the name of the last owner listed below, and the principal amount of the Bond and interest thereon shall be payable only to such owner, all in accordance with the within-mentioned Ordinance.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____, 2020		

(Form of Prepayment Panel)

The following installments of principal (or portions thereof) of this Bond have been prepaid by the City of Fallon, Nevada, in accordance with the terms of the within-mentioned Ordinance.

<u>Date of Prepayment</u>	<u>Due Date of Installments (or portions thereof)</u>	<u>Principal Amount Prepaid</u>	<u>Signature of Paying Agent</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

DRAFT

(Form of Assignment for Bond)

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

Dated: _____

Signature Guaranteed: _____

Name and address of transferee:
Social Security or other tax
identification number of
transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever. Signature(s) must be guaranteed by an eligible guarantor institution as defined in 17 CFR § 240.17Ad-15(a)(2).

NOTICE: TRANSFER FEES MUST BE PAID TO THE REGISTRAR IN ORDER TO TRANSFER OR EXCHANGE THIS BOND AS PROVIDED IN THE WITHIN-MENTIONED ORDINANCE.

Section 22. Use of Bond Proceeds. A portion of the proceeds realized from the sale of the Bond shall be used to effect the Refunding Project. The remaining proceeds realized from the sale of the Bond shall be deposited in a special account hereby created and designated as the "City of Fallon, Medium-Term, Series 2020, Acquisition Account" (the "Acquisition Account") to be held by the City. Moneys in the Acquisition Account shall be used solely to defray wholly or in part the cost of the Project including, without limitation, as provided in NRS 350.516, all costs of issuing the Bond, and the costs of rebates to the United States under Section 148 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), which the Council hereby determines are necessary and desirable and pertain to the Project. After the Project is complete and after all expenses have been paid or adequate provision therefor is made, pursuant to NRS 350.650, any unexpended balance of Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Acquisition Account shall be deposited into the Medium-Term Debt Service Account, hereinafter created, to be used to pay the principal of and interest on the Bond.

Section 23. Permitted Investments. Any moneys in any account designated in this Ordinance, and not needed for immediate use, may be invested or reinvested in any investments permitted under the laws of the State. For the purpose of any such investment or reinvestment, the securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 24. Use of Investment Gain. Pursuant to NRS 350.658, any gain from any investment and any reinvestment of any proceeds of the Bond shall be deposited promptly upon the receipt of such gain at any time or from time to time into the Acquisition Account to defray, in part, the cost of the Project or, if adequate provision has been made for the Project, into the Medium-Term Debt Service Account, hereinafter created, for the respective payment of the principal of or interest on the Bond or any combination thereof. As provided in Section 28 hereof, any annual General Taxes for the payment of the principal of or interest on the Bond levied after such deposits of any such investment or reinvestment gain, may be diminished to the extent of the availability of such deposit for the payment of such principal or interest.

Section 25. Completion of Project. The City, with the proceeds derived from the sale of the Bond, shall proceed to complete the Project without delay and with due diligence to the best of the City's ability, as hereinabove provided.

Section 26. Prevention of Bond Default. Subject to the provisions of this Ordinance, the Clerk/Treasurer shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements of the Bond as the same become due whenever and to the extent moneys otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Project. The Clerk/Treasurer shall promptly notify the Council of any such use.

Section 27. Purchaser Not Responsible. The validity of the Bond shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Project, or any part thereof, or to the completion of the Project. The owner of any Bond shall in no manner be responsible for the application or disposal by the City or by any of its officers, agents, and employees of the moneys derived from the sale of the Bond or of any other moneys herein designated.

Section 28. General Tax Levies. Pursuant to NRS 350.596, any sums coming due on the Bond at any time when there are not on hand in the Medium-Term Debt Service Account sufficient funds to pay same shall be promptly paid when due out of the Acquisition Account or out of a general fund of the City or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes legally available therefor. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements, there is hereby created a separate account designated as the "City of Fallon, Nevada, General Obligation (Limited Tax) Medium-Term Bond, Series 2020, Medium-Term Debt Service Account" (the "Medium-Term Debt Service Account"). Pursuant to NRS 350.592, 350.594, 350.093 and 350.095, except to the extent other funds are legally available therefor, there shall be duly levied immediately after the issuance of the Bond and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the City, including the net proceeds of mines, fully sufficient to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installment of interest, and to pay the interest on the Bond becoming due after such initial installment, and to pay and retire the Bond as they

thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to the Medium-Term Debt Service Account for the payment of such Bond Requirements. In the preparation of the annual budget or appropriation resolution or ordinance for the City, the Council shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the City, including, without limitation, the Bond, subject to the limitation imposed by NRS 354.59811, 354.59813, 354.59815, 354.5982 and 361.453, and Section 2, Art. 10, State Constitution, and the amount of money necessary for this purpose shall be a first charge against all such revenues received by the City.

Section 29. Priorities for Bond. As provided in NRS 361.463, in any year in which the total General Taxes levied against the property in the City by all overlapping units within the boundaries of the City exceeds the limitations imposed by NRS 361.453, 354.59811, 354.59813 and 354.5982 or a lesser or greater amount fixed by the State Board of Examiners in any fiscal year, and it shall become necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by the City for purposes other than the payment of Bond Requirements of the Bond and other bonded indebtedness of the City including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by the City for all other purposes where reduction is necessary in order to comply with the limitation of NRS 361.453, 354.59811, 354.59813 and 354.5982.

Section 30. Correlation of Levies. Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected, and the proceeds thereof for the Bond shall be kept in the Medium-Term Debt Service Account, which shall be used for no other purpose than the payment of principal and interest, respectively, as the same fall due.

Section 31. Use of General Fund. Any sums becoming due on the Bond at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the City, reimbursement to be made for such general funds in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596.

Section 32. Use of Other Funds. Nothing in this Ordinance prevents the City from applying any funds (other than General Taxes) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, mature, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.

Section 33. Legislative Duties. In accordance with NRS 350.592, it shall be the duty of the Council annually, at the time and in the manner provided by law for levying other General Taxes of the City, if such action shall be necessary to effectuate the provisions of this Ordinance, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes; and the Council shall require the officers of the City to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of the Bond and the interest thereon. Such General Taxes, when collected shall be kept for and applied only to the payment of the principal of and the interest on the Bond as hereinbefore specified.

Section 34. Appropriation of General Taxes. In accordance with NRS 350.602, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal and interest; and such appropriations will not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the Bond Requirements of the Bond have been wholly paid.

Section 35. Protective Covenants. The City covenants and agrees with each and every owner from time to time of the Bond, that:

- A. The Project shall be completed without delay; and
- B. The City will make the principal and interest payments on the Bond at the place, on the date, and in the manner specified according to the true intent and meaning hereof.

Section 36. Tax Covenant. The City covenants for the benefit of the owner of the Bond that it will not take any action or omit to take any action with respect to the Bond, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the Bond if such action or omission (i) would cause the interest on the Bond to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), or (ii) would cause interest on the

Bond to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bond until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

Section 37. Defeasance. When all Bond Requirements of the Bond have been duly paid, the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment when the City has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond. 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 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 so needed to meet the schedule. For the purposes of this Section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof.

Section 38. Further Assurances. The Bond, when duly executed and delivered for the purpose provided for in this Ordinance, shall constitute a warranty by and on behalf of the City for the benefit of the owner of the Bond that the Bond has been issued for a valuable consideration in full conformity with law.

Section 39. Owners Rights. An owner of the Bond issued hereunder shall be entitled to all of the privileges, rights and remedies provided or permitted in the City Bond Law and the Bond Act, and as otherwise provided or permitted by law or in equity or by other statutes, except as otherwise provided herein, but subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Pledged Revenues and the proceeds of the Bond.

Section 40. Owners Enforcement. Nothing herein affects or impairs the right of any owner of the Bond to enforce the payment of the Bond Requirements or the obligation of the

City to pay the Bond Requirements of the Bond to the owner thereof at the time and the place expressed in the Bond.

Section 41. Amendment of Ordinance. This Ordinance may be amended or supplemented by instruments adopted by the City, without receipt by the City of any additional consideration, but with the written consent of the owner of the then Outstanding Bond at the time of the adoption of the amendatory or supplemental instrument. No such instrument shall permit:

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

B. A reduction in the principal amount of the Bond or the rate of interest thereon, without the written consent of the owner of the then Outstanding Bond; or

C. A reduction of the principal amount or percentages or otherwise affecting the description of the Bond or the consent of the owner of which is required for any modification or amendment; or

D. The modification of, or other action which materially and prejudicially affects the rights or privileges of the owner of the Bond, without the written consent of the owner of the then Outstanding Bond.

Whenever the City proposes to amend or modify this Ordinance under the provisions hereof, it shall cause notice of the proposed amendment to be mailed within 30 days to the insurer of the Bond, if any, and each owner of the Bond. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the City Clerk for public inspection.

Whenever at any time within one year from the date of such notice there shall be filed in the office of the City Clerk an instrument or instruments executed by the insurer of the Bond, if any, or the owner of the then Outstanding Bond, which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument; thereupon, but not otherwise, the Council may adopt the amendatory instrument and the instrument shall become effective.

Any Bond authenticated and delivered after the effective date of any action taken as provided in this Section may bear a notation by endorsement or otherwise in form approved by the City as to the action. If any Bond so authenticated and delivered shall bear such notation,

then upon demand of the owner of any Bond outstanding at such effective date and upon presentation of his Bond, suitable notation shall be made on the Bond as to any such action. If the City so determines, a new Bond so modified as in the opinion of the City to conform to such action shall be prepared, registered and delivered and upon demand of the owner of any Bond then outstanding, shall be exchanged without cost to the owner of the Bond then outstanding upon surrender of such Bond.

Section 42. Ordinance Irrepealable. After the delivery of the Bond, the provisions of the Bond Act and of this Ordinance shall be a part of the irrevocable contract between the City and the owners of the Bond issued hereunder.

Section 43. Delegated Powers. The officers of the City hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limiting the generality of the foregoing:

- A. The printing of the Bond; and
- B. The execution of such certificates as may be required by the Purchaser relating to the signing of the Bond, the tenure and identity of the officials of the City, the assessed valuation of the taxable property in and the indebtedness of the City, the rate of General Taxes levied against the taxable property within the City, the delivery of the Bond and the receipt of the bond purchase price, the exemption of interest on the Bond from federal income taxation, the completeness and accuracy of any information provided to the Purchaser in connection with the Bond as of the date of delivery of the Bond, and if it is in accordance with the facts, the absence of litigation, pending or threatened, affecting the validity of the Bond or affecting the completeness or accuracy of such information, the assembly and dissemination of financial and other information concerning the City and the Bond.

Section 44. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Clerk/Treasurer shall reasonably determine that it is in the best interests of the City to appoint a successor Registrar or Paying Agent, the Clerk/Treasurer may, upon notice mailed to the owner of the Bond at his or her address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same person or institution serve as both

Registrar and Paying Agent hereunder, but the City shall have the right to have the same person or institution serve as both Registrar and Paying Agent.

Any successor by merger with the Registrar and Paying Agent is automatically appointed as Registrar and Paying Agent hereunder without any further action of the Council, as long as the successor otherwise is qualified to act as Registrar and Paying Agent pursuant to this Section. Any City officer, bank, trust company or national banking association into which the Registrar and/or Paying Agent or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust business shall be the successor of the Registrar and/or Paying Agent under this Ordinance with the same rights, powers, duties and obligations and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 45. Implied Repealer. All bylaws, orders, resolutions and ordinances, or parts thereof, in conflict with this Ordinance, are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 46. Authentication. This Ordinance, immediately on its passage and adoption, shall be recorded in the official records of the City kept for that purpose, shall be authenticated by the signature of the Mayor of the City, shall be attested by the Clerk, and the seal of the City shall be affixed thereto.

Section 47. Publication and Effective Date. The Council has expressed in the preambles to this Ordinance that it pertains to the sale, issuance, or payment of the Bond, and that this instrument may accordingly be adopted as if an emergency now exists. This Ordinance shall become effective after its publication 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 Clerk/Treasurer, such publication to be made in a newspaper or newspapers published in Churchill County and which is of general circulation in the City and such publication to be in substantially the following form:

(Form of Publication of Adoption of Ordinance)

BILL NO.

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FALLON, NEVADA, DESIGNATED AS THE "2020 MEDIUM-TERM BOND ORDINANCE;" PROVIDING FOR THE ISSUANCE BY THE CITY OF ITS GENERAL OBLIGATION (LIMITED TAX) MEDIUM-TERM BOND, SERIES 2020; PROVIDING COVENANTS, CONDITIONS, AND OTHER DETAILS CONCERNING THE BOND, THE PROJECT AND GENERAL TAX PROCEEDS; RATIFYING ACTION PREVIOUSLY TAKEN AND PERTAINING TO THE FOREGOING BY THE CITY AND ITS OFFICERS AND EMPLOYEES; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING MATTERS RELATING THERETO.

PUBLIC NOTICE IS HEREBY GIVEN that the above entitled Ordinance was proposed by Councilman _____ at the regular meeting of the City of Fallon City Council held on December 7, 2020, and was passed and adopted at the regular meeting of the City of Fallon City Council held on December 7, 2020, by the following vote of the City Council:

Those Voting Aye:

Those Voting Nay:

Those Absent:

This Ordinance shall be in full force and effect from and after the __ day of December, 2020.

