

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 5, 2016

# OFFICIAL STATEMENT

**\$290,790,000\***

**State of Nevada  
Highway Revenue  
(Motor Vehicle Fuel Tax)  
Improvement and Refunding Bonds  
Series 2016**



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\* Preliminary, subject to change.

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**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 5, 2016**

*In the opinion of Sherman & Howard L.L.C., Bond Counsel to the State of Nevada, assuming continuous compliance with certain covenants described herein, interest on the Series 2016 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2016 Bonds (the "Tax Code"), and is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS — Federal Tax Matters" in Part I of this Official Statement. The Series 2016 Bonds, their transfer and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of the NRS. See "TAX MATTERS — State Tax Exemption" in Part I of this Official Statement.*

NEW ISSUE – BOOK-ENTRY ONLY

**DAC Bond**

**RATINGS**  
Fitch: AA+  
Moody's: Aa2  
Standard & Poor's: AAA  
See "RATINGS" in Part I of this  
Official Statement

**\$290,790,000\***  
**State of Nevada**  
**Highway Revenue**  
**(Motor Vehicle Fuel Tax)**  
**Improvement and Refunding Bonds**  
**Series 2016**

DATED: Date of Delivery

DUE: December 1, on the dates shown on the inside cover

Interest on the above-captioned Series 2016 Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2016. Series 2016 Bonds may be purchased in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. See "APPENDIX C — BOOK-ENTRY ONLY SYSTEM" in Part I of this Official Statement.

The Series 2016 Bonds or portions thereof maturing on or after December 1, 2026, are subject to optional redemption prior to maturity on and after June 1, 2026, as set forth herein.

The Series 2016 Bonds are issued pursuant to a bond resolution of the State Board of Finance adopted on November 10, 2015 (the "Bond Resolution"). The Bond Resolution provides that the Series 2016 Bonds shall be payable from any federal aid eligible for the payment of the principal of and interest on the Series 2016 Bonds and from the proceeds of the motor vehicle fuel taxes imposed and collected pursuant to the Fuel Tax Act and credited to the State Highway Fund (the "Gross Pledged Revenues").

**The Series 2016 Bonds are special obligations of the State, payable and collectible solely out of the Gross Pledged Revenues. Bondholders may not look to any general or other fund for payment except the special funds pledged under the Bond Resolution. The Series 2016 Bonds do not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation, and the Series 2016 Bonds shall not be considered or held to be general obligations of the State. The State does not pledge its full faith and credit for the payment of the Series 2016 Bonds. See "DESCRIPTION OF THE SERIES 2016 BONDS — Security for the Series 2016 Bonds" in Part I of this Official Statement.**

The Series 2016 Bonds will be sold in a competitive sale on February 17, 2016\*. Prices and yields will be set by the successful bidder. The "OFFICIAL NOTICE OF BOND SALE" is included as APPENDIX D to Part I of this Official Statement.

For maturity dates, principal amounts, interest rates, yields and CUSIP numbers of the Series 2016 Bonds, see the inside cover of this Official Statement.

The Series 2016 Bonds are offered when, as and if issued by the State and accepted by the underwriter subject to the approval of legality and certain other legal matters by Sherman & Howard L.L.C., Bond Counsel and to certain other conditions. Certain legal matters will be passed upon by Nixon Peabody LLP, as Disclosure Counsel to the State. The Series 2016 Bonds are expected to be available for book-entry delivery on or about March 9, 2016\*.

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

\* Preliminary, subject to change.

**State of Nevada  
Highway Revenue  
(Motor Vehicle Fuel Tax)  
Improvement and Refunding Bonds  
Series 2016**

<b><u>Maturity Date (December 1)*</u></b>	<b><u>Principal Amount*</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP<sup>†</sup> Number</u></b>
2017	\$ 6,095,000			641480__
2018	6,410,000			641480__
2019	1,485,000			641480__
2020	13,025,000			641480__
2021	11,725,000			641480__
2022	12,330,000			641480__
2023	12,955,000			641480__
2024	27,035,000			641480__
2025	28,415,000			641480__
2026	31,850,000			641480__
2027	44,240,000			641480__
2028	46,450,000			641480__
2029	48,775,000			641480__

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\* Preliminary, subject to change.

<sup>†</sup> A registered trademark of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds. The State makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Bonds.

**STATE OF NEVADA**

Brian Sandoval, Governor  
Mark Hutchison, Lieutenant Governor  
Barbara K. Cegavske, Secretary of State  
Daniel M. Schwartz, State Treasurer  
Ronald L. Knecht, State Controller  
Adam Paul Laxalt, Attorney General

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**REGISTRAR, PAYING AGENT AND ESCROW AGENT**

U.S. Bank National Association  
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Phoenix, Arizona 85003  
(800) 934-6802

No dealer, broker, salesperson or other person has been authorized by the State of Nevada (the "State") to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the State or the successful bidders for the Series 2016 Bonds. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2016 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Any information, estimates and expressions of opinion herein are subject to change without notice; and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the State since the date hereof.

