

Summary - A resolution authorizing the issuance by the Indian Hill General Improvement District, Nevada of its General Obligation (Limited Tax) Water and Sewer Bond (Additionally Secured by Pledged Revenues), Series 2007, in the maximum aggregate principal amount of \$2,000,000 and providing other matters relating thereto.

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE INDIAN HILL GENERAL IMPROVEMENT DISTRICT, NEVADA, DESIGNATED BY THE SHORT TITLE "2007 WATER AND SEWER BOND RESOLUTION"; PROVIDING FOR THE ISSUANCE OF ITS GENERAL OBLIGATION (LIMITED TAX) WATER AND SEWER BOND (ADDITIONALLY SECURED BY PLEDGED REVENUES), SERIES 2007, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$2,000,000; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF; PROVIDING FOR THE LEVY AND COLLECTION OF ANNUAL GENERAL (AD VALOREM) TAXES FOR THE PAYMENT OF THE BOND; ADDITIONALLY SECURING ITS PAYMENT BY A PLEDGE OF REVENUES DERIVED FROM THE UTILITY SYSTEM OF WHICH THE FINANCED PROJECT IS A PART; AND PROVIDING OTHER MATTERS RELATING THERETO.

(1) **WHEREAS**, the Indian Hill General Improvement District in the State of Nevada (the "District" and the "State," respectively) is a political subdivision of the State duly incorporated as a general improvement district under the provisions of Chapter 318 of the Nevada Revised Statutes (the "NRS"); and

(2) **WHEREAS**, the District now owns and operates a municipal water and sewer system (the "Utility System"); and

(3) **WHEREAS**, the Board of Trustees of the District (the "Board") has determined and hereby declares that the public interest, health and welfare necessitates making certain improvements to the water and sewer systems by constructing, reconstructing, improving and extending facilities pertaining to the water and sewer systems (the "Project"); and to issue and sell general obligation water and sewer bonds (additionally secured by pledged revenues) of the District to defray, in whole or in part, the cost of the Project; and

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

(5) **WHEREAS**, pursuant to NRS §§ 350.011 to 350.0165, inclusive (the "Bond Commission Act"), the Board submitted to the Debt Management Commission of Douglas County (the "Commission") the District's proposal to issue its general obligation (limited tax) water and sewer bonds (additionally secured by pledged revenues) in the maximum principal amount of \$2,000,000 (the "Proposal"); and

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

(7) **WHEREAS**, pursuant to NRS § 350.020(3), the District published a notice of public hearing and a notice of its intent to issue a maximum of \$2,000,000 of general obligation (limited tax) water and sewer bonds (additionally secured by pledged revenues), and no petition in conformity with NRS § 350.020(3) requesting an election on the bonds was presented to the Board within 90 days after such publication; and

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

(A) To commence the Project;

(B) To issue and sell the District's registered, negotiable general obligation (limited tax) water and sewer bonds (additionally secured by pledged revenues) in the maximum aggregate principal amount of \$2,000,000 for the Project; and

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

(9) **WHEREAS**, none of the general obligation bonds contemplated by the Proposal have previously been sold; and

(10) **WHEREAS**, pursuant to the Bond Act and the Project Act, the Board has determined to sell its "Indian Hill General Improvement District, Nevada, General Obligation (Limited Tax) Water and Sewer Bond (Additionally Secured by Pledged Revenues), Series 2007", in

the maximum principal amount of \$2,000,000 (the "Bond" or the "Bonds") to the purchaser (the "Purchaser") set forth in a certificate executed by the General Manager of the District on or before the delivery date of the Bond (the "Certificate of the General Manager") for a price equal to the principal amount thereof, plus a premium, or less a discount not to exceed 9% of the principal amount of the Bond, and otherwise upon the terms provided below; and

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

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

(13) **WHEREAS**, the Board has determined and hereby declares:

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

(B) Each of the limitations and other conditions to the issuance of the Bond in the Project Act, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State or the Federal Government, has been met; and pursuant to NRS § 350.708, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion; and

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

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE INDIAN HILL GENERAL IMPROVEMENT DISTRICT, NEVADA, DO RESOLVE:

SECTION 1. **Short Title.** This Resolution shall be known and may be cited as the "2007 Water and Sewer Bond Resolution."

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

"Bond" or the "Bonds" means the "Indian Hill General Improvement District, Nevada General Obligation (Limited Tax) Water and Sewer Bond (Additionally Secured by Pledged Revenues), Series 2007" issued hereunder in the maximum principal amount of \$2,000,000.

"1999 Bond" means the "Indian Hill General Improvement District, Nevada General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series 1999".

"2000 Bond" means the "Indian Hill General Improvement District, Nevada Water Revenue Bond, Series 2000".

"2003 Bond" means the "Indian Hill General Improvement District, Nevada Water Revenue Bond, Series 2003".