IN WITNESS WHEREOF, the City Council of the City of Fallon, Nevada has caused this Ordinance to be published by title only.

DATED this December __, 2020.

/s/ _____ Ken Tedford

Mayor

Attest:

/s/ Sean Richardson
City Clerk/Treasurer

(End of Form of Publication of Adoption of Ordinance)

DRAFT

Section 48. Severability. If any section, paragraph, clause or 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 provision shall in no way effect any remaining provisions of this Ordinance.

(SEAL)

Mayor

Attest:

City Clerk
City of Fallon, Nevada

This Ordinance shall be in force and effect from and after the ____ day of December, 2020.

STATE OF NEVADA)
) ss.
COUNTY OF CHURCHILL)

I, Sean Richardson, the duly chosen, qualified and acting City Clerk/Treasurer of City of Fallon, Nevada (the "City") do hereby certify:

1. The foregoing pages are a true, perfect and a complete copy of an ordinance adopted by the Council at a lawful meeting of the Council held on December 7, 2020, as recorded in the official record book of the proceedings of the City kept in my office.

2. The members of the Council voted on the introduction of the ordinance on December 7, 2020 as follows:

Those Voting Aye: Kelly Frost
 Karla Kent
 James Richardson

Those Voting Nay: _____

Those Absent: _____

3. The members of the Council voted on the final passage of the ordinance as set forth above.

4. All members of the Council were given due and proper notice of the meeting. Pursuant to NRS 241.020 and Governor Sisolak's Declaration of Emergency Directive 006 entered on March 22, 2020, and extended by Emergency Directive 016 entered on April 29, 2020, by Emergency Directive 018 entered on May 7, 2020, by Emergency Directive 021 entered on May 28, 2020, by Emergency Directive 026 entered on June 29, 2020 and by Emergency Directive 029 entered on July 31, 2020, written notice of the meeting was given not later than 9:00 a.m. on the third working day before the meeting including in the notice the time, place, location, and agenda of the meeting:

(a) By posting a copy of the notice at least three working days before the meeting on the City's website; at the principal office of the Council, or if there is no principal office, at the building in which the meeting is to be held; and on the State of Nevada public notice website; and

(b) By mailing a copy of the notice to each person, if any, who has requested notices of meetings of the Council in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

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 the notice so given of the meeting of the Council held on December 7, 2020 is attached to this certificate as Exhibit A.

7. A copy of the affidavit of publication of the Ordinance by title after its adoption is attached to this certificate as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand this December 7, 2020.

(SEAL)

Sean Richardson, City Clerk/Treasurer

Exhibit A

(Attach Copy of Notice of December 7, 2020 Meeting)

DRAFT

Exhibit B

(Attach Affidavit of Publication of Adoption of Bond Ordinance)

DRAFT

December 7, 2020

Agenda Item 7

Public Hearing of Bill No. 785: An Ordinance of the City Council of the City of Fallon, Nevada, Designated as the “2020 Medium-Term Bond Ordinance;” Providing for the Issuance by the City of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020; Providing Covenants, Conditions, and Other Details Concerning the Bond, the Project and General Tax Proceeds; Ratifying Action Previously Taken and Pertaining to the Foregoing by the City and its Officers and Employees; Providing for Adoption as if an Emergency Exists; and Providing Matters Relating Thereto. **(For discussion only)**

**CITY OF FALLON
REQUEST FOR COUNCIL ACTION**

Agenda Item No. 7

DATE SUBMITTED: November 30, 2020

AGENDA DATE REQUESTED: December 7, 2020

TO: The Honorable City Council

FROM: Robert Erquiaga, Chief of Staff
Sean Richardson, City Clerk/Treasurer

SUBJECT TITLE: Public Hearing of Bill No. 785: An Ordinance of the City Council of the City of Fallon, Nevada, Designated as the “2020 Medium-Term Bond Ordinance;” Providing for the Issuance by the City of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020; Providing Covenants, Conditions, and Other Details Concerning the Bond, the Project and General Tax Proceeds; Ratifying Action Previously Taken and Pertaining to the Foregoing by the City and its Officers and Employees; Providing for Adoption as if an Emergency Exists; and Providing Matters Relating Thereto. **(For discussion only)**

TYPE OF ACTION REQUESTED: (Check One)

<input type="checkbox"/> Resolution	<input checked="" type="checkbox"/> Ordinance
<input type="checkbox"/> Formal Action/Motion	<input type="checkbox"/> Other

RECOMMENDED COUNCIL ACTION: None.

DISCUSSION: The proposed Ordinance will be read by title and summary to the City Council.
This agenda item is for discussion only.

FISCAL IMPACT: Medium-Term Bonds in the aggregate principal amount not to exceed \$2,000,000

FUNDING SOURCE: Electric Enterprise Fund, Water Enterprise Fund, Sewer Enterprise Fund, Sanitation Enterprise Fund, Landfill Enterprise Fund, Water Treatment Enterprise Fund, Airport Fund and General Fund

PREPARED BY: Robert Erquiaga, Chief of Staff

TO BE PRESENTED BY: Robert Erquiaga and Sean Richardson

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FALLON, NEVADA, DESIGNATED AS THE "2020 MEDIUM-TERM BOND ORDINANCE;" PROVIDING FOR THE ISSUANCE BY THE CITY OF ITS GENERAL OBLIGATION (LIMITED TAX) MEDIUM-TERM BOND, SERIES 2020; PROVIDING COVENANTS, CONDITIONS, AND OTHER DETAILS CONCERNING THE BOND, THE PROJECT AND GENERAL TAX PROCEEDS; RATIFYING ACTION PREVIOUSLY TAKEN AND PERTAINING TO THE FOREGOING BY THE CITY AND ITS OFFICERS AND EMPLOYEES; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING MATTERS RELATING THERETO.

WHEREAS, the City of Fallon in the State of Nevada (the "City" and the "State," respectively) is a political subdivision of the State duly organized and consolidated as a city under the provisions of chapter 266 of the Nevada Revised Statutes ("NRS") and the general laws of the State; and

WHEREAS, the City has previously executed and delivered a Federally Taxable Lease/Purchase Agreement dated as of March 26, 2020 with Zions Bancorporation, N.A. (the "Prior Lease Agreement") to finance the costs of a vacuum truck for use by the City; and

WHEREAS, the Prior Lease Agreement is subject to prepayment at the option of the City on any date; and

WHEREAS, pursuant to NRS 350.087 to 350.095, inclusive (the "Note Act"), the City is authorized to issue medium-term obligations to finance improvements to City Hall and the City's Public Works Building, the construction of a new fixed base operator building at the City's airport (collectively, the "Improvement Project") and to refinance the Prior Lease Agreement (the "Refunding Project" and collectively with the Improvement Project, the "Project"); and

WHEREAS, pursuant to the Note Act, the City authorized to issue, as evidence thereof, negotiable medium-term notes or bonds which shall not be paid in whole or in part from a levy of a special tax exempt from the limitations on the levy of ad valorem taxes, but which shall be paid from other legally available funds of the City (subject to certain Constitutional and statutory tax limitations), which must mature not later than 10 years after the date of issuance and must

bear interest at a rate or rates which do not exceed by more than 3% the "Index of Twenty Bonds" which was most recently published before bids for their purchase are received; and

WHEREAS, pursuant to NRS 350.087, the City Council of the City (the "Council") determined to publish a notice (the "Notice"), of its intention to authorize and to issue medium-term obligations in an aggregate principal amount not to exceed \$2,000,000, in a newspaper of general circulation in the City and an affidavit of such publication is on file in the office of the City Clerk (the "Clerk"); and

WHEREAS, the Council adopted by at least a two-thirds majority a resolution authorizing medium-term obligations in the maximum principal amount of \$2,000,000 to finance the Project (the "Authorization Resolution") which contained a finding by the Council that the public interest requires medium-term obligations and a statement of the facts upon which the finding was based, which vote was taken at least 10 days after the publication of the Notice; and

WHEREAS, pursuant to NRS 350.089 and relevant provisions of the Nevada Administrative Code, the Council caused a certified copy of the Authorization Resolution and supporting documents to be submitted to the Executive Director of the Department of Taxation of the State of Nevada (the "Department of Taxation") for his or her approval; and

WHEREAS, the City received the approval of the Department of Taxation for such medium-term obligations, a copy of such approval being attached hereto as follows:

(Attach Approval of Department of Taxation)



STEVE SISOLAK
Governor
JAMES DEVOLLD
Chair, Nevada Tax Commission
MELANIE YOUNG
Executive Director

STATE OF NEVADA
DEPARTMENT OF TAXATION

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

RENO OFFICE
4600 Kietzke Lane
Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 687-9999
Fax: (775) 686-1303

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

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

November 25, 2020

Sean Richardson
City Clerk Treasurer
City of Fallon
55 West Williams Avenue
Fallon, NV 89406

Re: City of Fallon

MTO – Medium-Term Obligation (Bonds)

2,000,000 for financing a new Airport FBO Building, Remodeling Public Works Building & City Hall, and Refinancing Vacuum Truck

Dear Mr. Richardson:

The Department of Taxation has received a request from the City of Fallon for the approval of a Medium-Term Obligation not to exceed \$2,000,000. This medium-term obligation will be used to finance improvements to City Hall and the City's Public Works Building, the construction of a new fixed base operator building at the City's airport and refinancing certain outstanding obligations of the City. This Medium-Term Obligation is to be repaid from the operating revenues generated from the City's Electric, Water, Sewer, Sanitation, Landfill, Water Treatment and Airport Enterprise Funds and the General Fund. The term for this obligation is not to exceed ten (10) years after the date of execution, and the interest rate shall not exceed by more than 3 percent the "Index of Twenty Bonds" most recently published in The Bond Buyer before bids are received or negotiated offer is accepted. The annual interest rate is estimated to be 2.50%.

The request has been reviewed as required by NRS 350.089 and is APPROVED.

Pursuant to NRS 350.089, the approval must be recorded in the minutes of the governing board at the next meeting. You are reminded the financing must be secured within eighteen months of receipt of this approval.

If you have any questions regarding this matter, please contact Kellie Grahmann, Budget Analyst in the Local Government Finance Section at (775) 684-2065 or at kgrahmann@tax.state.nv.us.

Sincerely,

Melanie Young
Executive Director
Nevada Department of Taxation

WHEREAS, the approval of the Department of Taxation as set forth in the preambles hereof is hereby recorded in the minutes of the Council as required by NRS 350.089; and

WHEREAS, the City has not previously utilized any of the authority so approved by the Department of Taxation; and

WHEREAS, pursuant to the Authorization Resolution, the Council ordered the medium-term obligations to be offered for sale in the form of medium-term bonds and authorized the City Clerk/Treasurer (the "Clerk/Treasurer") to arrange for the sale of such medium-term bonds subject to, among other conditions, adoption by the City of this Ordinance specifying the bond terms and details and approving their sale; and

WHEREAS, the Council hereby determines that the bond herein authorized to be issued shall be designated the "City of Fallon, Nevada, General Obligation (Limited Tax) Medium-Term Bond, Series 2020" in an aggregate principal amount not to exceed \$2,000,000 (the "Bond"); and

WHEREAS, the Council has determined and hereby declares and determines that legally available funds of the City will at least equal the amount required in each year for the payment of interest on and the principal of the Bond; and

WHEREAS, pursuant to NRS 350.091, the Council has determined and hereby determines that the maximum term of the Bond does not exceed the estimated useful life of the Project financed with the proceeds of the Bond; and

WHEREAS, the Council has heretofore elected to and hereby determines to issue the Bond in accordance with the provisions of NRS 350.500 through 350.720, and all laws amendatory thereof, cited in NRS 350.500 by the short title "Local Government Securities Law" (the "Bond Act"); and

WHEREAS, the Council hereby elects to have the provisions of NRS Chapter 348 (the "Supplemental Bond Act") apply to the Bond; and

WHEREAS, the Council is not authorized to levy general ad valorem taxes (the "General Taxes") to pay the principal of or interest on the Bond which are exempt from the limitations of any statutes of the State; and

WHEREAS, any General Taxes levied for the purpose of paying principal or interest on the Bond will be subject to the limitations contained in the Constitution and the statutes of the

State, including, without limitation, the limitations on General Taxes contained in NRS Sections 354.59811, 354.59813, 354.59815, 354.5982 and 361.453; and

WHEREAS, the Council is therefore authorized and empowered by the City Bond Law, the Note Act, the approval of the Department of Taxation, and the Bond Act, without any further preliminaries:

- A. To issue and sell the City's Bond; and
- B. To exercise the incidental powers provided in the Bond Act in connection with the powers authorized therein or as otherwise expressly provided therein; and

WHEREAS, after a sale of the Bond pursuant to NRS 350.105 to 350.195, the Clerk/Treasurer is hereby authorized to sell the Bond to the best bidder therefor (the "Purchaser"), and accept a binding bid for the Bond; and

WHEREAS, the Bond is to bear interest at the rates or rates per annum provided in the bond purchase proposal submitted by the Purchaser (the "Bond Purchase Proposal") and accepted by the Clerk/Treasurer, which rates must not exceed by more than 3% the Index of Twenty Bonds most recently published in The Bond Buyer prior to the time bids were received for the Bond, and are to be sold at a price equal to the principal amount thereof, plus accrued interest to the date of delivery of the Bond, if any, less a discount not exceeding 9% of the principal amount thereof or plus a premium, all as specified in a certificate dated on or after the sale date of the Bond (the "Certificate of the Clerk/Treasurer"); and

WHEREAS, the Council has determined and hereby declares that each of the limitations and other conditions to the issuance of the Bond in the City Bond Law, the Note Act, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State or the Federal Government, has been met; and pursuant to NRS 350.708 this determination of the Council that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion; and

WHEREAS, the Council has determined and does hereby declare that each of the limitations and other conditions to the issuance of the Bond in the Bond Act, and in any other relevant act of the State or the Federal Government, has been met and pursuant to Section 350.708 of the Bond Act, this determination of the Council that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion; and

WHEREAS, the Council has determined and does hereby declare:

- A. This Ordinance pertains to the sale, issuance and payment of the Bond;
- B. Such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of Subsection 2 of NRS 350.579; and
- C. This Ordinance may accordingly be adopted as if an emergency now exists by an affirmative vote of all of the voting members 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.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FALLON DOES ORDAIN:

Section 1. Short Title. This ordinance shall be known and may be cited as the “2020 Medium-Term Bond Ordinance” (herein the “Ordinance”).