The information set forth herein has been furnished by the State and includes information obtained from other sources. Such other sources are believed to be reliable, but the information derived from such sources is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other person.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements". In this respect, the words "estimate", "project", "anticipate", "expect", "intend", "believe", and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the State's financial results could cause actual results to differ materially from those stated in the forward-looking statements. The presentation of information, including tables of receipts from taxes and other revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the State. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

In connection with this offering the purchasers may over allot or effect transactions that stabilize or maintain the market prices of the Series 2016 Bonds offered hereby at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

## TABLE OF CONTENTS

## PAGE

### SUMMARY

### INTRODUCTION

General .....	1
Part I – The Series 2016 Bonds .....	1
Part II – The State of Nevada .....	1
Part III – State Department of Transportation and Pledged Revenues .....	1
Miscellaneous .....	1

### PART I INFORMATION CONCERNING THE BONDS BEING OFFERED

DESCRIPTION OF THE SERIES 2016 BONDS .....	I-1
General .....	I-1
Interest .....	I-1
Redemption of Series 2016 Bonds .....	I-1
Authorization and Purpose of the Series 2016 Bonds .....	I-2
Plan of Refunding .....	I-2
Sources and Uses of Funds .....	I-2
Security for the Series 2016 Bonds .....	I-3
Pledge of the State .....	I-6
State Make-Up for Reduction in Federal Fuel Tax .....	I-6
Continuing Disclosure Undertakings .....	I-6
PARITY SECURITIES, GROSS PLEDGED REVENUES AND DEBT SERVICE REQUIREMENTS .....	I-8
Existing Parity Securities .....	I-8
Debt Service Requirements .....	I-9
SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION .....	I-12
OPINION OF BOND COUNSEL .....	I-13
LITIGATION RELATING TO THE SERIES 2016 BONDS .....	I-14
TAX MATTERS .....	I-14
Federal Tax Matters .....	I-14
State Tax Exemption .....	I-15
FINANCIAL STATEMENTS .....	I-15
RATINGS .....	I-16
UNDERWRITING .....	I-16
FINANCIAL ADVISORS .....	I-16
VERIFICATION AGENT .....	I-16
AUTHORIZATION .....	I-17

### Part I – List of Tables

Table 1	Existing Parity Securities .....	I-8
* Table 2	Annual Debt Service Requirements .....	I-9
* Table 3	Fuel Taxes and Pro Forma Debt Service Coverage .....	I-10

\* Annual financial information to be updated annually pursuant to the Disclosure Dissemination Agent Agreement executed pursuant to SEC Rule 15c2-12.

### Part I – Schedules and Appendices

PART I – SCHEDULE I – MATURITY SCHEDULE OF POTENTIAL REFUNDED BONDS .....	I-I-1
PART I – APPENDIX A – FORM OF APPROVING OPINION OF BOND COUNSEL .....	I-A-1
PART I – APPENDIX B – FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT .....	I-B-1
PART I – APPENDIX C – BOOK-ENTRY ONLY SYSTEM .....	I-C-1
PART I – APPENDIX D – OFFICIAL NOTICE OF BOND SALE .....	I-D-1

## **PART II – INFORMATION CONCERNING THE STATE OF NEVADA**

<b>GOVERNMENT STRUCTURE .....</b>	<b>II-1</b>
<b>ECONOMIC AND DEMOGRAPHIC INFORMATION .....</b>	<b>II-2</b>
General .....	II-2
Population and Age Distribution .....	II-2
Income .....	II-3
Employment .....	II-4
Educational Attainment .....	II-5
Sales and Use Tax .....	II-6
Gaming and Tourism .....	II-6
Transportation .....	II-8
Economic Development .....	II-9
Federal Activities .....	II-10
Mining .....	II-11
Electric Utilities .....	II-12
Water .....	II-12
State Litigation .....	II-14

### **Part II – List of Tables**

Table 1	Nevada Population by County .....	II-2
Table 2	Age Distribution .....	II-2
Table 3	Per Capita Personal Income Groups .....	II-3
Table 4	Median Household Income .....	II-3
Table 5	Percent of Households by Income Groups .....	II-4
Table 6	Average Annual Labor Force Summary .....	II-4
Table 7	Average Establishment – Based Industrial Employment by Calendar Year .....	II-5
Table 8	Educational Attainment .....	II-5
Table 9	Transactions Taxable Under the Nevada Sales and Use Tax Laws .....	II-6
Table 10	Gross Taxable Gaming Revenues and Total Gaming Taxes .....	II-6
Table 11	Visitor Volume and room Occupancy Rate Las Vegas Metropolitan Area, Nevada .....	II-7
Table 12	Visitor Volume and room Occupancy Rate Washoe County, Nevada .....	II-8
Table 13	Convention and Visitors Authority Room Tax Revenue .....	II-8
Table 14	Mineral Production .....	II-12
Table 15	Mineral Production (By Weight) .....	II-12