"Bond Fund" means the two separate accounts designated as the "Indian Hill General Improvement District, Nevada, General Obligation (Limited Tax) Water and Sewer Bond (Additionally Secured by Pledged Revenues), Series 2007, Interest Account" (the "Interest Account") and the "Indian Hill General Improvement District, Nevada, General Obligation (Limited Tax) Water and Sewer Bond (Additionally Secured by Pledged Revenues), Series 2007, Principal Account" (the "Principal Account") created in Section 29 hereof.

"Bond Year" means the 12 month period commencing on October 2 of a calendar year and ending on October 1 of the following calendar year.

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

"Cost of the Project" means all or any part designated by the Board for the cost of the Project, or interest therein, which cost, at the option of the Board, except as limited by law, may include all or any part of the incidental costs relating to the Project, including, without limitation:

- (a) Preliminary expenses advanced by the District from money available for use therefor, or advanced by the Federal

Government, or from any other source, with the approval of the Board;

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

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

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

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

(f) The costs of contingencies;

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

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

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

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

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

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

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

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

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

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

"Gross Revenues" means all income and revenues derived directly or indirectly by the District from the operation and use and otherwise pertaining to the Utility System or any part thereof, whether resulting from repairs, enlargements, extensions, betterments or other improvements to the Utility System, or otherwise, and includes all revenues received by the District from the Utility System, including, without limitation, all fees, rates, and other charges for the use of the Utility

System, or for any service rendered by the District in the operation thereof, directly or indirectly, the availability of any such service or the sale or other disposal of any commodity derived therefrom, but excluding any moneys borrowed and used for the acquisition of capital improvements and any moneys received as grants, appropriations or gifts from the United States, the State or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Utility System, except to the extent any such moneys shall be received as payments for the use of the Utility System, services rendered thereby, the availability of any such service or the disposal of any such commodities. "Gross Revenues" shall also include all income or other gain from the investment of such income and revenues and of the proceeds of securities payable from Gross Revenues or Net Revenues.

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

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

(a) engineering, auditing, reporting, legal and other overhead expenses relating to the administration, operation and maintenance of the Utility System;

(b) fidelity bond and property and liability insurance premiums pertaining to the Utility System or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Utility System;

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

(d) any general taxes, assessments, excise taxes or other charges which may be lawfully imposed upon the District, the Utility System, revenues therefrom or the District's income from or

operations of any properties under its control and pertaining to the Utility System, or any privilege in connection with the Utility System or its operations;

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

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

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

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

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

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

but excluding:

(i) any allowance for depreciation;

(ii) any costs of extensions, enlargements, betterments and other improvements, or any combination thereof;

(iii) any reserves for major capital replacements, other than normal repairs;

(iv) any reserves for operation, maintenance or repair of the Utility System;

(v) any allowance for the redemption of any Bond or other security or the payment of any interest thereon or any prior redemption premium due in connection therewith;

(vi) any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing facilities, or any combination thereof, pertaining to the Utility System, or otherwise; and

(vii) any liabilities imposed on the District for any ground of legal liability not based on contract, including, without limitation, negligence in the operation of the Utility System.

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

(a) Except any Bond or other security canceled by the District, the Paying Agent or otherwise on the District's behalf, at or before such date;

(b) Except any Bond or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of maturity or to any Redemption Date shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Section 57 hereof; and

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

"Parity Securities" means securities of the District pertaining to the Utility System and payable from and secured by Net Revenues on a parity with the Bond and the 1999 Bond, to the extent issued in accordance with the terms, conditions and limitations hereof.

"Paying Agent" means the General Manager of the District or any successor thereto as paying agent for the Bond appointed by the Board.

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

"Purchaser" means the responsible bidder set forth in the Certificate of the General Manager.

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

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

"Registrar" means the General Manager of the District or any successor thereto as registrar for the Bond appointed by the Board.

"Revenue Fund" means the "Indian Hill General Improvement District Utility Facilities Revenue Fund" created in the resolution authorizing the issuance of the 1999 Bond and continued herein.

"Subordinate Securities" means securities of the District pertaining to the Utility System and payable from and secured by Net Revenues subordinate and junior to the pledge thereof to the Bond and the 1999 Bond, to the extent issued in accordance with the terms, conditions and limitations hereof.

"Superior Securities" means securities of the District pertaining to the Utility System and payable from and secured solely by Net Revenues superior and senior to the pledge thereof to the Bond, including but not limited to the 2000 Bond and the 2003 Bond.

"Tax Code" means the Internal Revenue Code of 1986, as amended.

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

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

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

SECTION 3. **Sale of Bond.** The sale of the Bond to the Purchaser on the terms provided herein and in accordance with the Certificate of the General Manager is hereby approved.

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

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

- A. The estimated life or estimated period of usefulness of the Project to be acquired with the Bond is not less than 21 years; and
- B. The Bond shall mature at such time or times not exceeding such estimated life or estimated period of usefulness.

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

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

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

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

SECTION 10. **General Obligation.** The Bond, as to the principal thereof, the interest thereon and any prior redemption premiums due in connection therewith (the "Bond Requirements"), shall constitute a general obligation of the District, which hereby pledges its full faith and credit for its payment. So far as possible, Bond Requirements shall be paid from Net Revenues of the Utility System of which the Project is a part (the "Pledged Revenues"). However, the Bond as to all Bond Requirements shall also be payable from the General Taxes (except to the extent that other moneys such as Net Revenues are available therefor) as herein provided.