Section 2. Acceptance of Purchase Proposal. The Clerk/Treasurer is authorized to accept the Bond Purchase Proposal submitted by the Purchaser and execute the Certificate of the Clerk/Treasurer, subject to the terms and conditions specified herein.

Section 3. Ratification. All action heretofore taken by the Council and the officers and employees of the City directed toward the Project and toward the issuance, sale and delivery of the Bond is ratified, approved and confirmed.

Section 4. Necessity of Project and Bond; Authorization of Project. It is necessary and in the best interests of the Council, its officers, and the inhabitants of the City, that the City effect the Project and defray wholly or in part the cost thereof by the issuance of the Bond therefor, and it is hereby so determined and declared. The Council hereby authorizes the Project.

Section 5. Authorization of Bond. For the purpose of providing funds to pay all or a portion of the cost of the Project, the City shall issue the “City of Fallon, Nevada, General Obligation (Limited Tax) Medium-Term Bond, Series 2020” in the aggregate principal amount set forth in the Certificate of the Clerk/Treasurer (not to exceed \$2,000,000). The Bond shall be issued in the form substantially as set forth in Section 21 of this Ordinance.

Section 6. Ordinance to Constitute Contract. In consideration of the purchase and the acceptance of the Bond by those who shall own the same from time to time, the provisions

hereof shall be deemed to be and shall constitute contracts between the City and the owners from time to time of the Bond.

Section 7. General Obligation. All of the Bond, as to the principal thereof and the interest thereon (the “Bond Requirements”), shall constitute a general obligation of the City, which hereby pledges its full faith and credit for their payment.

Section 8. Payment of the Bond. The Bond Requirements of the Bond shall be payable from any monies legally available therefor, and provision for the payment of the Bond Requirements of the Bond shall be made as provided in the Note Act, provided, however, that General Taxes levied for the purpose of paying the principal of or interest on the Bond shall be subject to the limitations contained in the Constitution and statutes of the State, including, without limitation, the limitations on the levy of General Taxes imposed by NRS 354.59811, 354.59813, 354.59815, 354.5982 and 361.453. The City is not authorized to levy General Taxes exempt from the limitations of any of said statutes to pay the Bond Requirements of the Bond. The City hereby irrevocably covenants with the registered owner of the Bond from time to time that it will make sufficient provisions annually in its budget to pay the Bond Requirements of the Bond, when due.

Section 9. Limitations upon Security. The payment of the Bond is not secured by an encumbrance, mortgage, or other pledge of property of the City, except for the proceeds of General Taxes and any other moneys pledged for the payment of the Bond. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bond.

Section 10. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bond or for any claim based thereon or otherwise upon this Ordinance or any other instrument relating thereto, against any individual member of the Council or any officer or other agent of the Council or City, past, present or future, either directly or indirectly through the Council or the City, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of a penalty or otherwise, all such liability, if any, being by the acceptance of the Bond and as a part of the consideration of its issuance specially waived and released.

Section 11. Bond Details. The Bond shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with Section 149 of the Tax Code, and the regulations of the Secretary of the Treasury thereunder. The Bond shall be dated as of the

date of delivery of the Bond and shall be issued as a single bond in the aggregate principal amount thereof. The Bond shall bear interest from its date until its maturity date at the rate set forth in the Certificate of the Clerk/Treasurer, calculated on the basis of a 360-day year, payable semiannually on March 1 and September 1 of each year commencing on the March 1, or September 1 first occurring which is at least 45 days after the date of delivery of the Bond; provided that a Bond which is reissued upon transfer, exchange or other replacement shall bear interest at the rate set forth in the Certificate of the Clerk/Treasurer from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bond. The Bond shall mature in each of the designated amounts of principal and designated dates as set forth in the Certificate of the Clerk/Treasurer.

The principal of any Bond shall be payable to the registered owner thereof as shown on the registration records kept by the City Treasurer, as "Registrar" upon maturity thereof and upon presentation and surrender at the office of the City Treasurer, as "Paying Agent;" provided, however, that such presentation and surrender requirement shall only apply on the final maturity date of the Bond and shall not apply to mandatory sinking fund redemption payments. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the registered 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 registered owner thereof, at his or her address as shown on the registration records kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"). 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 Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at his or her address, as shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Bond not less than 10 days prior

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

Section 12. Prior Redemption.

A. Optional Prior Redemption. The Bond, or portions thereof (\$1,000 or any integral multiple), will be subject to redemption prior to maturity, at the option of the City, on and after the dates set forth in the Certificate of the Clerk/Treasurer, in whole or in part at any time, at a price equal to the principal amount of the Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date, and a premium, if any, computed in accordance with the schedule set forth in the Certificate of the Clerk/Treasurer.

B. Partial Redemption. If only a portion of the Bond is redeemed pursuant to this Section 12, the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond for the unredeemed portion thereof. The Paying Agent shall select the portion of the Bond to be redeemed by lot at such times as directed by the City (but at least 30 days prior to the redemption date).

C. Mandatory Redemption. The Bond will be subject to mandatory sinking fund redemption on the dates designated in the Certificate of the Clerk/Treasurer, if any, at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the Bond, there shall be deposited into the Medium-Term Debt Service Account, hereinafter created, on or before the dates set forth in the Certificate of the Clerk/Treasurer, a sum which, together with other moneys available therein, is sufficient to redeem (after credit is provided below) on the dates set forth in the Certificate of the Clerk/Treasurer, the principal amounts of the Bond as set forth in the Certificate of the Clerk/Treasurer.

At the option of the City to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation the Bond or portions thereof (\$1,000 or any integral multiple thereof) in an aggregate principal amount desired by the City or, (ii) specify a principal

amount of the Bond or portions thereof (\$1,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. The Bond or portion thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the City on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the City determines. In the event the City shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bond or portions thereof to be canceled.

D. Redemption Notice. Unless waived by any owner of the Bond to be redeemed, official notice of prior redemption shall be given by the Registrar on direction of the City, by first-class mail to the registered owner of the Bond or part of which is to be redeemed at the address shown on the records of the Registrar, at least 30 days and not more than 60 days prior to the date fixed for redemption. Failure to give such notice to the registered owner of the Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. All such notices of redemption shall be dated and shall state:

- i. the redemption date,
- ii. the redemption prices,
- iii. if less than all of the outstanding Bond is to be redeemed, the identification (and, in the case of partial redemption, the principal amount) of the Bond to be redeemed,
- iv. that on the redemption date the redemption price will become due and payable upon the Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- v. the place where the Bond is to be surrendered for payment of the redemption price, which place of payment shall be the office of the Paying Agent.

The notice of redemption having been given as aforesaid, such Bond or portion of Bond so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bond or portion of Bond shall cease to bear interest. Upon surrender of

such Bond for redemption in accordance with said notice, such Bond shall be paid by the Paying Agent at the redemption price. Installments of interest due prior to the redemption date and, if the redemption date is an interest payment date, on the redemption date shall be payable as herein provided for payment of interest. Accrued interest due on any Bond which is called for prior redemption on a date which is not an interest payment date will be paid at the time the principal of such Bond is paid. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond of the same maturity in the amount of the unpaid principal. Any Bond which has been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued. A certificate by the Registrar that notice of redemption has been given as provided in this Section shall be conclusive as against all parties; and no owner whose Bond is called for redemption or any other holder of any Bond or any other person may object thereto or may object to the cessation of interest on the redemption date on the ground that he failed actually to receive or see such notice of call and redemption.

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

Section 13. Negotiability. Subject to the registration provisions herein provided, the Bond shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code - Investment Securities and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

Section 14. Registration, Transfer, and Exchange of Bond.

A. Records for the registration and transfer of the Bond shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond of a like principal amount and of the same maturity, bearing a number not previously assigned. Any Bond may be exchanged at the Registrar for an equal aggregate principal amount of Bond, as provided in Section 11 hereof. The Registrar shall

authenticate and deliver a Bond which the owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. Such transfers and exchanges of any Bond shall be without charge to the owner or any transferee, but the Registrar shall require the payment by the owner of any Bond requesting exchange or transfer, of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

B. The person in whose name the Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 11 hereof with respect to interest payments); and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the owner thereof or his legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

C. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the City may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond of a like aggregate principal amount, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

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

E. Notwithstanding anything to the contrary set forth in this Ordinance, the Bond may only be transferred in whole to a new owner who is: (i) an affiliate of the original Purchaser of the Bonds; (ii) a "Bank" as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"); (iii) an "Accredited Investor" as defined in Regulation D under the Securities Act; or (iv) a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act.

Section 15. [RESERVED].

Section 16. Execution and Authentication.

A. Prior to the execution of any Bond by facsimile signature and pursuant to NRS 350.638, to the act known as the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351, NRS, and to the Supplemental Bond Act, the Mayor, and the City Clerk/Treasurer each shall file with the Secretary of State of Nevada his or her manual signature certified by him or her under oath.

B. The Bond shall be signed and executed in the name of and on behalf of the City with the manual or facsimile signature of the Mayor, shall be countersigned and executed with the manual or facsimile signature of the City Treasurer, and shall be countersigned, subscribed, and executed with the manual or facsimile signature of the City Clerk.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. By authenticating the Bond initially delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

D. The Mayor, the City Treasurer and the Clerk are hereby authorized and directed to prepare and to execute the Bond as herein provided.

Section 17. Use of Predecessor's Signature. The Bond bearing the signatures of the officers in office at the time of their execution shall be valid and binding obligations of the City, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Mayor, and the City Clerk/Treasurer, at the time of the execution of a signature certificate relating to the Bond, may each adopt as and for his or her own facsimile signature, the facsimile signature of his or her predecessor in office if such facsimile signature appears upon the Bond.

Section 18. Incontestable Recital. Pursuant to NRS 350.628, the Bond shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bond and the regularity of its issuance.

Section 19. State Tax Exemption. Pursuant to NRS 350.710, the Bond, its transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to NRS Chapter 375A and the tax on generation skipping transfers imposed pursuant to NRS Chapter 375B.

Section 20. Bond Delivery. After registration by the Registrar and after their execution and authentication as provided herein, the Registrar shall cause the Bond to be delivered to the Purchaser, upon payment being made in accordance with the terms of their sale.

Section 21. Bond Form. Subject to the provisions of this Ordinance, the Bond shall be in substantially the following form, with such omissions, insertions, endorsements, and variations as may be required by the circumstances, be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

THE REGISTERED OWNER OF THIS BOND ACKNOWLEDGES AND AGREES THAT THIS BOND MAY ONLY BE TRANSFERRED TO A NEW OWNER WHO IS: (I) AN AFFILIATE OF THE ORIGINAL PURCHASER OF THIS BOND; (II) A "BANK" AS DEFINED IN SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"); (III) AN "ACCREDITED INVESTOR" AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT; OR (IV) A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT.

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

CITY OF FALLON, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDIUM-TERM BOND
SERIES 2020

No. _____ \$ _____

Interest Rate

_____ % per annum

Maturity Date

March 1, _____

Dated As of

_____, 2020

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The City of Fallon, in the County of Churchill and the State of Nevada (the "City," the "County," and the "State," respectively) for value received, hereby acknowledges itself to be indebted and promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay interest thereon on March 1 and September 1 of each year, commencing on _____ 1, 2021, at the interest rate per annum specified above, until the principal is paid or payment has been provided for or, if such payment date is not a business day, on the next succeeding business day. This Bond shall bear interest from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from the date of the initial delivery of this Bond (the "Bond"). The principal of this Bond is payable upon presentation and surrender hereof at the office of the City's paying agent for the Bond or any successor (the "Paying Agent"), presently the City Clerk/Treasurer in Fallon, Nevada who is also now acting as the City's Registrar for the Bond (the "Registrar"); provided, however, that such presentation

and surrender requirement shall only apply on the final maturity date of the Bond and shall not apply to mandatory sinking fund redemption payments. Interest on this Bond will be paid on each interest payment date (or, if such date is not a business day, on the next succeeding business day) by check or draft mailed to the person in whose name this Bond or any predecessor bond is registered (the "registered owner") in the registration records of the City maintained by the Registrar, at the address appearing thereon, as of the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the ordinance of the City Council of the City (the "Council") authorizing the issuance of the Bond and designated in Section 1 thereof as the "2020 Medium-Term Bond Ordinance," duly adopted by the Council (the "Ordinance"). All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar. If this Bond is not paid upon presentation at its maturity, interest at the rate specified above shall continue to be borne hereby until the principal hereof is discharged as provided in the Ordinance.

