Summary - An ordinance authorizing the issuance by the Unincorporated Town of Tonopah, Nevada of its Sewer Revenue Interim Debenture, Series 2006, and providing other matters relating thereto.

BILL NO. TTO – 06 -01

ORDINANCE NO. TTO-06-01

AN ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE OF A SEWER REVENUE INTERIM DEBENTURE, IN ANTICIPATION OF THE RECEIPT OF CERTAIN FUNDS AND THE ISSUANCE AND SALE OF A SEWER REVENUE BOND OF THE TOWN THEREFOR; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE DEBENTURE, THE SECURITY THEREFOR, THE SALE THEREOF; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND OTHER DETAILS IN CONNECTION THEREWITH.

WHEREAS, the Unincorporated Town of Tonopah, Nevada (the "Town" and the "State," respectively) is a Town organized and operating under the laws of the State of Nevada (the "State"); and

WHEREAS, pursuant to NRS 269.400 through 269.470, inclusive (the "Town Bond Law") and NRS Sections 350.350 through 350.490, NRS (the "Water and Sewer Act"), cited in NRS Section 350.350 as the Water and Sewer Revenue Bond Law, the Town Board (the "Board") is authorized to provide for the purchase, construction, repair, maintenance and preservation of sanitary sewerage facilities and sanitary sewer systems for the Town and the purchase of sites therefor (the "Project"); and

WHEREAS, pursuant to the Town Bond Law, the Board is authorized and empowered to issue the Town's sewer revenue bond to defray the cost of the Project, in the manner and on the conditions provided in the Town Bond Law and the Water and Sewer Act; and

WHEREAS, for the purpose of defraying a part of the cost of the Project, the Board deems it necessary to issue the Town's sewer revenue bond in an amount not to exceed $2,000,000, but not to exceed the cost of the Project, payable solely from the net revenues (i.e. the gross revenues less the costs of operation and maintenance) of the Town's sewer system (the "System") as improved and extended by the Project (the "Net Revenues"); and

WHEREAS, the Board is also authorized pursuant to the Local Government Securities Law, cited as NRS 350.500 to 350.720, inclusive (the "Bond Act") and all laws thereunto enabling, to issue and sell the Town's Sewer Revenue Interim Debenture, Series 2006 (the "Debenture") in anticipation of the receipt of the funds from the issuance of such sewer revenue bond and from other sources pursuant to the Water and Sewer Act; and

WHEREAS, the Board has determined, and does hereby determine and declare, that it is necessary and in the best interests of the Town that $2,000,000 or such lesser amount as shall represent the aggregate principal amount advanced by Wells Fargo Brokerage Services, LLC, as the initial purchaser (the "Purchaser") of the Debenture, as shown on the principal advance panel appended to the Debenture, be borrowed for the Project at this time by the issuance of the Debenture in anticipation of the receipt of loan moneys (the "Loan") from the United States of America, acting by and through the United States Department of Agriculture, Rural Development ("RD"), the Loan to be in the form of the purchase by RD of the sewer revenue bond to be issued by the Town pursuant to the Bond Act, and grant moneys from RD (the "RD Grant"), and from the Department of the Army pursuant to the Water Resources Development Act of 1999, as amended (the "WRDA Grant" and together with the RD Grant, the "Grants"); and

WHEREAS, the commitment of RD to provide the Loan and the RD Grant is evidenced by that certain Letter of Conditions with attached cover letter dated June 11, 2003 (the "Commitment"), and the intention of the Department of the Army to provide the WRDA Grant in the amount of $1,596,532 evidenced by the Project Cooperation Agreement dated September 6, 2005 between the Department of the Army and the Town for Design and Construction of the Tonopah Wastewater Collection, Treatment and Effluent Disposal Project (the "WRDA Agreement"); and

WHEREAS, the Purchaser will purchase the Debenture authorized by this Ordinance; and

WHEREAS, after negotiation with the Purchaser for the sale of the Debenture, the chief financial officer or chief administrative officer of the Town is hereby authorized to accept a binding offer for the Debenture, the Debenture to bear interest at the rates per annum provided herein and in the debenture purchase proposal submitted by the Purchaser (the

"Debenture Purchase Proposal"), such rates not to exceed 3 % over the Index of Revenue Bonds most recently published in The Bond Buyer prior to the time the negotiated offer was accepted for the Debenture (calculated on the basis of a 360-day year of twelve 30-day months), at a price equal to the principal amount thereof; and