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

SECTION 12. **No Recourse Against Officers and Agents.** No recourse shall be had for the payment of the Bond Requirements of the Bond or for any claim based thereon or otherwise upon this Resolution or any other instrument relating thereto, against any individual member of the Board or any officer or other agent of the Board or District, past, present or future, either directly or

indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bond and as a part of the consideration of its issuance specially waived and released.

SECTION 13. **Authorization of Bond.** For the purpose of providing funds to pay all or a portion of the cost of the Project, the District shall issue its "Indian Hill General Improvement District, Nevada, General Obligation (Limited Tax) Water and Sewer Bond (Additionally Secured by Pledged Revenues), Series 2007", in the maximum principal amount of \$2,000,000. The obligation of the District hereunder shall be represented in the form of a single Bond.

SECTION 14. **Bond Details.** The Bond shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with § 149 of the Tax Code, and the regulations of the Secretary of the Treasury thereunder. The Bond shall be dated initially as of the date of delivery thereof to the Purchaser, and shall be issued as a single bond in the principal amount as set forth in the Certificate of the General Manager, not to exceed \$2,000,000. The Bond shall bear interest at the rate(s) set forth in the Certificate of the General Manager. Interest payments shall be payable semiannually on April 1 and October 1 of each year commencing on October 1, 2007. Principal payments shall be made annually on April 1, as set forth in the Certificate of the General Manager, not to exceed 21 years from the date of delivery of the Bond.

The installments of principal and interest on the Bond shall be paid by check or wire transfer made to the order of the registered owner of the Bond as set forth in the registration panel appended to the Bond and mailed to the address of the registered owner shown on the registration records kept by the General Manager of the District, acting in the capacity as registrar for the Bond (the "Registrar") as of the close of business on the day immediately prior to such payment date, or if such date is not a business day, on or before the next succeeding business day. The final installment of principal on the Bond, whether at maturity or prior redemption, shall be made only on presentation and surrender of the Bond at the office of the General Manager of the District, acting in the capacity of paying agent for the Bond (the "Paying Agent"). If any installment of principal shall not be paid when due, interest shall continue to accrue at the rate set forth in the Certificate of the General Manager. The Paying Agent may make payments on the Bond by such alternative means as may be

mutually agreed to between the owner of such Bond and the Paying Agent. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

SECTION 15. **Prior Redemption or Prepayment Option.** The Bond, or portions thereof, are subject to redemption prior to the respective maturities of the installments of principal as set forth in the Certificate of the General Manager. If all or a portion of the principal of the Bond is so called for prior redemption, no payment of the principal of or interest on the Bond due on or after the date fixed for redemption shall be made unless the Bond is presented to the Paying Agent and notation of the installments of principal redeemed is made on such Bond.

SECTION 16. **Small Issuer Exemption from Bank Nondeductibility Restrictions.** The District hereby designates the Bond for purposes of paragraph (3) of section 265(b) of the Tax Code and covenants that the Bond does not constitute a private activity bond as defined in section 141 of the Tax Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Tax Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in section 141 of the Tax Code, other than qualified 501(c)(3) bonds as defined in section 145 of the Tax Code), including the Bonds, have been or are expected to be issued by or on behalf of the District, including all subordinate entities of the District during calendar year 2007.

SECTION 17. **Registration of Bond.**

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

B. If the Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the District may reasonably require, and upon payment of all expenses in connection therewith, authenticate and

deliver a replacement Bond. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

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

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

SECTION 18. Execution and Authentication.

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

B. 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 any of the Bond initially delivered pursuant to this Resolution, the Registrar shall be deemed to have assented to all of the provisions of this Resolution.

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

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

SECTION 20. **Incontestable Recital.** Pursuant to NRS § 350.628, the Bond shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bond and the regularity of its issuance.

SECTION 21. **State Tax Exemption.** Pursuant to NRS § 350.710, the Bond, its transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to chapter 375B of NRS.

SECTION 22. **Use of the Bond.** The Bond shall be evidenced by a single registered Bond in the maximum principal amount of \$2,000,000, numbered R-1, which Bond shall be manually signed and executed in the name of and on behalf of the District by the Chairman, countersigned and manually subscribed by the District Treasurer, with the seal of the District affixed thereto and attested and manually signed by the Secretary. The final installment of principal on the Bond shall be made only upon surrender of the Bond at the office of the Paying Agent. No payment of the principal or redemption price of or interest on the Bond, due on or after the date fixed for redemption shall be made unless the Bond is presented to the Paying Agent and notation of the installments of principal so called for prior redemption is made on such Bond. The Bond must be registered in the name of its owner and may be assigned by the registered owner in the manner and with the effect set forth in the provisions for registration contained in the form thereof hereinafter set forth.