This Bond is issued by the City upon its behalf and upon the credit thereof, for the purpose of financing all or a portion of the cost of the Project as set forth in the Ordinance, under the authority of and in full compliance with the Constitution and laws of the State, and pursuant to the Ordinance.

The Bond, as to the principal thereof and the interest thereon (the "Bond Requirements"), shall be payable from any moneys of the City legally available for the purpose of making such payment and the full faith and credit of the City are hereby irrevocably pledged for making such payment. Provision for the payment of the Bond shall be made as provided in NRS 350.093 and 350.095, provided, however, that ad valorem taxes levied for the purpose of paying the principal of and interest on the Bond are subject to the limitations contained in the Constitution and the

statutes of the State, including, without limitation, the limitations on ad valorem taxes contained in NRS 354.59811, 354.5913, 354.59815, 354.5982 and 361.453. The City is not authorized to levy ad valorem taxes to pay the principal of or interest on the Bond exempt from the limitations of any such statutes, but the City has covenanted in the Ordinance to make sufficient provision annually in its budget to pay the Bond Requirements of the Bond, when due.

The City covenants and agrees with the Registered Owner of this Bond and with each and every person who may become the Registered Owner hereof that it will keep and will perform all of the covenants of the Ordinance.

The Bond is subject to [optional redemption and] mandatory sinking fund redemption as set forth in the Ordinance and the Certificate of the Clerk/Treasurer.

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

This Bond is not transferable or exchangeable, except as set forth in the Bond Ordinance.

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

It is hereby certified, recited, declared and warranted that all actions required to be taken prior to the issuance hereof have been had and taken by the City; that the issuance of the Bond has been approved by the Executive Director of the Department of Taxation of the State of Nevada as required by the NRS 350.087 to 350.095, inclusive, and that the principal of the Bond, when added to other City indebtedness, does not exceed the limits on indebtedness of the City provided in the Constitution and statutes of the State.

This Bond shall not be entitled to any benefit under the Ordinance, or be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

[The City has designated the Bond as a “qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code, as amended]

IN WITNESS WHEREOF, the City Council of the City of Fallon, Nevada, has caused this Bond to be executed in the name and on behalf of the City with the manual or facsimile signature of the Mayor, to be attested, signed and executed with a manual or facsimile signature of the City Clerk, has caused a manual or facsimile impression of the seal of the City to be affixed hereon, and has caused this Bond to be countersigned with the manual or facsimile signature of the City Treasurer, all as of _____, 2020.

CITY OF FALLON, NEVADA

(Manual or Facsimile Signature)

Mayor

(Manual or Facsimile Signature)

City Treasurer

(MANUAL OR FACSIMILE SEAL)

Attest:

(Manual or Facsimile Signature)
City Clerk

(End of Form of Bond)

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

Date of authentication
and registration _____

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

THE CITY OF FALLON TREASURER
as Registrar

By _____ (Manual Signature)
Authorized Officer

(Form of Registration Panel)

The within Bond is registered in the office of the Registrar, in the name of the last owner listed below, and the principal amount of the Bond and interest thereon shall be payable only to such owner, all in accordance with the within-mentioned Ordinance.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____, 2020		

(Form of Prepayment Panel)

The following installments of principal (or portions thereof) of this Bond have been prepaid by the City of Fallon, Nevada, in accordance with the terms of the within-mentioned Ordinance.

<u>Date of Prepayment</u>	<u>Due Date of Installments (or portions thereof)</u>	<u>Principal Amount Prepaid</u>	<u>Signature of Paying Agent</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(Form of Assignment for Bond)

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

Dated: _____

Signature Guaranteed: _____

Name and address of transferee:
Social Security or other tax
identification number of
transferee: _____

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever. Signature(s) must be guaranteed by an eligible guarantor institution as defined in 17 CFR § 240.17Ad-15(a)(2).

NOTICE: TRANSFER FEES MUST BE PAID TO THE REGISTRAR IN ORDER TO TRANSFER OR EXCHANGE THIS BOND AS PROVIDED IN THE WITHIN-MENTIONED ORDINANCE.

Section 22. Use of Bond Proceeds. A portion of the proceeds realized from the sale of the Bond shall be used to effect the Refunding Project. The remaining proceeds realized from the sale of the Bond shall be deposited in a special account hereby created and designated as the "City of Fallon, Medium-Term, Series 2020, Acquisition Account" (the "Acquisition Account") to be held by the City. Moneys in the Acquisition Account shall be used solely to defray wholly or in part the cost of the Project including, without limitation, as provided in NRS 350.516, all costs of issuing the Bond, and the costs of rebates to the United States under Section 148 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), which the Council hereby determines are necessary and desirable and pertain to the Project. After the Project is complete and after all expenses have been paid or adequate provision therefor is made, pursuant to NRS 350.650, any unexpended balance of Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Acquisition Account shall be deposited into the Medium-Term Debt Service Account, hereinafter created, to be used to pay the principal of and interest on the Bond.

Section 23. Permitted Investments. Any moneys in any account designated in this Ordinance, and not needed for immediate use, may be invested or reinvested in any investments permitted under the laws of the State. For the purpose of any such investment or reinvestment, the securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 24. Use of Investment Gain. Pursuant to NRS 350.658, any gain from any investment and any reinvestment of any proceeds of the Bond shall be deposited promptly upon the receipt of such gain at any time or from time to time into the Acquisition Account to defray, in part, the cost of the Project or, if adequate provision has been made for the Project, into the Medium-Term Debt Service Account, hereinafter created, for the respective payment of the principal of or interest on the Bond or any combination thereof. As provided in Section 28 hereof, any annual General Taxes for the payment of the principal of or interest on the Bond levied after such deposits of any such investment or reinvestment gain, may be diminished to the extent of the availability of such deposit for the payment of such principal or interest.

Section 25. Completion of Project. The City, with the proceeds derived from the sale of the Bond, shall proceed to complete the Project without delay and with due diligence to the best of the City's ability, as hereinabove provided.

Section 26. Prevention of Bond Default. Subject to the provisions of this Ordinance, the Clerk/Treasurer shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements of the Bond as the same become due whenever and to the extent moneys otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Project. The Clerk/Treasurer shall promptly notify the Council of any such use.

Section 27. Purchaser Not Responsible. The validity of the Bond shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Project, or any part thereof, or to the completion of the Project. The owner of any Bond shall in no manner be responsible for the application or disposal by the City or by any of its officers, agents, and employees of the moneys derived from the sale of the Bond or of any other moneys herein designated.

Section 28. General Tax Levies. Pursuant to NRS 350.596, any sums coming due on the Bond at any time when there are not on hand in the Medium-Term Debt Service Account sufficient funds to pay same shall be promptly paid when due out of the Acquisition Account or out of a general fund of the City or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes legally available therefor. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements, there is hereby created a separate account designated as the "City of Fallon, Nevada, General Obligation (Limited Tax) Medium-Term Bond, Series 2020, Medium-Term Debt Service Account" (the "Medium-Term Debt Service Account"). Pursuant to NRS 350.592, 350.594, 350.093 and 350.095, except to the extent other funds are legally available therefor, there shall be duly levied immediately after the issuance of the Bond and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the City, including the net proceeds of mines, fully sufficient to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installment of interest, and to pay the interest on the Bond becoming due after such initial installment, and to pay and retire the Bond as they

thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to the Medium-Term Debt Service Account for the payment of such Bond Requirements. In the preparation of the annual budget or appropriation resolution or ordinance for the City, the Council shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the City, including, without limitation, the Bond, subject to the limitation imposed by NRS 354.59811, 354.59813, 354.59815, 354.5982 and 361.453, and Section 2, Art. 10, State Constitution, and the amount of money necessary for this purpose shall be a first charge against all such revenues received by the City.

Section 29. Priorities for Bond. As provided in NRS 361.463, in any year in which the total General Taxes levied against the property in the City by all overlapping units within the boundaries of the City exceeds the limitations imposed by NRS 361.453, 354.59811, 354.59813 and 354.5982 or a lesser or greater amount fixed by the State Board of Examiners in any fiscal year, and it shall become necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by the City for purposes other than the payment of Bond Requirements of the Bond and other bonded indebtedness of the City including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by the City for all other purposes where reduction is necessary in order to comply with the limitation of NRS 361.453, 354.59811, 354.59813 and 354.5982.

Section 30. Correlation of Levies. Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected, and the proceeds thereof for the Bond shall be kept in the Medium-Term Debt Service Account, which shall be used for no other purpose than the payment of principal and interest, respectively, as the same fall due.

Section 31. Use of General Fund. Any sums becoming due on the Bond at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the City, reimbursement to be made for such general funds in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596.

Section 32. Use of Other Funds. Nothing in this Ordinance prevents the City from applying any funds (other than General Taxes) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, mature, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.

Section 33. Legislative Duties. In accordance with NRS 350.592, it shall be the duty of the Council annually, at the time and in the manner provided by law for levying other General Taxes of the City, if such action shall be necessary to effectuate the provisions of this Ordinance, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes; and the Council shall require the officers of the City to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of the Bond and the interest thereon. Such General Taxes, when collected shall be kept for and applied only to the payment of the principal of and the interest on the Bond as hereinbefore specified.

Section 34. Appropriation of General Taxes. In accordance with NRS 350.602, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal and interest, and such appropriations will not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the Bond Requirements of the Bond have been wholly paid.

Section 35. Protective Covenants. The City covenants and agrees with each and every owner from time to time of the Bond, that:

- A. The Project shall be completed without delay; and
- B. The City will make the principal and interest payments on the Bond at the place, on the date, and in the manner specified according to the true intent and meaning hereof.

Section 36. Tax Covenant. The City covenants for the benefit of the owner of the Bond that it will not take any action or omit to take any action with respect to the Bond, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the Bond if such action or omission (i) would cause the interest on the Bond to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), or (ii) would cause interest on the

Bond to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bond until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

Section 37. Defeasance. When all Bond Requirements of the Bond have been duly paid, the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment when the City has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond. 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 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 so needed to meet the schedule. For the purposes of this Section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof.

Section 38. Further Assurances. The Bond, when duly executed and delivered for the purpose provided for in this Ordinance, shall constitute a warranty by and on behalf of the City for the benefit of the owner of the Bond that the Bond has been issued for a valuable consideration in full conformity with law.

Section 39. Owners Rights. An owner of the Bond issued hereunder shall be entitled to all of the privileges, rights and remedies provided or permitted in the City Bond Law and the Bond Act, and as otherwise provided or permitted by law or in equity or by other statutes, except as otherwise provided herein, but subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Pledged Revenues and the proceeds of the Bond.

Section 40. Owners Enforcement. Nothing herein affects or impairs the right of any owner of the Bond to enforce the payment of the Bond Requirements or the obligation of the

City to pay the Bond Requirements of the Bond to the owner thereof at the time and the place expressed in the Bond.

Section 41. Amendment of Ordinance. This Ordinance may be amended or supplemented by instruments adopted by the City, without receipt by the City of any additional consideration, but with the written consent of the owner of the then Outstanding Bond at the time of the adoption of the amendatory or supplemental instrument. No such instrument shall permit:

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

B. A reduction in the principal amount of the Bond or the rate of interest thereon, without the written consent of the owner of the then Outstanding Bond; or

C. A reduction of the principal amount or percentages or otherwise affecting the description of the Bond or the consent of the owner of which is required for any modification or amendment; or

D. The modification of, or other action which materially and prejudicially affects the rights or privileges of the owner of the Bond, without the written consent of the owner of the then Outstanding Bond.

Whenever the City proposes to amend or modify this Ordinance under the provisions hereof, it shall cause notice of the proposed amendment to be mailed within 30 days to the insurer of the Bond, if any, and each owner of the Bond. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the City Clerk for public inspection.

Whenever at any time within one year from the date of such notice there shall be filed in the office of the City Clerk an instrument or instruments executed by the insurer of the Bond, if any, or the owner of the then Outstanding Bond, which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument; thereupon, but not otherwise, the Council may adopt the amendatory instrument and the instrument shall become effective.

Any Bond authenticated and delivered after the effective date of any action taken as provided in this Section may bear a notation by endorsement or otherwise in form approved by the City as to the action. If any Bond so authenticated and delivered shall bear such notation,

then upon demand of the owner of any Bond outstanding at such effective date and upon presentation of his Bond, suitable notation shall be made on the Bond as to any such action. If the City so determines, a new Bond so modified as in the opinion of the City to conform to such action shall be prepared, registered and delivered and upon demand of the owner of any Bond then outstanding, shall be exchanged without cost to the owner of the Bond then outstanding upon surrender of such Bond.