WHEREAS, in order that the Debenture may be acquired by the Purchaser as a qualified tax-exempt obligation, the Board hereby designates the Debenture as a qualified tax-exempt obligation within the meaning of Section 265(b) of the Internal Revenue Code of 1986 as amended to the date of delivery of the Debenture (the "Code") in accordance with the conditions of the Purchase, inasmuch as the Board has determined that it does not reasonably anticipate issuing more than $5,000,000 in bonds, debentures or other securities in calendar year 2006; and

WHEREAS, the Board desires to issue the Debenture for the purpose of paying a contractor for the Project and otherwise defraying related costs and expenses until moneys are available from the issuance of the sewer revenue bond and from the Grants; and

WHEREAS, the Town intends to pay the Debenture from the proceeds of the Loan by the issuance of the sewer revenue bond to be hereafter delivered to RD, proceeds of the Grants, and from the Net Revenues to be collected from operation of the System; and

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

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

WHEREAS, the Board has determined and does hereby declare:

(1) This Ordinance pertains to the sale, issuance and payment of the Debenture;

(2) Such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of Section 350.579 of the Bond Act; and

(3) This Ordinance may accordingly be adopted as if an emergency exists and may become effective at any time when an emergency ordinance of the Town may go into effect.

NOW, THEREFORE, THE TOWN BOARD OF THE UNINCORPORATED TOWN OF TONOPAH, NEVADA DOES ORDAIN:

Section 1. This Ordinance shall be known and may be cited as the "2006 Interim Debenture Ordinance" (the "Ordinance").

Section 2. The chief financial officer or chief administrative officer of the Town is authorized to accept the proposal submitted by the Purchaser for the purchase of the Debenture on behalf of the Town.

Section 3. The interest rate borne on the Debenture as set forth herein shall not exceed 3% over the Index of Revenue Bonds most recently published in the Bond Buyer before the negotiated offer for the Debenture is accepted (calculated on the basis of a 360-day year of twelve 30-day months).

Section 4. For the purpose of providing for the payment of a part of the costs and expenses of the Project and for the purpose of defraying other costs (incidental or otherwise) heretofore incurred or to be incurred in the Town, there shall be issued, and the Town hereby authorizes and directs the Chairman or his designee to issue, the Town's fully registered (i.e. registered as to both principal and interest) Debenture in the maximum principal amount of $2,000,000, such Debenture to be designated the "Unincorporated Town of Tonopah, Nevada Sewer Revenue Interim Debenture, Series 2006," or such lesser amount as is advanced to the Town by the Purchaser. The Debenture shall be dated as of the date of delivery and shall mature on April 1, 2008 (the "Maturity Date"), subject to the Town's option to redeem the Debenture by prior redemption as described below. Each advance of principal under the Debenture shall bear interest at a rate per annum equal to 4.60% per annum plus or minus the change in the six month U.S. Treasury Bill from the rate of 5.17% per annum, which rate on the six month U.S. Treasury

Bill is in effect as of the date of the advance (or upon request of the Town within 15 days of the date of the advance). For example, if the six month U.S. Treasury Bill rate is 5.27% as of a date of principal advance, the interest rate on such advance shall equal 4.60% + (5.27%-5.17%) and if the six month U.S. Treasury Bill is 5.00% as of a date of principal advance, the interest rate on such advance shall equal 4.60% + (5.00% -5.17%). The Debenture shall bear interest payable to the registered owners of the Debenture on the unpaid balance of the total principal advanced from the date or dates of each advance to the Maturity Date, payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2007 and semi-annually thereafter until the Maturity Date or prior redemption. Notwithstanding the foregoing, the obligation of the Town as represented by the Debenture shall be the maximum principal amount of $2,000,000 or such lesser amount as shall represent the aggregate principal amount advanced by the Purchaser to the Town, as shown on the principal advance panel appended to the Debenture which may be evidenced by a request for principal advance executed by chief administrative officer or the chief financial officer of the Town. The Chairman of the Board, the Treasurer of the Town, the chief administrative officer or the chief financial officer of the Town is hereby authorized to request advances of principal from the Purchaser. Interest shall be calculated based on a 360-day year of twelve 30 day months.

The Debenture shall be redeemed and retired from (i) the proceeds of the Loan to be evidenced by the issuance of the bond or bonds to be delivered to RD, (ii) the proceeds received pursuant to the Grants from RD and the Department of the Army, or (iii) the Net Revenues of the System if said bond or bonds and grant are not sufficient to retire the outstanding principal amount of the Debenture. The interest on the Debenture shall be secured by and paid only from the proceeds of the Loan to be evidenced by the issuance of the bond or bonds to be delivered to RD, the Grants, and the Net Revenues of the System. Principal shall be payable only on the Maturity Date or on an early redemption date as described herein, solely to the registered owner thereof upon surrender thereof in lawful money of the United States of America, without deduction for exchange or collection charges, at the office of the County Treasurer of Nye County, Nevada, ex officio Town Treasurer (the "Paying Agent").