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

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

(Form of Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**INDIAN HILL GENERAL IMPROVEMENT DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) WATER AND SEWER BOND
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2007**

No. R-1

Maturity Date: _____

Indian Hill General Improvement District (the "District"), in the State of Nevada (the "State") for value received hereby acknowledges itself to be indebted and promises to pay, in lawful money of the United States of America, the principal amount of

TWO MILLION DOLLARS (\$2,000,000.00)

in installments of principal payable on April 1 of the years and in the amounts designated in the resolution duly adopted by the Board of Trustees (the "Board") of the District on March 21, 2007, designated in § 1 by the short title "2007 Water and Sewer Bond Resolution" (the "Resolution") and in the Certificate of the General Manager, bearing interest at the rate per annum set forth in the Certificate of the General Manager, payable on April 1 and October 1 of each year, commencing October 1, 2007, until payment of such principal shall have been discharged as provided in the Resolution and in the Certificate of the General Manager.

The principal and interest due in connection with this Bond (the "Bond Requirements") are payable by check or wire transfer made to the order of the registered owner hereof and mailed by the General Manager of the District or any successor thereto as paying agent for this Bond (the "Paying Agent") to the address shown on the registration records of the General Manager of the District or any successor thereto as registrar for the Bond (the "Registrar"). If any payment date is not a business day, payment may be made on or before the next succeeding business day. If payment of any installment of principal of this Bond is not made when due, interest on such installment shall continue at the interest rate specified for such installment in the Certificate of the General Manager. The final installment of principal on this Bond is payable only on presentation and surrender of this Bond at the office of the Paying Agent.

This Bond is a duly authorized bond of the District (the "Bond") to defray, in whole or in part, the cost of acquiring, constructing, improving and equipping water and sewer improvements for the District and all appurtenances thereto (the "Project") under the authority of and in full compliance with the constitution and laws of the State.

This Bond is issued pursuant to Nevada Revised Statutes ("NRS") §§ 350.500 through 350.720, and all laws amendatory thereof designated in § 350.500 thereof as the Local Government

Securities Law (the "Bond Act"); pursuant to NRS Chapter 318 (the "Project Act"), and pursuant to NRS Chapter 348. Pursuant to NRS § 350.628, this recital is conclusive evidence of the validity of the Bond and the regularity of its issuance; and pursuant to NRS § 350.710, the Bond, its transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to the provisions of Chapter 375B of NRS.

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

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

Payment of the principal of and interest on this Bond is additionally secured by a pledge of the net revenues (herein called the "Net Revenues") derived by the District from the operation and use of, and otherwise pertaining to, the water system and the sewer system of the District of which the Project is a part, consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the District, through purchase, construction or otherwise, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the District, including, without limitation, machinery, apparatus, structures and buildings, and related or appurtenant furniture, fixtures and other equipment, or any combination thereof (herein called the "Utility System"), whether resulting from extension, enlargements, repairs, betterments or other improvements to the Utility System, or otherwise, but excluding (1) moneys raised for capital improvements, and (2) grants, appropriations or gifts for limited uses, and after provision is made for the payment of all necessary and reasonable operation and maintenance expenses of the Utility System, which Net Revenues are so pledged as more specifically provided in the Resolution.

This Bond is equally and ratably secured by such pledge of the Net Revenues, and such pledge constitutes an irrevocable lien (but not necessarily an exclusive lien) upon the Net Revenues on a parity with the lien of the 1999 Bonds and any Parity Securities hereafter issued, and

subject to the pledge of and the superior lien on the Net Revenues of Superior Securities Outstanding and hereafter issued. Additional securities may be issued and made payable from the Net Revenues of the Utility System and having a lien thereon superior to, subordinate to or on a parity with such pledge, in each case subject to the conditions of and in accordance with the Resolution.

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

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

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

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

(Form of Registration Panel)

MANDATORY REGISTRATION FOR PAYMENT
AS TO PRINCIPAL AND INTEREST

The within Bond is registered in the office of the General Manager of Indian Hill General Improvement District, Nevada, as Registrar in the name of the last owner listed below, and the principal amount of the bond and interest thereon shall be payable only to such owner, all in accordance with the within-mentioned Resolution.

<u>Date of Registration</u>	<u>Name of Owner</u>	<u>Address of Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____	<i>Denis Longhofer</i>
_____	_____	_____	_____
_____	_____	_____	_____

(End of Form of Registration Panel)

(Form of Principal Prepayment Panel on Bond)

PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this Bond have been prepaid by the Indian Hill General Improvement District, Nevada, in accordance with the terms of the within-mentioned Resolution.

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

(End of Form of Principal Prepayment Panel)

(Form of Assignment for Bond)

ASSIGNMENT

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 Guarantee:

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 registration panel 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).