Section 42. Ordinance Irrepealable. After the delivery of the Bond, the provisions of the Bond Act and of this Ordinance shall be a part of the irrevocable contract between the City and the owners of the Bond issued hereunder.

Section 43. Delegated Powers. The officers of the City hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limiting the generality of the foregoing:

- A. The printing of the Bond; and
- B. The execution of such certificates as may be required by the Purchaser relating to the signing of the Bond, the tenure and identity of the officials of the City, the assessed valuation of the taxable property in and the indebtedness of the City, the rate of General Taxes levied against the taxable property within the City, the delivery of the Bond and the receipt of the bond purchase price, the exemption of interest on the Bond from federal income taxation, the completeness and accuracy of any information provided to the Purchaser in connection with the Bond as of the date of delivery of the Bond, and if it is in accordance with the facts, the absence of litigation, pending or threatened, affecting the validity of the Bond or affecting the completeness or accuracy of such information, the assembly and dissemination of financial and other information concerning the City and the Bond.

Section 44. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Clerk/Treasurer shall reasonably determine that it is in the best interests of the City to appoint a successor Registrar or Paying Agent, the Clerk/Treasurer may, upon notice mailed to the owner of the Bond at his or her address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same person or institution serve as both

Registrar and Paying Agent hereunder, but the City shall have the right to have the same person or institution serve as both Registrar and Paying Agent.

Any successor by merger with the Registrar and Paying Agent is automatically appointed as Registrar and Paying Agent hereunder without any further action of the Council, as long as the successor otherwise is qualified to act as Registrar and Paying Agent pursuant to this Section. Any City officer, bank, trust company or national banking association into which the Registrar and/or Paying Agent or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust business shall be the successor of the Registrar and/or Paying Agent under this Ordinance with the same rights, powers, duties and obligations and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 45. Implied Repealer. All bylaws, orders, resolutions and ordinances, or parts thereof, in conflict with this Ordinance, are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 46. Authentication. This Ordinance, immediately on its passage and adoption, shall be recorded in the official records of the City kept for that purpose, shall be authenticated by the signature of the Mayor of the City, shall be attested by the Clerk, and the seal of the City shall be affixed thereto.

Section 47. Publication and Effective Date. The Council has expressed in the preambles to this Ordinance that it pertains to the sale, issuance, or payment of the Bond, and that this instrument may accordingly be adopted as if an emergency now exists. This Ordinance shall become effective after its publication 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 Clerk/Treasurer, such publication to be made in a newspaper or newspapers published in Churchill County and which is of general circulation in the City and such publication to be in substantially the following form:

(Form of Publication of Adoption of Ordinance)

BILL NO.

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FALLON, NEVADA, DESIGNATED AS THE "2020 MEDIUM-TERM BOND ORDINANCE;" PROVIDING FOR THE ISSUANCE BY THE CITY OF ITS GENERAL OBLIGATION (LIMITED TAX) MEDIUM-TERM BOND, SERIES 2020; PROVIDING COVENANTS, CONDITIONS, AND OTHER DETAILS CONCERNING THE BOND, THE PROJECT AND GENERAL TAX PROCEEDS; RATIFYING ACTION PREVIOUSLY TAKEN AND PERTAINING TO THE FOREGOING BY THE CITY AND ITS OFFICERS AND EMPLOYEES; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING MATTERS RELATING THERETO.

PUBLIC NOTICE IS HEREBY GIVEN that the above entitled Ordinance was proposed by Councilman _____ at the regular meeting of the City of Fallon City Council held on December 7, 2020, and was passed and adopted at the regular meeting of the City of Fallon City Council held on December 7, 2020, by the following vote of the City Council:

Those Voting Aye:

Those Voting Nay:

Those Absent:

This Ordinance shall be in full force and effect from and after the __ day of December, 2020.

IN WITNESS WHEREOF, the City Council of the City of Fallon, Nevada has caused this Ordinance to be published by title only.

DATED this December __, 2020.

/s/ _____ Ken Tedford

Mayor

Attest:

/s/ Sean Richardson
City Clerk/Treasurer

(End of Form of Publication of Adoption of Ordinance)

DRAFT

Section 48. Severability. If any section, paragraph, clause or 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 provision shall in no way effect any remaining provisions of this Ordinance.

(SEAL)

Mayor

Attest:

City Clerk
City of Fallon, Nevada

This Ordinance shall be in force and effect from and after the ____ day of December, 2020.

STATE OF NEVADA)
) ss.
COUNTY OF CHURCHILL)

I, Sean Richardson, the duly chosen, qualified and acting City Clerk/Treasurer of City of Fallon, Nevada (the "City") do hereby certify:

1. The foregoing pages are a true, perfect and a complete copy of an ordinance adopted by the Council at a lawful meeting of the Council held on December 7, 2020, as recorded in the official record book of the proceedings of the City kept in my office.

2. The members of the Council voted on the introduction of the ordinance on December 7, 2020 as follows:

Those Voting Aye: Kelly Frost
 Karla Kent
 James Richardson

Those Voting Nay: _____

Those Absent: _____

3. The members of the Council voted on the final passage of the ordinance as set forth above.

4. All members of the Council were given due and proper notice of the meeting. Pursuant to NRS 241.020 and Governor Sisolak's Declaration of Emergency Directive 006 entered on March 22, 2020, and extended by Emergency Directive 016 entered on April 29, 2020, by Emergency Directive 018 entered on May 7, 2020, by Emergency Directive 021 entered on May 28, 2020, by Emergency Directive 026 entered on June 29, 2020 and by Emergency Directive 029 entered on July 31, 2020, written notice of the meeting was given not later than 9:00 a.m. on the third working day before the meeting including in the notice the time, place, location, and agenda of the meeting:

(a) By posting a copy of the notice at least three working days before the meeting on the City's website; at the principal office of the Council, or if there is no principal office, at the building in which the meeting is to be held; and on the State of Nevada public notice website; and

(b) By mailing a copy of the notice to each person, if any, who has requested notices of meetings of the Council in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

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 the notice so given of the meeting of the Council held on December 7, 2020 is attached to this certificate as Exhibit A.

7. A copy of the affidavit of publication of the Ordinance by title after its adoption is attached to this certificate as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand this December 7, 2020.

(SEAL)

Sean Richardson, City Clerk/Treasurer

Exhibit A

(Attach Copy of Notice of December 7, 2020 Meeting)

DRAFT

Exhibit B

(Attach Affidavit of Publication of Adoption of Bond Ordinance)

DRAFT

December 7, 2020

Agenda Item 8

Consideration and possible adoption of Bill No. 785 as Ordinance No. 766: An Ordinance of the City Council of the City of Fallon, Nevada, Designated as the “2020 Medium-Term Bond Ordinance;” Providing for the Issuance by the City of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020; Providing Covenants, Conditions, and Other Details Concerning the Bond, the Project and General Tax Proceeds; Ratifying Action Previously Taken and Pertaining to the Foregoing by the City and its Officers and Employees; Providing for Adoption as if an Emergency Exists; and Providing Matters Relating Thereto. **(For possible action)**

**CITY OF FALLON
REQUEST FOR COUNCIL ACTION**

Agenda Item No. 8

DATE SUBMITTED: November 30, 2020

AGENDA DATE REQUESTED: December 7, 2020

TO: The Honorable City Council

FROM: Robert Erquiaga, Chief of Staff
Sean Richardson, City Clerk/Treasurer

SUBJECT TITLE: Consideration and possible adoption of Bill No. 785 as Ordinance No. 766: An Ordinance of the City Council of the City of Fallon, Nevada, Designated as the “2020 Medium-Term Bond Ordinance;” Providing for the Issuance by the City of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020; Providing Covenants, Conditions, and Other Details Concerning the Bond, the Project and General Tax Proceeds; Ratifying Action Previously Taken and Pertaining to the Foregoing by the City and its Officers and Employees; Providing for Adoption as if an Emergency Exists; and Providing Matters Relating Thereto. **(For possible action)**

TYPE OF ACTION REQUESTED: (Check One)

<input type="checkbox"/> Resolution	<input checked="" type="checkbox"/> Ordinance
<input type="checkbox"/> Formal Action/Motion	<input type="checkbox"/> Other

RECOMMENDED COUNCIL ACTION: Motion to adopt Bill No. 785 as Ordinance No. 766: An Ordinance of the City Council of the City of Fallon, Nevada, Designated as the “2020 Medium-Term Bond Ordinance;” Providing for the Issuance by the City of its General Obligation (Limited Tax) Medium-Term Bond, Series 2020; Providing Covenants, Conditions, and Other Details Concerning the Bond, the Project and General Tax Proceeds; Ratifying Action Previously Taken and Pertaining to the Foregoing by the City and its Officers and Employees; Providing for Adoption as if an Emergency Exists; and Providing Matters Relating Thereto.

DISCUSSION: The City Council passed and adopted Resolution No. 20-09 at its regular meeting on November 2, 2020, which authorized medium-term obligations in an amount of up to \$2,000,000 in order to finance improvements to City Hall and the City’s Public Works Building, the construction of a new Fixed Base Operator Building at the City’s Airport, and refinancing of certain outstanding obligations of the City. Subsequently, City staff forwarded Resolution No. 20-09 and its supporting materials to the Nevada Department of Taxation for their review and approval. The City received said approval on or about November 25, 2020.

Utilizing the professional services of Mr. Marty Johnson, Financial Advisor, Mr. Scott Shaver, Bond Counsel, and Bob Erickson, the City put out a Request for Financing dated November 4, 2020. The City received multiple bids in response to the Request for Financing. City staff

recommends approval and adoption of this Ordinance so that City staff can issue the City of Fallon, Nevada General Obligation (Limited Tax) Medium-Term Bond, Series 2020 and close the transaction, and move forward with the proposed projects and refinancing of the City's vacuum truck lease/purchase agreement.

FISCAL IMPACT: Medium-Term Bonds in the aggregate principal amount not to exceed \$2,000,000

FUNDING SOURCE: Electric Enterprise Fund, Water Enterprise Fund, Sewer Enterprise Fund, Sanitation Enterprise Fund, Landfill Enterprise Fund, Water Treatment Enterprise Fund, Airport Fund and General Fund

PREPARED BY: Robert Erquiaga, Chief of Staff

TO BE PRESENTED BY: Robert Erquiaga and Sean Richardson

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FALLON, NEVADA, DESIGNATED AS THE "2020 MEDIUM-TERM BOND ORDINANCE;" PROVIDING FOR THE ISSUANCE BY THE CITY OF ITS GENERAL OBLIGATION (LIMITED TAX) MEDIUM-TERM BOND, SERIES 2020; PROVIDING COVENANTS, CONDITIONS, AND OTHER DETAILS CONCERNING THE BOND, THE PROJECT AND GENERAL TAX PROCEEDS; RATIFYING ACTION PREVIOUSLY TAKEN AND PERTAINING TO THE FOREGOING BY THE CITY AND ITS OFFICERS AND EMPLOYEES; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING MATTERS RELATING THERETO.

WHEREAS, the City of Fallon in the State of Nevada (the "City" and the "State," respectively) is a political subdivision of the State duly organized and consolidated as a city under the provisions of chapter 266 of the Nevada Revised Statutes ("NRS") and the general laws of the State; and

WHEREAS, the City has previously executed and delivered a Federally Taxable Lease/Purchase Agreement dated as of March 26, 2020 with Zions Bancorporation, N.A. (the "Prior Lease Agreement") to finance the costs of a vacuum truck for use by the City; and

WHEREAS, the Prior Lease Agreement is subject to prepayment at the option of the City on any date; and

WHEREAS, pursuant to NRS 350.087 to 350.095, inclusive (the "Note Act"), the City is authorized to issue medium-term obligations to finance improvements to City Hall and the City's Public Works Building, the construction of a new fixed base operator building at the City's airport (collectively, the "Improvement Project") and to refinance the Prior Lease Agreement (the "Refunding Project" and collectively with the Improvement Project, the "Project"); and

WHEREAS, pursuant to the Note Act, the City authorized to issue, as evidence thereof, negotiable medium-term notes or bonds which shall not be paid in whole or in part from a levy of a special tax exempt from the limitations on the levy of ad valorem taxes, but which shall be paid from other legally available funds of the City (subject to certain Constitutional and statutory tax limitations), which must mature not later than 10 years after the date of issuance and must

bear interest at a rate or rates which do not exceed by more than 3% the “Index of Twenty Bonds” which was most recently published before bids for their purchase are received; and

WHEREAS, pursuant to NRS 350.087, the City Council of the City (the “Council”) determined to publish a notice (the “Notice”), of its intention to authorize and to issue medium-term obligations in an aggregate principal amount not to exceed \$2,000,000, in a newspaper of general circulation in the City and an affidavit of such publication is on file in the office of the City Clerk (the “Clerk”); and

WHEREAS, the Council adopted by at least a two-thirds majority a resolution authorizing medium-term obligations in the maximum principal amount of \$2,000,000 to finance the Project (the “Authorization Resolution”) which contained a finding by the Council that the public interest requires medium-term obligations and a statement of the facts upon which the finding was based, which vote was taken at least 10 days after the publication of the Notice; and

WHEREAS, pursuant to NRS 350.089 and relevant provisions of the Nevada Administrative Code, the Council caused a certified copy of the Authorization Resolution and supporting documents to be submitted to the Executive Director of the Department of Taxation of the State of Nevada (the “Department of Taxation”) for his or her approval; and

WHEREAS, the City received the approval of the Department of Taxation for such medium-term obligations, a copy of such approval being attached hereto as follows:

(Attach Approval of Department of Taxation)



STEVE SISOLAK
Governor
JAMES DEVOLLD
Chair, Nevada Tax Commission
MELANIE YOUNG
Executive Director

STATE OF NEVADA
DEPARTMENT OF TAXATION

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

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

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

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

November 25, 2020

Sean Richardson
City Clerk Treasurer
City of Fallon
55 West Williams Avenue
Fallon, NV 89406

Re: City of Fallon

MTO – Medium-Term Obligation (Bonds)

2,000,000 for financing a new Airport FBO Building, Remodeling Public Works Building & City Hall, and Refinancing Vacuum Truck

Dear Mr. Richardson:

The Department of Taxation has received a request from the City of Fallon for the approval of a Medium-Term Obligation not to exceed \$2,000,000. This medium-term obligation will be used to finance improvements to City Hall and the City's Public Works Building, the construction of a new fixed base operator building at the City's airport and refinancing certain outstanding obligations of the City. This Medium-Term Obligation is to be repaid from the operating revenues generated from the City's Electric, Water, Sewer, Sanitation, Landfill, Water Treatment and Airport Enterprise Funds and the General Fund. The term for this obligation is not to exceed ten (10) years after the date of execution, and the interest rate shall not exceed by more than 3 percent the "Index of Twenty Bonds" most recently published in The Bond Buyer before bids are received or negotiated offer is accepted. The annual interest rate is estimated to be 2.50%.