## **PART III – INFORMATION CONCERNING THE STATE DEPARTMENT OF TRANSPORTATION REVENUES PLEDGED TO SECURE THE BONDS AND RELATED MATTERS**

<b>NEVADA DEPARTMENT OF TRANSPORTATION .....</b>	<b>III-1</b>
NDOT Responsibilities .....	III-1
NDOT Governance .....	III-1
NDOT Staff .....	III-1
<b>THE STATE HIGHWAY SYSTEM .....</b>	<b>III-2</b>
Overview .....	III-2
NDOT-Maintained Roads .....	III-2
<b>SUPPORT FOR STATE HIGHWAY SYSTEM .....</b>	<b>III-5</b>
Federal Aid Highway System .....	III-5
Other Improved Roads .....	III-6
Unimproved Roads .....	III-6
<b>NDOT PLANNING AND CURRENT PROGRAMS .....</b>	<b>III-6</b>
Statewide Transportation Planning (Annual Work Program) .....	III-6
Statewide Transportation Improvement Program .....	III-6
Pioneer Program .....	III-8



Project NEON.....	III-8
<b>OVERVIEW OF FUNDING FOR STATE HIGHWAYS .....</b>	<b>III-9</b>
State Highway Fund .....	III-9
Transportation Funding in General.....	III-9
Federal Highway Funding in General.....	III-9
State Transportation Funding in General.....	III-10
State Make-Up for Reduction in Federal Fuel Tax.....	III-10
<b>STATE FUNDING.....</b>	<b>III-10</b>
Fuel Taxes .....	III-10
Other Taxes and Fees .....	III-12
Revenue Source Derived From Counties .....	III-16
<b>FEDERAL TRANSPORTATION FUNDING.....</b>	<b>III-17</b>
MAP-21 and the FAST Act.....	III-17
Federal Aid to Pay the Bonds .....	III-19
<b>REVENUES AND EXPENDITURES OF STATE HIGHWAY ACTIVITIES.....</b>	<b>III-20</b>
<b>REVENUES PLEDGED TO SECURE SERIES 2016 BONDS AND PARITY SECURITIES.....</b>	<b>III-21</b>
Gross Pledge Revenues .....	III-22
Direct Distributions and Other Exclusions .....	III-22
Highway Improvement Revenue Bonds.....	III-22

### **Part III – List of Tables**

Table 1	Miles of Improved Roads by County .....	III-3
Table 2	Vehicle Miles of Travel by County .....	III-4
Table 3	Truck Miles of Travel .....	III-5
Table 4	State Highway System Mileage .....	III-6
Table 5	Special Fuel Tax Distribution .....	III-11
Table 6	State Gasoline Tax Revenue .....	III-12
Table 7	Vehicle Registration Rates .....	III-14
Table 8	Vehicle Permit Fees .....	III-14
Table 9	State Motor Vehicle Fund Taxes, Licenses, and Fees Revenue .....	III-15
Table 10	State Motor Vehicle Taxes Deposited to State Highway Fund Derived from the Motor Vehicle Fund .....	III-15
Table 11	Highway Fund Federal-Aid Revenue for Highways by Phase.....	III-19
Table 12	Highway Fund Federal-Aid Apportionments .....	III-19
Table 13	Total State Highway Revenue .....	III-20
Table 14	State Highway Expenditures and Disbursements .....	III-21
Table 15	NDOT Expenditures by Activity.....	III-21
Table 16	NDOT Expenditures by Appropriation .....	III-21

<b>Part III – Appendix A – State of Nevada History of State Highway Fund Revenues, Expenditures and Changes in Fund Balances.....</b>	<b>III-A-1</b>
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## SUMMARY

*This summary is not a complete description of the Series 2016 Bonds and does not contain all of the information you should consider before making any investment decision with respect to the Series 2016 Bonds. Prospective purchasers of Series 2016 Bonds should read the more detailed information appearing in this Official Statement for a complete understanding about the offering and the terms of security and sources of payment for the Series 2016 Bonds.*

## THE BONDS

**Bonds Offered** ..... State of Nevada Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds Series 2016 (the “Series 2016 Bonds”)

**Interest Payment Dates** ..... June 1 and December 1, commencing December 1, 2016

**Redemption Provisions**..... The Series 2016 Bonds, or portions thereof in Authorized Denominations (as defined under “DESCRIPTION OF THE SERIES 2016 BONDS” in Part I of this Official Statement), maturing on or after December 1, 2026, will be subject to optional redemption prior to their respective maturities, at the option of the State of Nevada (the “State”), on and after June 1, 2026, in whole or in part at any time, from any maturities selected by the State and by lot within a maturity, at a redemption price equal to 100% of the principal amount of each Series 2016 Bond, or portion thereof to be redeemed, plus accrued interest thereon to the redemption date.