(End of Form of Assignment for Bond)

SECTION 24. **Delivery of the Bond; Deposit of Proceeds.** When the Bond has been duly executed, the District General Manager shall cause it to be delivered to the Purchaser upon receipt of the agreed purchase price and shall authenticate and register it in the name of the Purchaser on the Bond registration records of the Registrar and make notation of such registration on the registration panel appended to the Bond. The District General Manager shall cause the proceeds of the Bond to be deposited into a special account hereby created and designated as the "Indian Hill General Improvement District, Nevada, General Obligation (Limited Tax) Water and Sewer Bond (Additionally Secured by Pledged Revenues), Series 2007, Acquisition Account" (the "Acquisition Account") to be held by the District. Moneys in the Acquisition Account shall be used solely to defray wholly or in part the Cost of the Project including, without limitation, as provided in NRS § 350.516, all costs of issuing the Bond including any interim financing and all issuance costs related to the Bond which the Board hereby determines are necessary and desirable and appertain to the Project. After the Project is complete and after all expenses have been paid or adequate provision therefor is made, pursuant to NRS § 350.650, any unexpended balance of Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Acquisition Account shall be deposited into the Bond Fund hereinafter created to be used to pay the principal of and interest on the Bond.

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

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

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

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

SECTION 29. **General Tax Levies.** So far as possible, the Bond Requirements of the Bond shall be paid from Net Revenues of the Utility System. However, pursuant to NRS § 350.596, any principal and interest falling due on the Bond at any time when there are not on hand from the Net Revenues of the Utility System sufficient funds to pay the same shall be promptly paid when due from the Acquisition Account or out of a general fund of the District or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements, there are hereby created two separate accounts designated as the "Indian Hill General Improvement District, Nevada, General Obligation (Limited Tax) Water and Sewer Bond (Additionally Secured by Pledged Revenues), Series 2007, Interest Account" (the "Interest Account") and the "Indian Hill General Improvement District, Nevada, General Obligation (Limited Tax) Water and Sewer Bond (Additionally Secured by Pledged Revenues), Series 2007, Principal Account" (the "Principal Account") (collectively, the "Bond Fund"). Pursuant to NRS §§ 350.592 and 350.594, there shall be duly levied immediately after the issuance of the Bond and annually thereafter, until all of the Bond

Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the District, including the net proceeds of mines, fully sufficient to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installments of principal and interest, and to pay the interest on the Bond becoming due after such initial installment, and to pay and retire the Bond as they thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to such separate accounts for the payment of such Bond Requirements. In the preparation of the annual budget or appropriation resolution for the District, the Board shall first make proper provisions through the levy of sufficient General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the District, including, without limitation, the Bond, subject to the limitation imposed by NRS § 361.453 and Section 2, art. 10, State Constitution, and the amount of money necessary for this purpose shall be a first charge against all the revenues received by the District.

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

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

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

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

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

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

SECTION 36. **Pledge of Net Revenues.** Subject only to the provisions of this Resolution permitting the application thereof for or to the purposes and on the terms and conditions set forth herein, there are hereby additionally pledged to secure the payment of principal of and interest on the Bond in accordance with its terms and the provisions of this Resolution, all of the Net Revenues of the Utility System. This pledge shall be valid and binding from and after the date of the

delivery to the Purchaser of the Bond; and the Net Revenues, as received by the District shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing or further act; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District (except as herein otherwise provided) irrespective of whether such parties have notice thereof. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any and all other obligations and liabilities of the District payable from the Net Revenues, except as herein otherwise provided.

SECTION 37. **Revenue Fund**. So long as the Bond shall be Outstanding, the entire Gross Revenues, upon their receipt from time to time by the District, shall be set aside and credited immediately to a separate account created in the treasury of the District pursuant to the resolution authorizing the issuance of the 1999 Bond and designated as the "Indian Hill General Improvement District Utility Facilities Revenue Fund" (the "Revenue Fund"), and the Revenue Fund shall be administered and the moneys on deposit therein shall be applied in the order of priority specified in Sections 38 through 44 hereof.

SECTION 38. **Operation and Maintenance Fund**. First, from time to time there shall be transferred and credited to a separate account created in the treasury of the District and designated as the "Indian Hill General Improvement District Utility System Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), moneys sufficient to pay Operation and Maintenance Expenses, as budgeted and approved in accordance with law, as such expenses become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Operation and Maintenance Fund at the end of the fiscal year of the District and not needed for Operation and Maintenance Expenses shall be transferred to the Revenue Fund.

SECTION 39. **Superior Securities Bond Fund**. Second, from any moneys thereafter remaining in the Revenue Fund, i.e., from the Net Revenues, there shall continue to be transferred and credited to any bond fund hereafter created to pay the bond requirements of any Superior Securities Outstanding or hereafter issued.

SECTION 40. **Superior Securities Reserve Fund**. Third, after the aforementioned deposits, and from the Net Revenues there shall be transferred and credited to any debt service reserve funds established for any Superior Securities Outstanding or hereafter issued, such amounts

as are required to be deposited to such reserve funds to maintain the minimum reserve requirements that may hereafter be reasonably required in a resolution authorizing the issuance of Superior Securities.

SECTION 41. **Bond Fund**. Fourth, from any monies thereafter remaining in the Revenue Fund there shall be transferred and credited to the Bond Fund, concurrently with transfers to any bond funds created to pay the bond requirements of the 1999 Bonds and any Parity Securities hereafter issued, monthly, commencing the first day of the month immediately succeeding the delivery date of the Bond, an amount in substantially equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installments of principal and interest on the Bond, the 1999 Bond and any Parity Securities hereafter issued. The money credited to the Bond Fund shall be used to pay the Bond Requirements of the Bond, the 1999 Bond and any Parity Securities as such Bond Requirements become due.