Section 5. The Debenture shall be signed and executed by the manual signature of the Chairman, shall be sealed with the seal of the Town, shall be countersigned by the manual signature of the County Treasurer and shall be attested by the manual signature of the

Town Clerk. The fully registered Debenture bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligation of the Town notwithstanding that before the delivery thereof and payment therefor, any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices.

Section 6. The Debenture shall be fully registered in the name of the owner for the payment of both principal and interest in the office of the County Treasurer in Tonopah, Nevada, and any transfer thereof must likewise be registered in said office. The County Treasurer, ex officio Town Treasurer, is hereby appointed as Registrar (the "Registrar") and shall maintain records in the office of the County Treasurer showing at all times that the Debenture is registered as to both principal and interest, and the name, address and taxpayer identification number of the owner thereof. The Registrar will not be required to transfer the Debenture (i) during a period beginning at the opening of business ten days before the day of the mailing by the Registrar of a notice of prior redemption of the Debenture and ending at the close of business on the day of such mailing, or (ii) after the mailing of notice calling such Debenture for prior redemption. The County Treasurer, as Registrar, shall note such registration on the registration records and on the registration panel on the Debenture showing that such Debenture is registered as to both principal and interest. The Town and its officers may treat the person in whose name the Debenture is registered as the absolute owner, whether or not such Debenture shall be overdue. All payments made as provided in this Ordinance shall be valid and effectual to discharge the liability upon any part of the Debenture to the extent of the amount so paid.

Section 7. The Debenture is subject to redemption in whole or in part prior to maturity, at the option of the Town, at the redemption price of the principal amount thereof plus accrued interest to the redemption date, without premium, on any date selected by the Town, upon notice to the registered owner of the Debenture by first class mail no later than ten (10) days prior to the date of such intended redemption. The Paying Agent and Registrar, on behalf and at the expense of the Town, shall mail notice of redemption once, no later than the tenth (10th) day preceding the selected redemption date, to the registered owner of the Debenture at the address shown on the registration records of such Registrar and Paying Agent; provided, however, that neither failure of the Debenture holder to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of the Debenture or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption amount, and shall require that the Debenture be surrendered at the principal office of the Paying Agent in Nye County, Nevada, for redemption at the redemption price of the principal amount thereof plus accrued interest to the redemption date, giving notice also that further interest on the Debenture will not accrue from and after the redemption date. From and after the date fixed for redemption (if funds available for the payment of the principal of and interest on the Debenture called for redemption shall have been duly provided), the Debenture shall cease to be entitled to any benefit under this Ordinance other than the right to receive payment of the redemption amount, and no interest shall accrue thereon from and after the redemption date specified in such notice. Any prepayment shall be applied first to accrued interest and second to the outstanding principal amount of the Debenture.

Section 8. The Debenture shall be in substantially the following form:

[Form of Debenture]

TRANSFER OF THIS DEBENTURE OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

UNINCORPORATED TOWN OF TONOPAH, NEVADA
WATER REVENUE INTERIM DEBENTURE
SERIES 2006

No. R-1 Maximum Principal Amount: $2,000,000.00

Maturity Date
April 1, 2008

Dated as of
________ ___, 2006

REGISTERED OWNER:

MAXIMUM PRINCIPAL AMOUNT: TWO MILLION DOLLARS

The County Treasurer (the "Registrar" and "Paying Agent") of Nye County, Nevada, ex officio Town Treasurer of the Unincorporated Town of Tonopah (the "Town"), Nevada will on the maturity date stated above, or at an earlier date upon call by the County as described below, pay to the registered owner hereof as specified above, or registered assigns, the maximum principal amount specified above, or such lesser amount as shall represent the aggregate principal amount advanced to the Town, as shown on the principal advance panel appended hereto, at the office of the Paying Agent in Nye County, Nevada, on the Maturity Date set forth above. Each advance of principal under this Debenture shall bear interest at a rate per annum equal to 4.60% per annum plus or minus the change in the six month U.S. Treasury Bill from the rate of 5.17% per annum, which rate on the six month U.S. Treasury Bill is in effect as of the date of the advance (or upon request of the County within 15 days of the date of the advance); provided that in no event shall the interest rate on any advance exceed _____% per annum (i.e. 3% over the Index of Revenue Bonds most recently published in the Bond Buyer before the negotiated offer for the Debenture is accepted calculated on the basis of a 360-day year of twelve 30-day months). For example, if the six month U.S. Treasury Bill rate is 5.27% as of a date of principal advance, the interest rate on such advance shall equal 4.60% + (5.27%-5.17%) and if the six month U.S. Treasury Bill is 5.00% as of a date of principal advance, the interest rate on such advance shall equal 4.60% + (5.00% -5.17%). This Debenture shall bear interest payable to the registered owners hereof on the unpaid balance of the total principal advanced from the date or dates of each advance to the Maturity Date, payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2007 and semi-annually thereafter until the Maturity Date or prior redemption. Interest shall be calculated based on a 360-day year of twelve 30 day months.

The principal amount of the Debenture and interest due hereon, on an interest payment date, at maturity or on any redemption date as provided below, is payable solely to the registered owner hereof in lawful money of the United States of America, without deduction for exchange or collection charges, on presentation hereof, at the office of the Paying Agent.

The principal of this Debenture may be redeemed in whole or in part at any time prior to maturity at the option of the Town at a price equal to the principal amount thereof so redeemed plus accrued interest to the redemption date upon ten (10) days' notice, by first class mail, to the registered owner hereof as provided in the Ordinance authorizing the issuance of this Debenture (the "Ordinance"), adopted and approved by the Town Board of the Town (the "Board") on October 4, 2006. Any prepayment shall be applied first to accrued interest and second to the outstanding principal amount of the Debenture.

This registered Debenture and the interest hereon shall be a special obligation of the Town for the payment of which the Town hereby pledges: the proceeds of a Loan to be evidenced by the County's sewer revenue bond which is to be sold to the United States of America, acting by and through the United States Department of Agriculture, Rural Development (the "RD"), the proceeds of a grant from RD, the proceeds of a grant from the Department of the Army and the net revenues to be derived from the operation of the Town's sewer system (the "System"), as provided in the Ordinance authorizing the issuance of the sewer revenue bond to be passed and adopted pursuant to the Town Bond Law (NRS Sections 269.400 through 269.470), the Water and Sewer Revenue Bond Law (Sections 350.350 through 350.490, Nevada Revised Statutes), the Local Government Securities Law (Sections 350.500 through 350.720, Nevada Revised Statutes). This Debenture is being issued in accordance with said provisions of the Nevada Revised Statutes and this recital is conclusive evidence of the validity of this Debenture and the regularity of its issuance.

The Debenture is issuable solely as a fully registered debenture and is transferable for a fully registered debenture in equivalent aggregate principal amount at the aforesaid office of the Registrar but only in the manner, subject to the limitations, and on payment of the charges provided in the Ordinance. The Registrar will not be required to transfer the Debenture (i) during a period beginning at the opening of business 10 days before the day of the mailing by the Registrar of a notice of prior redemption of the Debenture and ending at the close of business on the day of such mailing, or (ii) after the mailing of notice calling the Debenture for prior redemption.

This Debenture must be registered in the name of the owner as to both principal and interest on the registration records kept by the Registrar in conformity with the provisions stated herein and endorsed hereon and subject to the terms and conditions set forth in the Ordinance. No transfer of this Debenture 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.

The Town has designated this Debenture a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended to the date of delivery of the Debenture.

It is hereby certified, recited and warranted that all of the requirements of law have been fully complied with by the proper officers of the Town in the issuance of this Debenture.

No recourse shall be had for the payment of the principal and interest of this Debenture or for any claim based thereon or otherwise upon the Ordinance, against any individual member of the Board or any officer or other agent of the Town, past, present, or future, either directly or indirectly through the Board or the Town, 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 Debenture and as a part of the consideration of its issuance specially waived and released.

This Debenture shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the registration panel appended hereto.

IN WITNESS WHEREOF, Town Board of the Unincorporated Town of Tonopah, in the State of Nevada, has caused this Debenture to be signed and executed in the name and on behalf of the Town with the manual signature of the Chairman, countersigned with the manual signature of the County Treasurer, ex officio Town Treasurer, and attested by the manual signature of the Town Clerk and has caused the manual impression of the corporate seal of the Town to be affixed hereon, all as of the date above designated.