## PURPOSE

**Purpose**..... The Series 2016 Bonds are being issued by the State to refund certain outstanding bonds, to fund State highway construction projects, and to pay costs of issuance of the Series 2016 Bonds.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

**Gross Pledged Revenues**..... The Series 2016 Bonds are payable from and secured by Gross Pledged Revenues, which consist of the proceeds of State excise taxes on motor vehicle fuel and special fuel (defined as any combustible gas or liquid used for the generation of power for the propulsion of motor vehicles) credited or transferred to the State Highway Fund pursuant to the Fuel Tax Act (as defined in Part III of this Official Statement) and credited to the State Highway Fund and any federal aid eligible for the payment of the principal of and interest on the Series 2016 Bonds. The Bond Resolution excludes from Gross Pledged Revenues certain fuel tax proceeds not collected because of exempt sales and other exempt transactions, any tax proceeds not collected because of the dealers’ collections and handling fee, tax proceeds for making refunds, motor vehicle fuel tax proceeds paid on fuel used in watercraft for recreational purposes, tax proceeds imposed and collected and required to be distributed to the counties in the State, tax proceeds derived from motor vehicle fuel used in aircraft, and fuel taxes in an amount required to pay the costs of administration for the collection of any excise tax on gasoline or other motor vehicle fuel, subject to the limitation of not exceeding 1% of the total proceeds so collected.

The State also has other bonds secured on a parity with the Series 2016 Bonds outstanding and may issue additional parity bonds in the future.

See “DESCRIPTION OF THE SERIES 2016 BONDS - Security for the Series 2016 Bonds” in Part I of this Official Statement for additional information regarding the security for the Series 2016 Bonds.

**OFFICIAL STATEMENT  
OF THE STATE OF NEVADA  
RELATING TO THE ISSUE AND SALE OF  
\$300,785,000\*  
HIGHWAY REVENUE  
(MOTOR VEHICLE FUEL TAX)  
IMPROVEMENT AND REFUNDING BONDS  
SERIES 2016**

**INTRODUCTION**

**General**

This Official Statement of the State of Nevada (the “State”), including the cover page, the inside cover pages, schedules and appendices, is provided for the purpose of setting forth information in connection with the sale of the State’s Highway Revenue (Motor Vehicle Fuel Tax) Bonds Series 2016 (the “Series 2016 Bonds”).

This Official Statement consists of the cover pages and all prefatory material prior to this introduction, this introduction, and Part I (including all schedules and appendices thereto), Part II and Part III (including the appendix thereto).

**Part I – The Series 2016 Bonds**

Part I sets forth information concerning the Series 2016 Bonds, including the payment and redemption provisions, the basis of their authorization and their purposes, the security for the Series 2016 Bonds, the federal income tax treatment of the interest on the Series 2016 Bonds, and certain other matters.

**Part II – The State of Nevada**

Part II sets forth certain information relating to the State, including certain financial information relating to the State, and certain economic and demographic information.

**Part III – State Department of Transportation and Pledged Revenues**

Part III sets forth certain information relating to the State Department of Transportation (sometimes referred to herein as “NDOT”), the various revenue sources pledged as security for the Series 2016 Bonds, and related matters.

**Miscellaneous**

Potential investors should review this entire Official Statement. The Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the State, the Series 2016 Bonds, the State Department of Transportation, and the State documents authorizing the Series 2016 Bonds (the “Bond Resolution”) are included in this Official Statement. All references herein to the Series 2016 Bonds and the Bond Resolution and other documents referred to herein are qualified in their entirety by reference to such documents and all capitalized terms used herein, which are not defined, have the meanings given such terms as set forth in the Bond Resolution.

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as

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\* Preliminary, subject to change.

presentations of fact, and actual results may differ substantially from those set forth herein. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the purchasers or subsequent owners of the Series 2016 Bonds.

The summaries of certain provisions of the Series 2016 Bonds, the State statutes, the Bond Resolution and other documents referred to in this Official Statement do not purport to be complete and reference is made to each of them for a complete statement of their provisions.

A wide variety of other information, including financial information, concerning the State and the State Department of Transportation is available from State agencies, State agency publications and State agency websites. No such information is a part of or incorporated into this Official Statement.