SECTION 42. **Rebate Fund**. Fifth, from any monies thereafter remaining in the Revenue Fund there shall be transferred and credited to any rebate funds established for the payment of rebates to the United States in accordance with § 148(f) of the Tax Code for Parity Securities Outstanding or hereafter issued, such amounts as are required to be deposited therein to meet the District's obligations under the covenant contained in § 56 hereof, in accordance with § 148(f) of the Tax Code. Such deposits shall be made at such times as are required by § 148(f) of the Tax Code. Any amounts in such rebate funds in excess of those required to be on deposit therein may be withdrawn therefrom and deposited into the Revenue Fund.

SECTION 43. **Payment of Subordinate Securities**. Sixth, any moneys thereafter remaining in the Revenue Fund may be used by the District for the payment of the principal of and interest on Subordinate Securities, and may be used to create reasonable reserves for such securities.

SECTION 44. **Surplus Revenues**. Seventh, at the end of the Fiscal Year of the District, or whenever there shall have been credited all amounts required to be deposited in the respective foregoing separate accounts for all of that Fiscal Year, the remaining Net Revenues may be used for any lawful purposes of the District, as the Board may from time to time determine, including, without limitation, for the creation of operation and maintenance reserves and capital

reserves, the payment of capital costs and major maintenance costs of the Utility System, to pay any other obligations pertaining to the Utility System or otherwise.

SECTION 45. **Termination of Deposits.** No payment need be made into the Bond Fund if the amounts in that fund total a sum at least equal to the entire amount of the Outstanding Bond as to all Bond Requirements to their respective maturities both accrued and not accrued, in which case moneys in such fund in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due.

SECTION 46. **Equal Security.** The Bond, the 1999 Bond and any Parity Securities from time to time Outstanding shall be equally and ratably secured by the pledge of Net Revenues hereunder and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the Bond, the 1999 Bond and any Parity Securities.

SECTION 47. **Defraying Delinquencies.** If at any time the District shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Revenues, then an amount shall be paid into the Bond Fund at such time equal to the difference between that paid from the Net Revenues and the full amount so stipulated. If Parity Securities are Outstanding, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a bond fund, reserve fund or rebate fund therefor, then the moneys replaced in such funds shall be replaced on a pro rata basis related to the principal amount of the then Outstanding Bond and the then outstanding Parity Securities, as moneys become available therefor, first into all of such bond and reserve funds and second into all such rebate funds.

SECTION 48. **Conditions to Additional Parity Securities.**

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

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

(2) The Net Revenues (subject to adjustments as hereinafter provided) projected by the District General Manager or an independent accountant to be derived in the later of (i) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Parity Securities are projected to be completed or (ii) the first Fiscal Year for which no interest has been capitalized for the payment of any Parity Securities, including the Parity Securities proposed to be issued, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be paid during that Fiscal Year) of the Outstanding Superior Securities, Outstanding Bond, any other Outstanding Parity Securities of the District and the Parity Securities proposed to be issued (excluding any reserves therefor).

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

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

D. A written certificate or written opinion by the District General Manager or an independent accountant that the foregoing earnings test is met shall be conclusively presumed to be

accurate in determining the right of the District to authorize, issue, sell and deliver additional Parity Securities.

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

F. Nothing herein prohibits the issuance of Superior Securities if the requirements of this Section are met.

SECTION 49. **Subordinate Securities for the Utility System.** Nothing herein, except as expressly hereinafter provided, shall prevent the District from issuing additional securities payable from Net Revenues and constituting a lien thereon subordinate to the lien thereon of the Bond and any Outstanding Parity Securities.

SECTION 50. **Issuance of Refunding Bonds.**

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

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

rights and privileges enjoyed by the owner or owners of the unrefunded securities of the same issue partially refunded by the refunding securities.

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

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

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

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

(3) Unless the refunding bonds or other refunding securities are issued in compliance with Section 48 hereof.

SECTION 51. **Operation of the System**. The District shall at all times operate the Utility System properly and in a sound and economical manner and shall maintain, preserve and keep the Utility System properly, or cause the same so to be maintained, preserved and kept, in good repair, working order and condition. The District also shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Utility System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating utility systems of like size and character.

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

SECTION 52. **Payment of Taxes, Etc.** The District shall pay or cause to be paid all taxes, assessments and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Utility System or any part thereof, or upon any portion of the Gross Revenues, when the same shall become due. The District shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Utility System or any part thereof, except for any period during which the validity of the same is being contested in good faith by proper legal proceedings. The District shall not create or suffer to be created any lien or charge on the Utility System or any part thereof, or upon the Gross Revenues, except the pledge and lien created by this Resolution for the payment of the Bond and any Outstanding Superior Securities, Parity Securities or Subordinate Securities issued in accordance herewith, and except as herein otherwise permitted. The District shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Utility System or any part thereof, or upon the Gross Revenues. Nothing herein contained requires the District to pay or cause to be discharged or to make provision for any such tax, assessment, lien, charge or demand before the time when payment thereon shall be due, or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings.