UNINCORPORATED TOWN OF TONOPAH, NEVADA

____
Chairman

(SEAL)

Attest:

____
Town Clerk

Countersigned:

____
County Treasurer, ex officio Town Treasurer

[End of Form of Debenture]

[Form of Advance Panel]

PRINCIPAL ADVANCES BY WELLS FARGO BROKERAGE SERVICES, LLC

Date	Amount	Signature of Chief Administrative Officer or Chief Financial Officer of the Town
____________________	$______________	_____________________________________
____________________	$______________	_____________________________________
____________________	$______________	_____________________________________
____________________	$______________	_____________________________________

[End of Form of Advance Panel]

[Form of Registration Panel]

PROVISION FOR REGISTRATION AS TO PRINCIPAL AND INTEREST

This Debenture must be registered as to both principal and interest on the registration records of the Town, kept by the County Treasurer, ex officio Town Treasurer, as Registrar. After registration as to principal and interest, the Registrar shall note such registration on such registration records and in the registration blank below, and the principal and interest on this Debenture shall be paid to such registered owner. This Debenture may be transferred by the registered owner or his or her legal representative only upon a duly executed assignment in form satisfactory to the Registrar, such transfer to be made on said registration records and endorsed hereon.

Every privilege, registration and transfer shall be exercised only in accordance with the authorizing Ordinance and such reasonable rules and regulations as the Registrar may prescribe.

Date of Registration	Name of Registered Owner	Signature of Registrar
	Wells Fargo Brokerage Services, LLC	

[End of Registration Panel]

[Form of Assignment]

ASSIGNMENT

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

____
Signature

Dated:____________________

Signature Guaranteed:

____

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 Debenture in every particular, without alteration or enlargement or any change whatsoever.

[End of Form of Assignment]

FORM OF PRINCIPAL ADVANCE REQUEST

Date: ___________ ___, 20__

Wells Fargo Brokerage Services LLC
Attention: Kevin O'Connor
1740 Broadway
Denver, CO 80274
Fax: 303-863-4895

Re: Unincorporated Town of Tonopah, Nevada
Sewer Revenue Interim Debenture, Series 2006

Ladies and Gentlemen:

The undersigned hereby requests that you make a principal advance on the above-captioned Debenture in the principal amount of $________________ to the order of the undersigned Unincorporated Town of Tonopah, Nevada (the "Town") on or before ______________, _____, which is at least three business days after the date of this request.

The undersigned hereby certifies and warrants that:

1. The aggregate of principal advances requested from Wells Fargo Brokerage Services, LLC (the "Bank") under the above-referenced Debenture, including the advance requested in this letter, do not exceed the maximum principal amount of the Debenture of $2,000,000;
2. The advance requested represents a "qualified tax exempt obligation" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended;
3. All representations and warranties of the Town contained in the Debenture and the documents accompanying the Debenture, including, without limitation, the Federal Tax Exemption Certificate dated __________, 2006, remain true and correct on this date as if made on this date. No law has been adopted which would in any way adversely affect the Town's authority to obtain and repay this advance. The Town covenants to advise you immediately if any such law is adopted; and
4. Please deposit the amount advanced into our account:

Account #________________.

Respectfully submitted,
UNINCORPORATED TOWN OF TONOPAH, NEVADA

By: ________________________________
(Must be Chairman of the Town Board; Treasurer of the Town; chief administrative officer or chief financial officer of the Town)

Section 9. There is hereby created a special account to be designated the "2006 Interim Debenture Proceeds Account" (the "Proceeds Account"). The proceeds received by the Town and advanced from the Purchaser shall be deposited in the Proceeds Account. Moneys deposited in the Proceeds Account shall be used and expended by the Town solely for the Project and for the purposes for which the proceeds of the Loan are to be received, and any money remaining in the Proceeds Account shall be used to pay the Debenture and after such Debenture is paid in full (both principal and interest) shall be transferred to the account for the deposit of revenues to be created in the ordinance authorizing the issuance of the sewer revenue bond (the "Bond Account") and used to pay the costs of the Project or to pay debt service on the bond to be issued. The principal advanced on the Debenture shall be invested as permitted under State law.

Section 10. The principal amount of the Debenture, together with the interest thereon, shall be payable from the moneys to be received pursuant to the Loan from RD, moneys received pursuant to the Grants from RD and the Department of the Army and Net Revenues of the System. As security for the payment of the principal of and interest on the Debenture the Town hereby pledges the moneys to be received by the Town with respect to the Loan, and moneys received pursuant to the Grants from RD and the Department of the Army (such pledged amount being hereinafter called the "Pledged Loan Receipts"). The principal of the Debenture and the interest thereon shall constitute a prior lien and charge thereon and shall be payable from the Pledged Loan Receipts. Notwithstanding the foregoing, to the extent the principal of or interest on the Debenture is not paid from Pledged Loan Receipts, as herein provided, such principal of or interest on the Debenture shall be paid, to the extent permitted by law, from, and the Town hereby pledges for such payment, the Net Revenues of the System lawfully available therefor.