The request has been reviewed as required by NRS 350.089 and is APPROVED.

Pursuant to NRS 350.089, the approval must be recorded in the minutes of the governing board at the next meeting. You are reminded the financing must be secured within eighteen months of receipt of this approval.

If you have any questions regarding this matter, please contact Kellie Grahmann, Budget Analyst in the Local Government Finance Section at (775) 684-2065 or at kgrahmann@tax.state.nv.us.

Sincerely,

Melanie Young
Executive Director
Nevada Department of Taxation

WHEREAS, the approval of the Department of Taxation as set forth in the preambles hereof is hereby recorded in the minutes of the Council as required by NRS 350.089; and

WHEREAS, the City has not previously utilized any of the authority so approved by the Department of Taxation; and

WHEREAS, pursuant to the Authorization Resolution, the Council ordered the medium-term obligations to be offered for sale in the form of medium-term bonds and authorized the City Clerk/Treasurer (the "Clerk/Treasurer") to arrange for the sale of such medium-term bonds subject to, among other conditions, adoption by the City of this Ordinance specifying the bond terms and details and approving their sale; and

WHEREAS, the Council hereby determines that the bond herein authorized to be issued shall be designated the "City of Fallon, Nevada, General Obligation (Limited Tax) Medium-Term Bond, Series 2020" in an aggregate principal amount not to exceed \$2,000,000 (the "Bond"); and

WHEREAS, the Council has determined and hereby declares and determines that legally available funds of the City will at least equal the amount required in each year for the payment of interest on and the principal of the Bond; and

WHEREAS, pursuant to NRS 350.091, the Council has determined and hereby determines that the maximum term of the Bond does not exceed the estimated useful life of the Project financed with the proceeds of the Bond; and

WHEREAS, the Council has heretofore elected to and hereby determines to issue the Bond in accordance with the provisions of NRS 350.500 through 350.720, and all laws amendatory thereof, cited in NRS 350.500 by the short title "Local Government Securities Law" (the "Bond Act"); and

WHEREAS, the Council hereby elects to have the provisions of NRS Chapter 348 (the "Supplemental Bond Act") apply to the Bond; and

WHEREAS, the Council is not authorized to levy general ad valorem taxes (the "General Taxes") to pay the principal of or interest on the Bond which are exempt from the limitations of any statutes of the State; and

WHEREAS, any General Taxes levied for the purpose of paying principal or interest on the Bond will be subject to the limitations contained in the Constitution and the statutes of the

State, including, without limitation, the limitations on General Taxes contained in NRS Sections 354.59811, 354.59813, 354.59815, 354.5982 and 361.453; and

WHEREAS, the Council is therefore authorized and empowered by the City Bond Law, the Note Act, the approval of the Department of Taxation, and the Bond Act, without any further preliminaries:

- A. To issue and sell the City's Bond; and
- B. To exercise the incidental powers provided in the Bond Act in connection with the powers authorized therein or as otherwise expressly provided therein; and

WHEREAS, after a sale of the Bond pursuant to NRS 350.105 to 350.195, the Clerk/Treasurer is hereby authorized to sell the Bond to the best bidder therefor (the "Purchaser"), and accept a binding bid for the Bond; and

WHEREAS, the Bond is to bear interest at the rates or rates per annum provided in the bond purchase proposal submitted by the Purchaser (the "Bond Purchase Proposal") and accepted by the Clerk/Treasurer, which rates must not exceed by more than 3% the Index of Twenty Bonds most recently published in The Bond Buyer prior to the time bids were received for the Bond, and are to be sold at a price equal to the principal amount thereof, plus accrued interest to the date of delivery of the Bond, if any, less a discount not exceeding 9% of the principal amount thereof or plus a premium, all as specified in a certificate dated on or after the sale date of the Bond (the "Certificate of the Clerk/Treasurer"); and

WHEREAS, the Council has determined and hereby declares that each of the limitations and other conditions to the issuance of the Bond in the City Bond Law, the Note Act, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State or the Federal Government, has been met; and pursuant to NRS 350.708 this determination of the Council that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion; and

WHEREAS, the Council has determined and does hereby declare that each of the limitations and other conditions to the issuance of the Bond in the Bond Act, and in any other relevant act of the State or the Federal Government, has been met and pursuant to Section 350.708 of the Bond Act, this determination of the Council that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion; and

WHEREAS, the Council has determined and does hereby declare:

- A. This Ordinance pertains to the sale, issuance and payment of the Bond;
- B. Such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of Subsection 2 of NRS 350.579; and
- C. This Ordinance may accordingly be adopted as if an emergency now exists by an affirmative vote of all of the voting members 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.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FALLON DOES ORDAIN:

Section 1. Short Title. This ordinance shall be known and may be cited as the “2020 Medium-Term Bond Ordinance” (herein the “Ordinance”).

Section 2. Acceptance of Purchase Proposal. The Clerk/Treasurer is authorized to accept the Bond Purchase Proposal submitted by the Purchaser and execute the Certificate of the Clerk/Treasurer, subject to the terms and conditions specified herein.

Section 3. Ratification. All action heretofore taken by the Council and the officers and employees of the City directed toward the Project and toward the issuance, sale and delivery of the Bond is ratified, approved and confirmed.

Section 4. Necessity of Project and Bond; Authorization of Project. It is necessary and in the best interests of the Council, its officers, and the inhabitants of the City, that the City effect the Project and defray wholly or in part the cost thereof by the issuance of the Bond therefor, and it is hereby so determined and declared. The Council hereby authorizes the Project.

Section 5. Authorization of Bond. For the purpose of providing funds to pay all or a portion of the cost of the Project, the City shall issue the “City of Fallon, Nevada, General Obligation (Limited Tax) Medium-Term Bond, Series 2020” in the aggregate principal amount set forth in the Certificate of the Clerk/Treasurer (not to exceed \$2,000,000). The Bond shall be issued in the form substantially as set forth in Section 21 of this Ordinance.

Section 6. Ordinance to Constitute Contract. In consideration of the purchase and the acceptance of the Bond by those who shall own the same from time to time, the provisions

hereof shall be deemed to be and shall constitute contracts between the City and the owners from time to time of the Bond.

Section 7. General Obligation. All of the Bond, as to the principal thereof and the interest thereon (the "Bond Requirements"), shall constitute a general obligation of the City, which hereby pledges its full faith and credit for their payment.

Section 8. Payment of the Bond. The Bond Requirements of the Bond shall be payable from any monies legally available therefor, and provision for the payment of the Bond Requirements of the Bond shall be made as provided in the Note Act, provided, however, that General Taxes levied for the purpose of paying the principal of or interest on the Bond shall be subject to the limitations contained in the Constitution and statutes of the State, including, without limitation, the limitations on the levy of General Taxes imposed by NRS 354.59811, 354.59813, 354.59815, 354.5982 and 361.453. The City is not authorized to levy General Taxes exempt from the limitations of any of said statutes to pay the Bond Requirements of the Bond. The City hereby irrevocably covenants with the registered owner of the Bond from time to time that it will make sufficient provisions annually in its budget to pay the Bond Requirements of the Bond, when due.

Section 9. Limitations upon Security. The payment of the Bond is not secured by an encumbrance, mortgage, or other pledge of property of the City, except for the proceeds of General Taxes and any other moneys pledged for the payment of the Bond. No property of the City, subject to such exception, shall be liable to be forfeited or taken in payment of the Bond.

Section 10. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bond or for any claim based thereon or otherwise upon this Ordinance or any other instrument relating thereto, against any individual member of the Council or any officer or other agent of the Council or City, past, present or future, either directly or indirectly through the Council or the City, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of a penalty or otherwise, all such liability, if any, being by the acceptance of the Bond and as a part of the consideration of its issuance specially waived and released.

Section 11. Bond Details. The Bond shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with Section 149 of the Tax Code, and the regulations of the Secretary of the Treasury thereunder. The Bond shall be dated as of the

date of delivery of the Bond and shall be issued as a single bond in the aggregate principal amount thereof. The Bond shall bear interest from its date until its maturity date at the rate set forth in the Certificate of the Clerk/Treasurer, calculated on the basis of a 360-day year, payable semiannually on March 1 and September 1 of each year commencing on the March 1, or September 1 first occurring which is at least 45 days after the date of delivery of the Bond; provided that a Bond which is reissued upon transfer, exchange or other replacement shall bear interest at the rate set forth in the Certificate of the Clerk/Treasurer from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bond. The Bond shall mature in each of the designated amounts of principal and designated dates as set forth in the Certificate of the Clerk/Treasurer.

The principal of any Bond shall be payable to the registered owner thereof as shown on the registration records kept by the City Treasurer, as "Registrar" upon maturity thereof and upon presentation and surrender at the office of the City Treasurer, as "Paying Agent;" provided, however, that such presentation and surrender requirement shall only apply on the final maturity date of the Bond and shall not apply to mandatory sinking fund redemption payments. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by said Bond until the principal thereof is paid in full. Payment of interest on any Bond shall be made to the registered 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 registered owner thereof, at his or her address as shown on the registration records kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"). 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 Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at his or her address, as shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Bond not less than 10 days prior

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

Section 12. Prior Redemption.

A. Optional Prior Redemption. The Bond, or portions thereof (\$1,000 or any integral multiple), will be subject to redemption prior to maturity, at the option of the City, on and after the dates set forth in the Certificate of the Clerk/Treasurer, in whole or in part at any time, at a price equal to the principal amount of the Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date, and a premium, if any, computed in accordance with the schedule set forth in the Certificate of the Clerk/Treasurer.

B. Partial Redemption. If only a portion of the Bond is redeemed pursuant to this Section 12, the Registrar shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond for the unredeemed portion thereof. The Paying Agent shall select the portion of the Bond to be redeemed by lot at such times as directed by the City (but at least 30 days prior to the redemption date).

C. Mandatory Redemption. The Bond will be subject to mandatory sinking fund redemption on the dates designated in the Certificate of the Clerk/Treasurer, if any, at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the Bond, there shall be deposited into the Medium-Term Debt Service Account, hereinafter created, on or before the dates set forth in the Certificate of the Clerk/Treasurer, a sum which, together with other moneys available therein, is sufficient to redeem (after credit is provided below) on the dates set forth in the Certificate of the Clerk/Treasurer, the principal amounts of the Bond as set forth in the Certificate of the Clerk/Treasurer.

At the option of the City to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation the Bond or portions thereof (\$1,000 or any integral multiple thereof) in an aggregate principal amount desired by the City or, (ii) specify a principal

amount of the Bond or portions thereof (\$1,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. The Bond or portion thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the City on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the City determines. In the event the City shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bond or portions thereof to be canceled.

D. Redemption Notice. Unless waived by any owner of the Bond to be redeemed, official notice of prior redemption shall be given by the Registrar on direction of the City, by first-class mail to the registered owner of the Bond or part of which is to be redeemed at the address shown on the records of the Registrar, at least 30 days and not more than 60 days prior to the date fixed for redemption. Failure to give such notice to the registered owner of the Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. All such notices of redemption shall be dated and shall state:

- i. the redemption date,
- ii. the redemption prices,
- iii. if less than all of the outstanding Bond is to be redeemed, the identification (and, in the case of partial redemption, the principal amount) of the Bond to be redeemed,
- iv. that on the redemption date the redemption price will become due and payable upon the Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- v. the place where the Bond is to be surrendered for payment of the redemption price, which place of payment shall be the office of the Paying Agent.