SECTION 53. **No Competing Facilities.** The District shall neither construct nor permit to be constructed other facilities or structures to be operated by the District separate from the Utility System and competing for Gross Revenues otherwise available for the payment of the Bond or any other securities payable from Net Revenues; provided, however, that nothing herein contained shall impair the police powers of the District or otherwise cause the District to violate any applicable law.

SECTION 54. **Rate Covenant.** The District shall charge against users or against purchasers of services or commodities pertaining to the Utility System such fees, rates and other

charges as shall be sufficient to produce Gross Revenues annually which, together with any other funds available therefor, will be in each Fiscal Year of the District at least equal to the sum of:

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

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

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

SECTION 55. **Records of Account.** So long as any of the Bond remain outstanding, proper records of account shall be kept by the District, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Utility System and to all moneys pertaining thereto, including, without limitation, the Gross Revenues.

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

SECTION 57. **Defeasance.** When all Bond Requirements of the Bond have been duly paid, the pledge, the lien, and all obligations hereunder shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. There shall be deemed to be such due payment when the District has placed in escrow or in trust with a Trust Bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from the Federal Securities in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of the Bond, as the same become due to the final maturities of the Bond, or upon any redemption date which the District shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of Bond for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and the Trust Bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the issuer thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of

the defeasance to the registered owners of the Bond at the addresses last shown on the registration records for the Bond maintained by the Registrar.

SECTION 58. **Amendments**. This Resolution may be amended or supplemented by instruments adopted by the District, without receipt by the District of any additional consideration, but with the written consent of the registered owner of the Bond at the time of the adoption of the amendatory or supplemental instrument.

Whenever the District proposes to amend or modify this Resolution under the provisions hereof, it shall cause notice of the proposed amendment to be mailed within 30 days to the registered 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 District Secretary for public inspection. Any consent given by the registered owner of the Bond pursuant to the provisions hereof shall be irrevocable.

SECTION 59. **Replacement of Registrar or Paying Agent**. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the General Manager shall reasonably determine to appoint a successor Registrar or Paying Agent, or both, the General Manager may do so upon notice mailed to each owner of any Bond at his address last shown on the registration records. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same person or institution serve as both Registrar and Paying Agent hereunder, but the District shall have the right to have the same person or institution serve as both Registrar and Paying Agent.

SECTION 60. **Delegated Powers**. The officers of the District are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution, including, without limitation:

- A. The printing of the Bond;
- B. The execution of such certificates as may be reasonably required by the State, relating, inter alia,
 - (1) to the signing of the Bond,
 - (2) to the tenure and identity the officials of the

District,

(3) to the assessed valuation of the taxable property in and the indebtedness of the District,

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

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

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

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

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

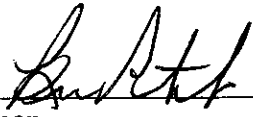
C. The assembly and dissemination of financial and other information concerning the District and the Bond; and

D. The execution of the Certificate of the General Manager and the Bond Purchase Proposal submitted by the Purchaser.

SECTION 61. **Implied Repealer**. All resolutions, bylaws and orders, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any resolution, bylaw, order, or part thereof, heretofore repealed.

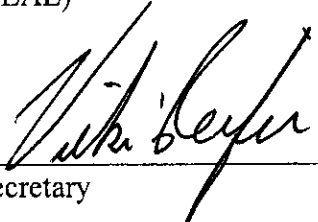
SECTION 62. **Severability**. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

PASSED, ADOPTED AND APPROVED this March 21, 2007.



Chairman

(SEAL)



Secretary

STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

I am the duly qualified and acting Secretary of the Indian Hill General Improvement District (herein "District"), Nevada, do hereby certify:

1. The foregoing pages are a full and correct copy of the resolution of the Board of Trustees of said District adopted at a meeting thereof held on March 21, 2007.

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

Those Voting Aye:	Kathryn Clark-Ross Bill Eisele Laura Lau Brian Patrick Denise Pierini
Those Voting Nay:	_____
Those Absent:	_____

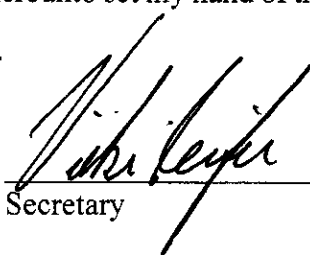
3. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notice of meeting and excerpt from the agenda for the meeting relating to the resolutions, as posted at least 3 working days in advance of the meeting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

- (i) District Board Room;
- (ii) Sheriff's Sub-station;
- (iii) Curl-up-and-Dye Salon;
- (iv) Silver City RV Park; and
- (v) Indian Hills Chevron/Food Mart

is attached as Exhibit "A".

4. At least 3 working days before such meeting, such notice was mailed to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in the same manner in which notice is required to be mailed to a member of the Board.