Section 11. There is hereby created a special account to be designated the "2006 Interim Debenture Repayment Account" (the "Repayment Account") to be applied as directed in this Ordinance. Any money credited to the Repayment Account shall be for the benefit of the holder of the Debenture and, until the Debenture and all interest thereon is paid or until provision has been made for the payment of the Debenture at maturity with interest to maturity or any default interest if not paid at maturity, the moneys in the Repayment Account shall be applied solely for the purposes for which the Repayment Account is created. As received, the Town shall credit all Pledged Loan Receipts to the Repayment Account. At least one day prior to an early redemption date, if applicable, or on the maturity date of the Debenture, the Town shall transfer to the Paying Agent the moneys in the Repayment Account necessary to pay the principal of and interest on the Debenture. Any moneys remaining in the Repayment Account after the Debenture and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the Proceeds Account to be used for the Project or transferred to the Bond Account if not needed for the Project.

Section 12. If the Debenture shall become mutilated, the Registrar, at the expense of the holder of the Debenture, shall execute and deliver a new debenture of like maturity and principal amount in exchange and substitution for the Debenture so mutilated, but only upon surrender to the Registrar of the Debenture so mutilated. Every mutilated debenture so surrendered to the Registrar shall be canceled by it and destroyed. If the Debenture shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Registrar and if such evidence is satisfactory to the Registrar and Town and indemnity satisfactory to the Registrar shall be given, the Registrar, at the expense of the owner, shall execute and deliver a new debenture of like maturity and principal amount in lieu of and in substitution for the Debenture so lost, destroyed or stolen. The Registrar may require payment of a sum not exceeding the actual cost of preparing each new debenture issued and of any extra expenses which may be incurred by the Registrar. Any debenture issued under the provisions of this Section in lieu of a debenture alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Town whether or not the debenture so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Ordinance with any other debentures issued pursuant to this Ordinance.

Section 13. It is hereby covenanted and warranted by the Town that all representations and recitals contained in this Ordinance are true and correct, and that the Town and its appropriate officials have duly taken all proceedings necessary to be taken, and will take any additional proceedings necessary to be taken by them, to carry out the provisions of this Ordinance. In addition, it is hereby covenanted by the Town that the Town will (a) proceed to complete, with all practicable dispatch, the construction and acquisition of the Project, (b) not make or cause or permit to be made any application of the proceeds of the Debenture or of any moneys in the Repayment Account except in accordance with this Ordinance, (c) comply in all respects with the terms and provisions of the Commitment from RD and with all applicable State and federal laws and regulations governing implementation of the Commitment from RD, (d) take all actions necessary to preserve its right to receive any moneys, reimbursements, and other moneys under the Commitment and the Grants, (e) apply or continue to apply the appropriated moneys and any other available funds to pay those costs not expected to be reimbursed from Pledged Loan Receipts until all such costs have been paid and (f) promptly request or otherwise secure each reimbursement or other moneys to which it has become entitled under the Commitment from RD and the Grants.

Section 14. The Town covenants for the benefit of the owner of the Debenture that it will not take any action or omit to take any action with respect to the Debenture, the proceeds thereof, any other funds of the Town or any facilities financed with the proceeds of the Debenture if such action or omission (i) would cause the interest on the Debenture to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, or (ii) would cause interest on the Debenture to lose its exclusion from alternative minimum taxable income as defined in Section 55(b) (2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the 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 Debenture until the date on which all obligations of the Town in fulfilling the above covenant under the Code have been met.

Section 15. The Town reserves the privilege of issuing at a later time or times, from time to time, any securities hereafter authorized by law (not herein designated for issuance), as moneys, if any, are needed for the project or projects for which such securities are authorized respectively to be issued, provided however, that not more than a total of $5,000,000 in bonds or other securities are to be issued in calendar year 2006.

Section 16. The Town hereby designates the Debenture for purposes of paragraph (3) of Section 265(b) of the Code and covenants that the Debenture does not constitute a private activity bond as defined in Section 141 of the Code, and that not more than $5,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section

103(a) of the Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Debenture, have been or are reasonably expected to be issued by or on behalf of the Town, including all subordinate entities of the Town during calendar year 2006.