The notice of redemption having been given as aforesaid, such Bond or portion of Bond so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bond or portion of Bond shall cease to bear interest. Upon surrender of

such Bond for redemption in accordance with said notice, such Bond shall be paid by the Paying Agent at the redemption price. Installments of interest due prior to the redemption date and, if the redemption date is an interest payment date, on the redemption date shall be payable as herein provided for payment of interest. Accrued interest due on any Bond which is called for prior redemption on a date which is not an interest payment date will be paid at the time the principal of such Bond is paid. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond of the same maturity in the amount of the unpaid principal. Any Bond which has been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued. A certificate by the Registrar that notice of redemption has been given as provided in this Section shall be conclusive as against all parties; and no owner whose Bond is called for redemption or any other holder of any Bond or any other person may object thereto or may object to the cessation of interest on the redemption date on the ground that he failed actually to receive or see such notice of call and redemption.

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

Section 13. Negotiability. Subject to the registration provisions herein provided, the Bond shall be fully negotiable within the meaning of and for the purposes of the Uniform Commercial Code - Investment Securities and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

Section 14. Registration, Transfer, and Exchange of Bond.

A. Records for the registration and transfer of the Bond shall be kept by the Registrar. Upon the surrender of any Bond at the Registrar, duly endorsed for transfer or accompanied by an assignment in form satisfactory to the Registrar duly executed by the owner or his attorney duly authorized in writing, the Registrar shall authenticate and deliver in the name of the transferee or transferees a new Bond of a like principal amount and of the same maturity, bearing a number not previously assigned. Any Bond may be exchanged at the Registrar for an equal aggregate principal amount of Bond, as provided in Section 11 hereof. The Registrar shall

authenticate and deliver a Bond which the owner making the exchange is entitled to receive, bearing a number or numbers not previously assigned. Such transfers and exchanges of any Bond shall be without charge to the owner or any transferee, but the Registrar shall require the payment by the owner of any Bond requesting exchange or transfer, of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

B. The person in whose name the Bond shall be registered on the registration records kept by the Registrar shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes (except to the extent otherwise provided in Section 11 hereof with respect to interest payments); and payment of or on account of either principal or interest on any Bond shall be made only to or upon the written order of the owner thereof or his legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

C. If any Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the City may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond of a like aggregate principal amount, bearing a number or numbers not previously assigned. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

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

E. Notwithstanding anything to the contrary set forth in this Ordinance, the Bond may only be transferred in whole to a new owner who is: (i) an affiliate of the original Purchaser of the Bonds; (ii) a "Bank" as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"); (iii) an "Accredited Investor" as defined in Regulation D under the Securities Act; or (iv) a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act.

Section 15. [RESERVED].

Section 16. Execution and Authentication.

A. Prior to the execution of any Bond by facsimile signature and pursuant to NRS 350.638, to the act known as the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351, NRS, and to the Supplemental Bond Act, the Mayor, and the City Clerk/Treasurer each shall file with the Secretary of State of Nevada his or her manual signature certified by him or her under oath.

B. The Bond shall be signed and executed in the name of and on behalf of the City with the manual or facsimile signature of the Mayor, shall be countersigned and executed with the manual or facsimile signature of the City Treasurer, and shall be countersigned, subscribed, and executed with the manual or facsimile signature of the City Clerk.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. By authenticating the Bond initially delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

D. The Mayor, the City Treasurer and the Clerk are hereby authorized and directed to prepare and to execute the Bond as herein provided.

Section 17. Use of Predecessor's Signature. The Bond bearing the signatures of the officers in office at the time of their execution shall be valid and binding obligations of the City, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Mayor, and the City Clerk/Treasurer, at the time of the execution of a signature certificate relating to the Bond, may each adopt as and for his or her own facsimile signature, the facsimile signature of his or her predecessor in office if such facsimile signature appears upon the Bond.

Section 18. Incontestable Recital. Pursuant to NRS 350.628, the Bond shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bond and the regularity of its issuance.

Section 19. State Tax Exemption. Pursuant to NRS 350.710, the Bond, its transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to NRS Chapter 375A and the tax on generation skipping transfers imposed pursuant to NRS Chapter 375B.

Section 20. Bond Delivery. After registration by the Registrar and after their execution and authentication as provided herein, the Registrar shall cause the Bond to be delivered to the Purchaser, upon payment being made in accordance with the terms of their sale.

Section 21. Bond Form. Subject to the provisions of this Ordinance, the Bond shall be in substantially the following form, with such omissions, insertions, endorsements, and variations as may be required by the circumstances, be required or permitted by this Ordinance, or be consistent with this Ordinance and necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto:

(Form of Bond)

THE REGISTERED OWNER OF THIS BOND ACKNOWLEDGES AND AGREES THAT THIS BOND MAY ONLY BE TRANSFERRED TO A NEW OWNER WHO IS: (I) AN AFFILIATE OF THE ORIGINAL PURCHASER OF THIS BOND; (II) A "BANK" AS DEFINED IN SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"); (III) AN "ACCREDITED INVESTOR" AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT; OR (IV) A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT.

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

CITY OF FALLON, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
MEDIUM-TERM BOND
SERIES 2020

No. _____ \$ _____

Interest Rate

Maturity Date

Dated As of

_____ % per annum

March 1, _____

_____, 2020

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The City of Fallon, in the County of Churchill and the State of Nevada (the "City," the "County," and the "State," respectively) for value received, hereby acknowledges itself to be indebted and promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless called for earlier redemption), and to pay interest thereon on March 1 and September 1 of each year, commencing on _____ 1, 2021, at the interest rate per annum specified above, until the principal is paid or payment has been provided for or, if such payment date is not a business day, on the next succeeding business day. This Bond shall bear interest from the most recent interest payment date to which interest has been paid or, if no interest has been paid, from the date of the initial delivery of this Bond (the "Bond"). The principal of this Bond is payable upon presentation and surrender hereof at the office of the City's paying agent for the Bond or any successor (the "Paying Agent"), presently the City Clerk/Treasurer in Fallon, Nevada who is also now acting as the City's Registrar for the Bond (the "Registrar"); provided, however, that such presentation

and surrender requirement shall only apply on the final maturity date of the Bond and shall not apply to mandatory sinking fund redemption payments. Interest on this Bond will be paid on each interest payment date (or, if such date is not a business day, on the next succeeding business day) by check or draft mailed to the person in whose name this Bond or any predecessor bond is registered (the "registered owner") in the registration records of the City maintained by the Registrar, at the address appearing thereon, as of the close of business on the 15th day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner as of the close of business on a special record date for the payment of any defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owner not less than ten (10) days prior thereto. Alternative means of payment of interest may be used if mutually agreed to by the registered owner and the Paying Agent, as provided in the ordinance of the City Council of the City (the "Council") authorizing the issuance of the Bond and designated in Section 1 thereof as the "2020 Medium-Term Bond Ordinance," duly adopted by the Council (the "Ordinance"). All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar. If this Bond is not paid upon presentation at its maturity, interest at the rate specified above shall continue to be borne hereby until the principal hereof is discharged as provided in the Ordinance.

This Bond is issued by the City upon its behalf and upon the credit thereof, for the purpose of financing all or a portion of the cost of the Project as set forth in the Ordinance, under the authority of and in full compliance with the Constitution and laws of the State, and pursuant to the Ordinance.

The Bond, as to the principal thereof and the interest thereon (the "Bond Requirements"), shall be payable from any moneys of the City legally available for the purpose of making such payment and the full faith and credit of the City are hereby irrevocably pledged for making such payment. Provision for the payment of the Bond shall be made as provided in NRS 350.093 and 350.095, provided, however, that ad valorem taxes levied for the purpose of paying the principal of and interest on the Bond are subject to the limitations contained in the Constitution and the

statutes of the State, including, without limitation, the limitations on ad valorem taxes contained in NRS 354.59811, 354.5913, 354.59815, 354.5982 and 361.453. The City is not authorized to levy ad valorem taxes to pay the principal of or interest on the Bond exempt from the limitations of any such statutes, but the City has covenanted in the Ordinance to make sufficient provision annually in its budget to pay the Bond Requirements of the Bond, when due.

The City covenants and agrees with the Registered Owner of this Bond and with each and every person who may become the Registered Owner hereof that it will keep and will perform all of the covenants of the Ordinance.

The Bond is subject to [optional redemption and] mandatory sinking fund redemption as set forth in the Ordinance and the Certificate of the Clerk/Treasurer.

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

This Bond is not transferable or exchangeable, except as set forth in the Bond Ordinance.

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

It is hereby certified, recited, declared and warranted that all actions required to be taken prior to the issuance hereof have been had and taken by the City; that the issuance of the Bond has been approved by the Executive Director of the Department of Taxation of the State of Nevada as required by the NRS 350.087 to 350.095, inclusive, and that the principal of the Bond, when added to other City indebtedness, does not exceed the limits on indebtedness of the City provided in the Constitution and statutes of the State.

This Bond shall not be entitled to any benefit under the Ordinance, or be valid or obligatory for any purpose until the Registrar shall have manually signed the certificate of authentication hereon.

[The City has designated the Bond as a “qualified tax-exempt obligation within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code, as amended]

IN WITNESS WHEREOF, the City Council of the City of Fallon, Nevada, has caused this Bond to be executed in the name and on behalf of the City with the manual or facsimile signature of the Mayor, to be attested, signed and executed with a manual or facsimile signature of the City Clerk, has caused a manual or facsimile impression of the seal of the City to be affixed hereon, and has caused this Bond to be countersigned with the manual or facsimile signature of the City Treasurer, all as of _____, 2020.

CITY OF FALLON, NEVADA

(Manual or Facsimile Signature)

Mayor

(Manual or Facsimile Signature)

City Treasurer

(MANUAL OR FACSIMILE SEAL)

Attest:

(Manual or Facsimile Signature)
City Clerk

(End of Form of Bond)

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

Date of authentication
and registration _____

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

THE CITY OF FALLON TREASURER
as Registrar

By _____ (Manual Signature)
Authorized Officer

(Form of Registration Panel)

The within Bond is registered in the office of the Registrar, in the name of the last owner listed below, and the principal amount of the Bond and interest thereon shall be payable only to such owner, all in accordance with the within-mentioned Ordinance.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____, 2020		

(Form of Prepayment Panel)

The following installments of principal (or portions thereof) of this Bond have been prepaid by the City of Fallon, Nevada, in accordance with the terms of the within-mentioned Ordinance.

<u>Date of Prepayment</u>	<u>Due Date of Installments (or portions thereof)</u>	<u>Principal Amount Prepaid</u>	<u>Signature of Paying Agent</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(Form of Assignment for Bond)

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

Dated: _____

Signature Guaranteed: _____

Name and address of transferee:
Social Security or other tax
identification number of
transferee: _____

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever. Signature(s) must be guaranteed by an eligible guarantor institution as defined in 17 CFR § 240.17Ad-15(a)(2).

NOTICE: TRANSFER FEES MUST BE PAID TO THE REGISTRAR IN ORDER TO TRANSFER OR EXCHANGE THIS BOND AS PROVIDED IN THE WITHIN-MENTIONED ORDINANCE.

Section 22. Use of Bond Proceeds. A portion of the proceeds realized from the sale of the Bond shall be used to effect the Refunding Project. The remaining proceeds realized from the sale of the Bond shall be deposited in a special account hereby created and designated as the "City of Fallon, Medium-Term, Series 2020, Acquisition Account" (the "Acquisition Account") to be held by the City. Moneys in the Acquisition Account shall be used solely to defray wholly or in part the cost of the Project including, without limitation, as provided in NRS 350.516, all costs of issuing the Bond, and the costs of rebates to the United States under Section 148 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), which the Council hereby determines are necessary and desirable and pertain to the Project. After the Project is complete and after all expenses have been paid or adequate provision therefor is made, pursuant to NRS 350.650, any unexpended balance of Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Acquisition Account shall be deposited into the Medium-Term Debt Service Account, hereinafter created, to be used to pay the principal of and interest on the Bond.

Section 23. Permitted Investments. Any moneys in any account designated in this Ordinance, and not needed for immediate use, may be invested or reinvested in any investments permitted under the laws of the State. For the purpose of any such investment or reinvestment, the securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 24. Use of Investment Gain. Pursuant to NRS 350.658, any gain from any investment and any reinvestment of any proceeds of the Bond shall be deposited promptly upon the receipt of such gain at any time or from time to time into the Acquisition Account to defray, in part, the cost of the Project or, if adequate provision has been made for the Project, into the Medium-Term Debt Service Account, hereinafter created, for the respective payment of the principal of or interest on the Bond or any combination thereof. As provided in Section 28 hereof, any annual General Taxes for the payment of the principal of or interest on the Bond levied after such deposits of any such investment or reinvestment gain, may be diminished to the extent of the availability of such deposit for the payment of such principal or interest.

Section 25. Completion of Project. The City, with the proceeds derived from the sale of the Bond, shall proceed to complete the Project without delay and with due diligence to the best of the City's ability, as hereinabove provided.