IN WITNESS WHEREOF, I have hereunto set my hand of the Indian Hill General Improvement District, Nevada, this March 21, 2007.


Secretary

(SEAL)

EXHIBIT A

(Attach Copy of Notice of Meeting)

**Indian Hills General Improvement District
Board of Trustees'**

Chairman	Vice Chairwoman	Sect'y/Treas.	Trustee	Trustee
Brian Patrick	Laura Lau	Denise Pierini	Kathryn Clark-Ross	Bill Eisele

Regular Meeting

March 21, 2007

7:00 P.M.

District Board Room

3394 James Lee Park Road

Carson City, NV 89705

(775) 267-2805

It is the intent of the Board of Trustees to protect the dignity of citizens who wish to comment before the Board. It is also the Board of Trustees' wish to provide the citizens of the District with an environment that upholds the highest professional standards.

In order to ensure that every citizen desiring to speak before the Board has the opportunity to express his/her opinion, it is requested that the audience refrain from making comments, hand clapping or making any remarks or gestures that may interrupt, interfere or prevent the speaker from commenting on any present or future project.

Persons desiring an opportunity to address the Board of Trustees during the public comment period or on items designated as open to public comment and are not able to attend the entire meeting are requested to complete and submit a "Comment Card" to the Chairman at the main podium prior to the convening of the Board meeting. Cards are located at the main entrance of the meeting room.

Notice to Persons with Disabilities: Members of the public who are disabled and require special assistance or accommodations at the meeting are requested to notify the District Office in writing at 3394 James Lee Park Road, Carson City, NV 89705, or by calling 267-2805 at least 24 hours in advance.

AGENDA

1. Call to Order.
2. Pledge of Allegiance.
3. Approval of Agenda – Chairman.
The Board of Trustees reserves the right to take items in a different order to accomplish business in the most efficient manner.
4. Public Interest Comment. (No Action)

The public may comment on any subject that is pertinent to IHGID. The public may comment on any item that is on this agenda at the time it is discussed. Therefore, the public is encouraged and permitted to make comments on any item during the public interest comment period. Comments may be limited by the discretion of the Chair, and may not exceed three (3) minutes. Please note that the Board is prohibited by law from taking immediate action on, or discussing, issues raised by the Public that are not listed on this agenda.

5. Discussion and possible action on approval of Consent Calendar:

Items appearing on the Consent Calendar are items that can be adopted, approved or accepted with one motion or removed by request and acted upon separately.

- a. Approval of Draft Minutes of Board Meeting of February 21, 2007.
 - b. Acceptance of Budget Status Reports for February 28, 2007.
 - c. Acceptance of Bank Accounts' Reconciliation at February 28, 2007.
 - d. Acceptance of Paid Current Bills as presented.
 - e. On adoption of an updated District Boundary Map, including a recent annexation of 3292 Plymouth Drive APN # 1420-18-301-004.13.
6. Action on items pulled of the Consent Calendar.
7. Presentation by Douglas County Community Development on an Ordinance concerning Bear Proof Containers.
8. Discussion and possible action to withdraw filed Protests on Water Right Applications 71674, 71675 and 71676.
9. Reports to the Board:
- a. General Manager's Report
 - b. Engineer's Report
 - c. Attorney's Report
10. Discussion and possible action to approve a Proposal from Dinter Engineering for Electrical Engineering Services estimated at \$38,879 for Recommendation # 2 which includes the purchase of the generators by IHGID, and for installation of the ROMTEC lift station and generator, the second water plant generator with lift station automatic transfer switch intertie, and the wastewater treatment plant generator.
11. Annual Performance Evaluation of the General Manager including Discussion and Possible action Relative to the Salary Level, Bonus Provisions, and other terms of the General Manager's Contract.
12. Discussion and possible action to adopt 2007 Water and Sewer Bond Resolution providing for the issuance of its General Obligation (Limited Tax) Water and Sewer Bond (Additionally Secured by Pledged Revenues) in the maximum aggregate principle amount of \$2,000,000.

13. Discussion and possible action on scheduling a special meeting to adopt a Tentative Budget for fiscal year 2007-2008 including approval of Budget revisions for fiscal year 2006-2007.
14. Discussion and possible action on scheduling special meeting(s) to conduct Financial Planning Training provided by Farr West Engineering.
15. Chairman and Trustees' Reports.

Under this item the Board Members will briefly identify relevant communications received by them before the meeting, or meetings attended, or potential business of the District. No action will be taken on any of these items, but a Member may request such item or topic be placed on a future agenda.

16. Adjournment.

This agenda is posted at www.indianhillsnevada.com and at the following locations:

District Main Office, 3394 James Lee Park Road
Sheriff's Sub-station, 3587 N. Sunridge Drive
Curl-up-and-Dye Salon, 924-C Mica Drive
Silver City RV Park, 3165 Hwy 395
Indian Hills Chevron/Food Mart, 915 Mica Drive

As of 10:30 A.M. March 14, 2007 by Vicki Reifer

Time

Date

Signature