Section 17. The officers of the Town be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limitation, the execution of such certificates as may be reasonably required by RD, the Department of the Army or the Purchaser relating to the signing of the Debenture, the tenure and identity of the officials of the Town and of the Board, the delivery of the Debenture and the receipt of the purchase price, and, if it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof, and the absence and existence of factors affecting the exemption of interest on the Debenture from federal income taxation, the assembly and dissemination of financial and other information concerning the Town, the Board and the Debenture, and the sale and issuance of the Debenture pursuant to the provisions of this Ordinance and to any instrument supplemental thereto.

Section 18. The Board has expressed in the preambles to this Ordinance that it pertains to the sale, issuance, or payment of a sewer revenue interim debenture, and that this instrument may accordingly be adopted as if an emergency now exists. This Ordinance shall become effective after its publication at least twice by its title only, together with the names of the members of the Board voting for or against its passage and a statement that typewritten copies of this Ordinance are available for inspection by interested parties at the office of the Town Clerk, such publication to be made in a newspaper or newspapers of general circulation in the Town at least once a week for a period of two weeks, and such publication to be in substantially the following form:

(Form of Publication)

BILL NO. TTO-06-01

ORDINANCE NO. TTO-06-01

AN ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE OF A SEWER REVENUE INTERIM DEBENTURE, IN ANTICIPATION OF THE RECEIPT OF CERTAIN FUNDS AND THE ISSUANCE AND SALE OF A SEWER REVENUE BOND OF THE TOWN THEREFOR; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE DEBENTURE, THE SECURITY THEREFOR, THE SALE THEREOF; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND OTHER DETAILS IN CONNECTION THEREWITH.

PUBLIC NOTICE IS HEREBY GIVEN that typewritten copies of the above-numbered and entitled Ordinance are available for public inspection and distribution at the office of the Town Clerk of the Unincorporated Town of Tonopah, Nevada, at the office of the Town Clerk in Tonopah, Nevada and that such Ordinance was passed and adopted at a regular meeting of the Town Board on October 4, 2006 by the following vote of the Town Board:

Those Voting Aye:	Cindy Kaminski, Chairman Paul Campos, Vice Chairman Terry Rivero, Clerk Raymond Gallagher, Member Thomas Hawkins, Member
Those Absent:	None
Those Voting Nay:	None

IN WITNESS WHEREOF, the Town Board of the Unincorporated Town of Tonopah, Nevada has caused this Ordinance to be published by title only.

DATED this October 4, 2006.

Cindy K

Chairman
Town Board of the Unincorporated
Town of Tonopah, Nevada

Attest:

Town Clerk

Section 19. All consistent action taken previously by the Town and the Board officers directed toward the Project and toward the issuance of its Debenture for that purpose is ratified, approved, and confirmed.

Section 20. 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 affect any remaining provisions of this Ordinance.

Proposed on October 4, 2006.
Proposed by Paul Campos.
Passed on October 4, 2006.

Vote:5-0

Ayes:	Cindy Kaminski, Chairman Paul Campos, Vice Chairman Terry Rivero, Clerk Raymond Gallagher, Member Thomas Hawkins, Member
Nays:	None
Absent:	None

Chairman
Town Board of the Unincorporated
Town of Tonopah, Nevada

Attest:

Town Clerk

This Ordinance shall be in full force and effect from and after the 20th day of the month of October of the year 2006 *i.e.*, the day after the second publication of such Ordinance by title only.

STATE OF NEVADA)
) **SS.**
UNINCORPORATED TOWN)
OF TONOPAH)

The undersigned is the qualified and elected Town Clerk of the Unincorporated Town of Tonopah, Nevada (the "Town"), and in the performance of my duties as Clerk do hereby certify:

1. The foregoing pages are a true, correct and compared copy of a ordinance adopted by Town Board (the "Board") of the Town at a meeting held on October 4, 2006. The original of the ordinance has been approved and authenticated by the signatures of the Chairman of the Board and myself as Town Clerk and sealed with the seal of the Town, and has been recorded in the records of the Board kept for that purpose in my office.

2. The proceedings were duly had and taken as therein shown. The Commissioners indicated in the ordinance were present at said meeting and voted on the ordinance as set forth therein.