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**PART I**  
**INFORMATION CONCERNING THE BONDS BEING OFFERED**  
**DESCRIPTION OF THE SERIES 2016 BONDS**

**General**

The Series 2016 Bonds will be dated the date of delivery and will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement. The Series 2016 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Series 2016 Bonds. Beneficial interests in the Series 2016 Bonds may be purchased in book-entry form only, in denominations of \$5,000 or any integral multiple thereof (“Authorized Denominations”). Purchasers of Series 2016 Bonds will not receive certificates representing their ownership interest in the Series 2016 Bonds purchased. The record date for the payment of interest on the Series 2016 Bonds (the “Regular Record Date”) is the close of business on the 15th day of the calendar month preceding an interest payment date. Interest will be paid by U.S. Bank National Association, Paying Agent and Registrar (the “Paying Agent” and “Registrar”), on the interest payment date (or if such day is not a business day, on the next succeeding business day) to DTC or its nominee as registered owner of the Series 2016 Bonds. Disbursement of interest, principal and redemption payments is the responsibility of DTC. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2016 Bonds, references in this Official Statement to the registered owners of the Series 2016 Bonds will mean Cede & Co., and will not mean the beneficial owners. See “APPENDIX C — BOOK-ENTRY ONLY SYSTEM” in Part I of this Official Statement.

**Interest**

Interest on the Series 2016 Bonds is payable on the dates and at the interest rates shown on the inside cover page of this Official Statement calculated on the basis of a 360-day year of twelve 30-day months.

**Redemption of Series 2016 Bonds**

*Optional Redemption*

The Series 2016 Bonds, or portions thereof in Authorized Denominations, maturing on or after December 1, 2026, will be subject to optional redemption prior to their respective maturities, at the option of the State, on and after June 1, 2026, in whole or in part at any time, from any maturities selected by the State and by lot within a maturity, at a redemption price equal to 100% of the principal amount of each Series 2016 Bond, or portion thereof to be redeemed, plus accrued interest thereon to the redemption date.

*Notice of Redemption*

Notice of redemption of any Series 2016 Bonds will be given by the Registrar by electronic mail as long as Cede & Co. or a nominee of a successor depository is the owner of the Series 2016 Bonds, and otherwise by first-class, postage prepaid mail, at least 30 days but not more than 60 days prior to the redemption date, to DTC, as the registered owner of the Series 2016 Bonds, and electronically to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access System (“MSRB”), and as otherwise provided in the Bond Resolution. The notice will identify the Series 2016 Bonds or portions thereof to be redeemed, specify the redemption date, and state that on the redemption date the principal amount thereof, accrued interest and premium, if any, thereon will become due and payable at the principal office of the Paying Agent, or such other office as may be designated by the Paying Agent, and that after the redemption date, no further interest will accrue on the principal of any Series 2016 Bond called for redemption. Failure to give such notice as described above to the MSRB or DTC, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Series 2016 Bond called for redemption.

Any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2016 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Series 2016 Bonds called for redemption in the same manner as the original redemption notice was given.

### **Authorization and Purpose of the Series 2016 Bonds**

The Series 2016 Bonds are being issued by the State to refund all or a portion of the outstanding State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2006 (the “2006 Bonds”) identified in Schedule I of this Part I, to refund the outstanding State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2008 (the “2008 Bonds”) identified in Schedule I of this Part I, to fund State highway construction projects, and to pay costs of issuance of the Series 2016 Bonds. The Series 2016 Bonds are being issued pursuant to the Constitution and laws of the State, including particularly Chapters 365 and 366, Nevada Revised Statutes (the “Fuel Tax Act”); Chapter 408, Nevada Revised Statutes (the “Project Act”); Sections 349.150 to 349.364, inclusive, Nevada Revised Statutes (the “State Securities Law”); and Chapter 348, Nevada Revised Statutes; and a Bond Resolution titled “2015 Highway Revenue Bond Resolution” adopted by the State of Nevada Board of Finance (the “Board”) on November 10, 2015 (the “Bond Resolution”). A copy of the Bond Resolution is on file in the office of the secretary of the Board in Carson City, Nevada, for public inspection.

### **Plan of Refunding**

A portion of the proceeds of the sale of the Series 2016 Bonds and other lawfully available moneys will be set aside in an irrevocable escrow account, established with U.S. Bank National Association, as escrow agent (the “Escrow Agent”), to refund all or a portion of the outstanding 2006 Bonds and the outstanding 2008 Bonds described in Schedule I to Part I of this Official Statement. Amounts held by the Escrow Agent will be invested in obligations of, or obligations unconditionally guaranteed by, the United States, that in each case are not callable for redemption prior to their maturities except at the option of the holder thereof.