Section 26. Prevention of Bond Default. Subject to the provisions of this Ordinance, the Clerk/Treasurer shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements of the Bond as the same become due whenever and to the extent moneys otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and pertaining to the Project. The Clerk/Treasurer shall promptly notify the Council of any such use.

Section 27. Purchaser Not Responsible. The validity of the Bond shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Project, or any part thereof, or to the completion of the Project. The owner of any Bond shall in no manner be responsible for the application or disposal by the City or by any of its officers, agents, and employees of the moneys derived from the sale of the Bond or of any other moneys herein designated.

Section 28. General Tax Levies. Pursuant to NRS 350.596, any sums coming due on the Bond at any time when there are not on hand in the Medium-Term Debt Service Account sufficient funds to pay same shall be promptly paid when due out of the Acquisition Account or out of a general fund of the City or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes legally available therefor. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements, there is hereby created a separate account designated as the "City of Fallon, Nevada, General Obligation (Limited Tax) Medium-Term Bond, Series 2020, Medium-Term Debt Service Account" (the "Medium-Term Debt Service Account"). Pursuant to NRS 350.592, 350.594, 350.093 and 350.095, except to the extent other funds are legally available therefor, there shall be duly levied immediately after the issuance of the Bond and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the City, including the net proceeds of mines, fully sufficient to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installment of interest, and to pay the interest on the Bond becoming due after such initial installment, and to pay and retire the Bond as they

thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to the Medium-Term Debt Service Account for the payment of such Bond Requirements. In the preparation of the annual budget or appropriation resolution or ordinance for the City, the Council shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the City, including, without limitation, the Bond, subject to the limitation imposed by NRS 354.59811, 354.59813, 354.59815, 354.5982 and 361.453, and Section 2, Art. 10, State Constitution, and the amount of money necessary for this purpose shall be a first charge against all such revenues received by the City.

Section 29. Priorities for Bond. As provided in NRS 361.463, in any year in which the total General Taxes levied against the property in the City by all overlapping units within the boundaries of the City exceeds the limitations imposed by NRS 361.453, 354.59811, 354.59813 and 354.5982 or a lesser or greater amount fixed by the State Board of Examiners in any fiscal year, and it shall become necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by the City for purposes other than the payment of Bond Requirements of the Bond and other bonded indebtedness of the City including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by the City for all other purposes where reduction is necessary in order to comply with the limitation of NRS 361.453, 354.59811, 354.59813 and 354.5982.

Section 30. Correlation of Levies. Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected, and the proceeds thereof for the Bond shall be kept in the Medium-Term Debt Service Account, which shall be used for no other purpose than the payment of principal and interest, respectively, as the same fall due.

Section 31. Use of General Fund. Any sums becoming due on the Bond at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the City, reimbursement to be made for such general funds in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596.

Section 32. Use of Other Funds. Nothing in this Ordinance prevents the City from applying any funds (other than General Taxes) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, mature, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.

Section 33. Legislative Duties. In accordance with NRS 350.592, it shall be the duty of the Council annually, at the time and in the manner provided by law for levying other General Taxes of the City, if such action shall be necessary to effectuate the provisions of this Ordinance, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes; and the Council shall require the officers of the City to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of the Bond and the interest thereon. Such General Taxes, when collected shall be kept for and applied only to the payment of the principal of and the interest on the Bond as hereinbefore specified.

Section 34. Appropriation of General Taxes. In accordance with NRS 350.602, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal and interest, and such appropriations will not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the Bond Requirements of the Bond have been wholly paid.

Section 35. Protective Covenants. The City covenants and agrees with each and every owner from time to time of the Bond, that:

- A. The Project shall be completed without delay; and
- B. The City will make the principal and interest payments on the Bond at the place, on the date, and in the manner specified according to the true intent and meaning hereof.

Section 36. Tax Covenant. The City covenants for the benefit of the owner of the Bond that it will not take any action or omit to take any action with respect to the Bond, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the Bond if such action or omission (i) would cause the interest on the Bond to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), or (ii) would cause interest on the

Bond to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bond until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

Section 37. Defeasance. When all Bond Requirements of the Bond have been duly paid, the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment when the City has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond. 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 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 so needed to meet the schedule. For the purposes of this Section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof.

Section 38. Further Assurances. The Bond, when duly executed and delivered for the purpose provided for in this Ordinance, shall constitute a warranty by and on behalf of the City for the benefit of the owner of the Bond that the Bond has been issued for a valuable consideration in full conformity with law.

Section 39. Owners Rights. An owner of the Bond issued hereunder shall be entitled to all of the privileges, rights and remedies provided or permitted in the City Bond Law and the Bond Act, and as otherwise provided or permitted by law or in equity or by other statutes, except as otherwise provided herein, but subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Pledged Revenues and the proceeds of the Bond.

Section 40. Owners Enforcement. Nothing herein affects or impairs the right of any owner of the Bond to enforce the payment of the Bond Requirements or the obligation of the

City to pay the Bond Requirements of the Bond to the owner thereof at the time and the place expressed in the Bond.

Section 41. Amendment of Ordinance. This Ordinance may be amended or supplemented by instruments adopted by the City, without receipt by the City of any additional consideration, but with the written consent of the owner of the then Outstanding Bond at the time of the adoption of the amendatory or supplemental instrument. No such instrument shall permit:

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

B. A reduction in the principal amount of the Bond or the rate of interest thereon, without the written consent of the owner of the then Outstanding Bond; or

C. A reduction of the principal amount or percentages or otherwise affecting the description of the Bond or the consent of the owner of which is required for any modification or amendment; or

D. The modification of, or other action which materially and prejudicially affects the rights or privileges of the owner of the Bond, without the written consent of the owner of the then Outstanding Bond.

Whenever the City proposes to amend or modify this Ordinance under the provisions hereof, it shall cause notice of the proposed amendment to be mailed within 30 days to the insurer of the Bond, if any, and each owner of the Bond. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the City Clerk for public inspection.

Whenever at any time within one year from the date of such notice there shall be filed in the office of the City Clerk an instrument or instruments executed by the insurer of the Bond, if any, or the owner of the then Outstanding Bond, which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument; thereupon, but not otherwise, the Council may adopt the amendatory instrument and the instrument shall become effective.

Any Bond authenticated and delivered after the effective date of any action taken as provided in this Section may bear a notation by endorsement or otherwise in form approved by the City as to the action. If any Bond so authenticated and delivered shall bear such notation,

then upon demand of the owner of any Bond outstanding at such effective date and upon presentation of his Bond, suitable notation shall be made on the Bond as to any such action. If the City so determines, a new Bond so modified as in the opinion of the City to conform to such action shall be prepared, registered and delivered and upon demand of the owner of any Bond then outstanding, shall be exchanged without cost to the owner of the Bond then outstanding upon surrender of such Bond.

Section 42. Ordinance Irrepealable. After the delivery of the Bond, the provisions of the Bond Act and of this Ordinance shall be a part of the irrevocable contract between the City and the owners of the Bond issued hereunder.

Section 43. Delegated Powers. The officers of the City hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limiting the generality of the foregoing:

- A. The printing of the Bond; and
- B. The execution of such certificates as may be required by the Purchaser relating to the signing of the Bond, the tenure and identity of the officials of the City, the assessed valuation of the taxable property in and the indebtedness of the City, the rate of General Taxes levied against the taxable property within the City, the delivery of the Bond and the receipt of the bond purchase price, the exemption of interest on the Bond from federal income taxation, the completeness and accuracy of any information provided to the Purchaser in connection with the Bond as of the date of delivery of the Bond, and if it is in accordance with the facts, the absence of litigation, pending or threatened, affecting the validity of the Bond or affecting the completeness or accuracy of such information, the assembly and dissemination of financial and other information concerning the City and the Bond.

Section 44. Replacement of Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Clerk/Treasurer shall reasonably determine that it is in the best interests of the City to appoint a successor Registrar or Paying Agent, the Clerk/Treasurer may, upon notice mailed to the owner of the Bond at his or her address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same person or institution serve as both

Registrar and Paying Agent hereunder, but the City shall have the right to have the same person or institution serve as both Registrar and Paying Agent.

Any successor by merger with the Registrar and Paying Agent is automatically appointed as Registrar and Paying Agent hereunder without any further action of the Council, as long as the successor otherwise is qualified to act as Registrar and Paying Agent pursuant to this Section. Any City officer, bank, trust company or national banking association into which the Registrar and/or Paying Agent or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust business shall be the successor of the Registrar and/or Paying Agent under this Ordinance with the same rights, powers, duties and obligations and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 45. Implied Repealer. All bylaws, orders, resolutions and ordinances, or parts thereof, in conflict with this Ordinance, are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 46. Authentication. This Ordinance, immediately on its passage and adoption, shall be recorded in the official records of the City kept for that purpose, shall be authenticated by the signature of the Mayor of the City, shall be attested by the Clerk, and the seal of the City shall be affixed thereto.

Section 47. Publication and Effective Date. The Council has expressed in the preambles to this Ordinance that it pertains to the sale, issuance, or payment of the Bond, and that this instrument may accordingly be adopted as if an emergency now exists. This Ordinance shall become effective after its publication 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 Clerk/Treasurer, such publication to be made in a newspaper or newspapers published in Churchill County and which is of general circulation in the City and such publication to be in substantially the following form:

(Form of Publication of Adoption of Ordinance)

BILL NO.

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FALLON, NEVADA, DESIGNATED AS THE "2020 MEDIUM-TERM BOND ORDINANCE;" PROVIDING FOR THE ISSUANCE BY THE CITY OF ITS GENERAL OBLIGATION (LIMITED TAX) MEDIUM-TERM BOND, SERIES 2020; PROVIDING COVENANTS, CONDITIONS, AND OTHER DETAILS CONCERNING THE BOND, THE PROJECT AND GENERAL TAX PROCEEDS; RATIFYING ACTION PREVIOUSLY TAKEN AND PERTAINING TO THE FOREGOING BY THE CITY AND ITS OFFICERS AND EMPLOYEES; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING MATTERS RELATING THERETO.

PUBLIC NOTICE IS HEREBY GIVEN that the above entitled Ordinance was proposed by Councilman _____ at the regular meeting of the City of Fallon City Council held on December 7, 2020, and was passed and adopted at the regular meeting of the City of Fallon City Council held on December 7, 2020, by the following vote of the City Council:

Those Voting Aye:

Those Voting Nay:

Those Absent:

This Ordinance shall be in full force and effect from and after the ___ day of December, 2020.

IN WITNESS WHEREOF, the City Council of the City of Fallon, Nevada has caused this Ordinance to be published by title only.

DATED this December ___, 2020.

/s/ _____ Ken Tedford

Mayor

Attest:

/s/ Sean Richardson
City Clerk/Treasurer

(End of Form of Publication of Adoption of Ordinance)

DRAFT

Section 48. Severability. If any section, paragraph, clause or 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 provision shall in no way effect any remaining provisions of this Ordinance.

(SEAL)

Mayor

Attest:

City Clerk
City of Fallon, Nevada

This Ordinance shall be in force and effect from and after the ____ day of December, 2020.

STATE OF NEVADA)
) ss.
COUNTY OF CHURCHILL)

I, Sean Richardson, the duly chosen, qualified and acting City Clerk/Treasurer of City of Fallon, Nevada (the "City") do hereby certify:

1. The foregoing pages are a true, perfect and a complete copy of an ordinance adopted by the Council at a lawful meeting of the Council held on December 7, 2020, as recorded in the official record book of the proceedings of the City kept in my office.

2. The members of the Council voted on the introduction of the ordinance on December 7, 2020 as follows:

Those Voting Aye: Kelly Frost
 Karla Kent
 James Richardson

Those Voting Nay: _____

Those Absent: _____

3. The members of the Council voted on the final passage of the ordinance as set forth above.

4. All members of the Council were given due and proper notice of the meeting. Pursuant to NRS 241.020 and Governor Sisolak's Declaration of Emergency Directive 006 entered on March 22, 2020, and extended by Emergency Directive 016 entered on April 29, 2020, by Emergency Directive 018 entered on May 7, 2020, by Emergency Directive 021 entered on May 28, 2020, by Emergency Directive 026 entered on June 29, 2020 and by Emergency Directive 029 entered on July 31, 2020, written notice of the meeting was given not later than 9:00 a.m. on the third working day before the meeting including in the notice the time, place, location, and agenda of the meeting:

(a) By posting a copy of the notice at least three working days before the meeting on the City's website; at the principal office of the Council, or if there is no principal office, at the building in which the meeting is to be held; and on the State of Nevada public notice website; and

(b) By mailing a copy of the notice to each person, if any, who has requested notices of meetings of the Council in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

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 the notice so given of the meeting of the Council held on December 7, 2020 is attached to this certificate as Exhibit A.

7. A copy of the affidavit of publication of the Ordinance by title after its adoption is attached to this certificate as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand this December 7, 2020.

(SEAL)

Sean Richardson, City Clerk/Treasurer

Exhibit A

(Attach Copy of Notice of December 7, 2020 Meeting)

DRAFT

Exhibit B

(Attach Affidavit of Publication of Adoption of Bond Ordinance)

DRAFT