3. All members of the Board were given due and proper notice of such meeting.

4. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS Section 241.020. A copy of the notice of meeting and excerpts from the agenda for the meeting relating to the ordinance, as posted by 9:00 a.m. at least 3 working days in advance of the meeting at:

(i) U.S. Post Office, 201 Main Street, Tonopah, NV 89049

(ii) Tonopah Convention Ctr, 301 Brougher St, Tonopah, NV 89049

(iii) Nye County Courthouse, Radar Road, Tonopah, NV 89049

(iv) Tonopah Town Office, 102 Burro Avenue, Tonopah, NV 89049

is attached as Exhibit "A".

5. Prior to 9:00 a.m. at least 3 working days before such meeting, such notice was delivered 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 this October 4, 2006.

Town Clerk

EXHIBIT A

(Attach Copy of Notice of Meeting)

TONOPAH TOWN BOARD
SPECIAL MEETING AGENDA
OCTOBER 4, 2006
TONOPAH TOWN OFFICE
102 Burro Street, Tonopah, NV 89049
8:00A.M.

Cindy Kaminski, Chairman
Paul Campos, Vice Chairman
Terry Rivero, Clerk
Raymond Gallagher, Member
Thomas Hawkins, Member

NOTE: All times are approximate except for bid openings, public hearings, and any other items agendized at a specific time. Action may be taken on all items except where otherwise indicated. Items not scheduled for a specific time may be considered at any time and in any order.

Any member of the public who is disabled and requires accommodations or assistance at the meeting is requested to notify the Town Office in writing or call 482-6336 within 24 hours prior.

ITEM # **SUBJECT**

Pledge of Allegiance

1. ACTION Consideration and Possible Approval of an Ordinance Authorizing and Directing the Issuance of a Sewer Revenue Interim Debenture, in Anticipation of the Receipt of Certain Funds and the Issuance and Sale of a Sewer Revenue Bond of the Town therefore providing the Form, Terms and Conditions of the Debenture, the Security therefore, the Sale thereof; providing for Adoption as if an Emergency exists; and other details in connection therewith – Susan Dudley

2. ACTION Approve and Sign Funding Agreement for Cultural Affairs Grant CCA-06-16 for Fiscal Year 2006 – Shawn Hall

3. ACTION Approval to Apply for the 2007 Cultural Affairs Grant for Work to be done on the Old Firehouse & Gymnasium and the Town Office – Shawn Hall

4. PUBLIC COMMENT Three-minute time limit per person and requested to be limited to items not listed on the agenda. No action will be taken by the Board

5. ACTION Adjourn

EXHIBIT B

(Attach Affidavit(s) of Publication Twice by Title)

H:\05410\005\Debenture Ordinance v1.DOC

Affidavit of Publication

State of Nevada, County of Nye

I, Phyllis Trice, Legal Clerk for the Tonopah Times-Bonanza & Goldfield News, a weekly newspaper published in Tonopah, Nye County, Nevada, being duly sworn, hereby certify that the following advertisement appeared in the Tonopah Times-Bonanza & Goldfield News:

Public Notices

A copy of the above-described advertisement is hereon attached. It was published in the Tonopah Times-Bonanza & Goldfield News on this date or dates:

October 12, 19, 2006

Signed before a notary public:

Signature Phyllis Trice

Date October 19, 2006

Subscribed and sworn to before this notary on this date:

Date October 19, 2006

Lisa Kay Andresen

Notary Public Signature

LISA KAY ANDRESEN
NOTARY PUBLIC
STATE OF NEVADA
APPT. No. 96-3066-14
MY APPT. EXPIRES DEC. 30, 2006

BILL NO. TTO-06-01
ORDINANCE NO. TTO-06-01

AN ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE OF A SEWER REVENUE INTERIM DEBENTURE, IN ANTICIPATION OF THE RECEIPT OF CERTAIN FUNDS AND THE ISSUANCE AND SALE OF A SEWER REVENUE BOND OF THE TOWN THEREFORE; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE DEBENTURE; THE SECURITY THEREFORE, THE SALE THEREOF; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND OTHER DETAILS IN CONNECTION THEREWITH.

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Those Voting Aye: Cindy Kaminski, Chairman, Paul Campos, Vice Chairman, Terry Rivero, Clerk, Raymond Gallagher, Member, Thomas Hawkins, Member

Those Absent: None

Those Voting Nay: None

IN WITNESS WHEREOF, the Town Board of the Unincorporated Town of Tonopah, Nevada has caused this Ordinance to be published by title only.

DATED this October 4, 2006.

/s/ Cindy Kaminski
Chairman, Town Board of the Unincorporated Town of Tonopah, Nevada

Attest:
/s/ Terry Rivero
Town Clerk

T/GN 556601
PUBLISH: October 12, 19, 2006.