The tables in Schedule I to Part I of this Official Statement describe the maturity dates, outstanding aggregate par amounts, coupons, CUSIP numbers, redemption dates and redemption prices of the 2006 Bonds and the 2008 Bonds all or a portion of which will be refunded (those bonds determined to be refunded are collectively referred to as the “Refunded Bonds”). The Refunded Bonds will be paid on the redemption dates and at the redemption prices shown in the tables in Schedule I.

### **Sources and Uses of Funds**

The sources and uses of the proceeds of the Series 2016 Bonds are approximately as follows:

<b>SOURCES</b>	
Principal Amount of Series 2016 Bonds	\$
Net Premium	
Debt Service Fund for 2006 Bonds and 2008 Bonds	
<b>TOTAL SOURCES</b>	<u>\$</u>
<b>USES</b>	
Construction Account	\$
Refunding Escrow	
Costs of Issuance <sup>(1)</sup>	
<b>TOTAL USES</b>	<u>\$</u>

<sup>(1)</sup> Represents legal and financing fees, printing costs, rating fees, and other miscellaneous expenses relating to the issuance of the Series 2016 Bonds.

## **Security for the Series 2016 Bonds**

### *Gross Pledged Revenues*

The Bond Resolution provides that the Series 2016 Bonds shall be payable from any federal aid eligible for the payment of the principal of and interest on the Series 2016 Bonds and from the proceeds of the motor vehicle Fuel Taxes (as defined in Part III of this Official Statement) imposed and collected pursuant to the Fuel Tax Act and credited to the State Highway Fund (as defined in Part III of this Official Statement) for the payment of principal of and interest on the Series 2016 Bonds (the “Gross Pledged Revenues”). The Bond Resolution excludes from Gross Pledged Revenues certain fuel tax proceeds not collected because of exempt sales and other exempt transactions, any tax proceeds not collected because of the dealers’ collections and handling fee, tax proceeds for making refunds, motor vehicle fuel tax proceeds paid on fuel used in watercraft for recreational purposes, tax proceeds imposed and collected and required to be distributed to the counties in the State, tax proceeds derived from motor vehicle fuel used in aircraft, and fuel taxes in an amount required to pay the costs of administration for the collection of any excise tax on gasoline or other motor vehicle fuel, subject to the limitation of not exceeding 1% of the total proceeds so collected (such exclusions being herein the “Direct Distributions and Other Exclusions”). For a more detailed summary of the Gross Pledged Revenues and the Direct Distributions and Other Exclusions, see “REVENUES PLEDGED TO SECURE SERIES 2016 BONDS AND PARITY SECURITIES” in Part III of this Official Statement. For a more detailed summary of the pledge created by the Bond Resolution, see “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION” in this Part I of this Official Statement.

### *Limited Obligation of State*

The Series 2016 Bonds are payable and collectible solely out of the Gross Pledged Revenues. The holders of Series 2016 Bonds may not look to any general or other fund for the payment of the Bond Requirements, except the Gross Pledged Revenues. The Series 2016 Bonds do not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Series 2016 Bonds are not general obligations of the State, but constitute its special obligations. The Series 2016 Bonds are not secured by an encumbrance, mortgage or other pledge of property of the State, except the Gross Pledged Revenues and any other moneys pledged for the payment of the Series 2016 Bonds.

### *Existing Parity Securities*

The State currently has five series of highway improvement revenue bonds outstanding in the aggregate principal amount of \$440,540,000, all of which are secured by the Gross Pledged Revenues (the “Existing Parity Securities”). Each series of Existing Parity Securities was authorized and issued pursuant to a bond resolution adopted by the Board that is substantially similar to the Bond Resolution authorizing the Series 2016 Bonds. Existing Parity Securities (and Additional Parity Securities, described below, if and when issued) are secured by the Gross Pledged Revenues on a parity with the Series 2016 Bonds, without priority or preference. For a summary of Existing Parity Securities issued and outstanding see Table 1 in this Part I of this Official Statement.

### *Additional Parity Securities*

The Bond Resolution permits the issuance by the State of additional bonds or other additional securities (“Additional Parity Securities”) payable from the Gross Pledged Revenues and constituting a lien thereon on a parity with, but not prior or superior to, the lien thereon of the Series 2016 Bonds and the Existing Parity Securities. Existing Parity Securities, the Series 2016 Bonds and Additional Parity Securities are referred to herein as “Parity Securities”. The Bond Resolution also permits the issuance of bonds or other securities refunding all or a part of the Series 2016 Bonds, or that are subordinate to the Parity Securities.

The State currently anticipates issuing approximately \$365 million of Additional Parity Securities (not including the Series 2016 Bonds) through 2018, including approximately \$185 million in 2017. The timing and amount of Additional Parity Securities may change.

Prior to the issuance of Additional Parity Securities (other than refunding securities, which are summarized below), the following conditions must be satisfied:

- (i) Absence of Default. At the time of the adoption of the resolution authorizing the issuance of the Additional Parity Securities, the State shall not be in default in making any required payments with respect to any Parity Securities.
- (ii) Historic Earnings Test. The Gross Pledged Revenues (but excluding any federal aid included as Gross Pledged Revenues) derived for the last fiscal year for which audited Gross Pledged Revenues are available immediately preceding the date of the issuance of the Additional Parity Securities proposed to be issued shall have been sufficient to pay an amount at least equal to 300% of the combined maximum annual principal and interest requirements to be paid during any one Bond Year of the Outstanding Series 2016 Bonds, any Existing Parity Securities and the Additional Parity Securities proposed to be issued (excluding any reserves therefor), except as otherwise expressly provided in the Bond Resolution.
- (iii) Adjustment of Gross Pledged Revenues. In any computation of such earnings tests as to whether or not Additional Parity Securities may be issued as provided in the preceding paragraph, the amount of the Gross Pledged Revenues for the next preceding fiscal year shall be decreased and may be increased by the amount of loss or gain estimated by the Treasurer, the Controller or an Independent Accountant resulting from any change in the Fuel Tax proceeds and constituting all or a part of the Gross Pledged Revenues, whether a change in the amount periodically paid per gallon, or the portions of the collections thereof credited to the Gross Pledged Revenues, or modifications to the Direct Distributions and Other Exclusions, or otherwise, during the next preceding fiscal year, as if the schedule of such modified Fuel Tax proceeds had been in effect during the entire next preceding fiscal year, if such change shall have been made by the State prior to such computation of the designated earnings test but made in the same fiscal year in which such computation is made or in the next preceding fiscal year.
- (iv) Reduction of Annual Requirements. The respective annual Bond Requirements (including the amount of any prior redemption premiums due on any prior redemption date as of which the State shall have called or shall have obligated itself to call for prior redemption by a call of securities for payment if the securities are subject to call for prior redemption) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective fiscal years 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.

As used in the Bond Resolution, the following terms have the meanings set forth below:

“Bond Requirements” means the principal of, the interest on and any prior redemption premiums due in connection with the Series 2016 Bonds and any other additional bonds or other additional securities payable from the Gross Pledged Revenues, or such part of such other bonds or other securities pertaining to those revenues as may be designated, as such principal, any such premiums, and such interest become due.

“Direct Distributions and Other Exclusions” means the distributions and other exclusions of revenues from the Gross Pledged Proceeds resulting from exempt sales and other exempt transactions, allowances for the dealers’ collections and handling fee, refunds, exemption of proceeds pertaining to fuel used in watercraft for recreational purposes or in aircraft, Fuel Taxes imposed and collected for the benefit of counties and certain political subdivisions therein, and administration costs of collecting certain Fuel Taxes, as more specifically delineated in the Bond Resolution.

“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, or securities which are direct obligations of, or the principal and interest of which securities are conditionally or unconditionally guaranteed by the Federal Government, or other securities of the Federal Government, or other obligations the payment of which is fully secured by a pledge of any such securities.



### *Issuance of Refunding Securities*

Parity Securities (including the Series 2016 Bonds) may be refunded only if such Parity Securities at the time or times of their required surrender for their payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the State's option upon proper call, unless the owner or owners of all Parity Securities of the issue consent to such surrender and payment, regardless of whether the priority of the lien for the payment of any refunding securities on the Gross Pledged Revenues is changed (except as otherwise provided in the Bond Resolution). If only a part of the Outstanding Parity Securities of any issue or issues payable from the Gross Pledged Revenues is refunded, then such securities must not be refunded without the consent of the owner or owners of the unrefunded portion of such securities unless:

- (i) Requirements Not Increased. The refunding bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by such refunding securities and by the Outstanding securities not refunded on and prior to the last maturity date or last Redemption Date, if any, whichever time is earlier, of such unrefunded securities, and unless the lien of any refunding bonds or other refunding securities on the Gross Pledged Revenues is not raised to a higher priority than the lien thereon of the Bonds or other securities thereby refunded; or
- (ii) Subordinate Lien. The lien on any Gross Pledged Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or
- (iii) Historic Earnings Test. The refunding bonds are issued in compliance with the requirements summarized under the heading "*Additional Parity Securities*" above, but excluding from any computation thereunder the bonds or other securities to be refunded and redeemed and which shall forthwith upon the issuance of the refunding bonds be no longer Outstanding.

### *Subordinate Securities Permitted*

The Bond Resolution permits the State to issue additional bonds or other additional securities payable from the Gross Pledged Revenues and having a lien on the Gross Pledged Revenues that is junior to the lien thereon securing the Series 2016 Bonds and other Parity Securities.

### *Priority of Application of Gross Pledged Revenues*

As long as any of the Series 2016 Bonds remain Outstanding, the Bond Resolution requires that during each fiscal year the Gross Pledged Revenues shall be administered, the money pertaining thereto shall be applied in the order of priority, and payments shall be made from the Gross Pledged Revenues as follows:

First, from the Gross Pledged Revenues, there shall be credited to the Bond Fund and any bond funds created by resolutions authorizing the issuance of any Parity Securities, monthly, commencing on the first day of the month immediately succeeding the delivery of the Parity Securities, an amount in equal monthly installments necessary, together with any other money from time to time available therefor from whatever source, to pay the next maturing installments of principal and interest due on the Outstanding Parity Securities. The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Outstanding Parity Securities.

Second, after payment of the amounts required to be made first as set forth above, amounts required to be transferred to the Rebate Account for purposes of compliance with the Internal Revenue Code shall be so transferred.

Third, after payment of the amounts required to be made first and second as set forth above, amounts may be used for payments required to be made with respect to subordinate securities payable from the Gross Pledged Revenues.

After the transfers described above are made, any remaining Gross Pledged Revenues may be used in any fiscal year for any one or any combination of lawful purposes, as the Board or the Director may from time to time determine.

### **Pledge of the State**

Pursuant to State law, the faith of the State is pledged that the Project Act, the Fuel Tax Act, the State Securities Law, any other law supplemental or otherwise pertaining to the Bond Act, and any other act concerning the Series 2016 Bonds or other State securities, Fuel Taxes or the Gross Pledged Revenues, or any combination of such securities, such taxes and such revenues, shall not be repealed nor amended or otherwise directly or indirectly modified in such manner as to impair adversely the Series 2016 Bonds or any other outstanding State securities, until all such securities have been discharged in full or provision for their payment and redemption has been fully made.

### **State Make-Up for Reduction in Federal Fuel Tax**

Under current State law, if the tax collected by the Federal Government relating to motor vehicle fuel is reduced or discontinued in whole or in part, the State's motor vehicle fuel tax will increase in an amount equal to the amount by which the federal tax is reduced. This provision, if triggered by federal reductions in the fuel tax, would provide an additional source of revenues to the State Highway Fund comprising Gross Pledged Revenues securing the Series 2016 Bonds.

### **Continuing Disclosure Undertakings**

The State has agreed to certain covenants relating to compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended ("SEC Rule 15c2-12"). The State has designated Digital Assurance Certification, L.L.C. ("DAC") as its dissemination agent. See Appendix B of this Part I for the form of Disclosure Dissemination Agent Agreement to be entered into by the State with respect to the Bonds.

In connection with other bonds issued by the State, the State has entered into similar continuous disclosure undertakings pursuant to which the State agrees to provide and file annual financial information and notices of specified material events with respect to the applicable bonds. In addition, in connection with various current and advance refundings, the State has designated the applicable paying agent for the bonds to be defeased or redeemed as its representative for purposes of filing notices of defeasance or redemption with the MSRB.

The State became aware that an annual report filing for the fiscal year ended June 30, 2009, due by March 31, 2010, for Nevada Municipal Bond Bank Project Nos. 57-64 Series June 1, 1997B was not on file with the MSRB (the annual report filings for the prior and subsequent fiscal years were properly filed). The State made a supplemental filing to remedy the omission. The State believes that the omission of the filing in 2010 was due to either a clerical error in the filing process or the result of a change in CUSIP number that was not properly recorded.

The State generally offers multiple series of bonds through a single official statement and enters into continuing disclosure arrangements through a single agreement that is applicable to all series of bonds offered under the applicable official statement. In certain instances, one or more series of bonds is secured by revenues that are not available as security for the other series of bonds offered pursuant to the same offering document. It has come to the State's attention that in several financings a continuing disclosure obligation may be applicable to an issue of bonds for which it is not intended, and that is not secured by the revenues with respect to which continuing disclosure information is required. The State has become aware of a limited number of instances of failure to update certain tables, none of which the State believes to be material because the tables update revenue sources that are not available for payment of the issue of bonds for which an update was not provided.

With respect to the State's Motor Vehicle Fuel Tax Revenue Bonds, the State learned that while annual reports were filed for fiscal years ended June 30, 2008 and 2009, updates of certain tables<sup>1</sup> were omitted from the annual report. The affected bonds are no longer outstanding.

With respect to the State's General Obligation (Limited Tax) Bonds (Nevada Municipal Bond Bank Project Nos. R-9A, R-9B, R-9C, R-10, R-11 and R-12) Series 2005F and General Obligation (Limited Tax) (Revenue Supported) Water Refunding Bonds, Series 2005H, notices of redemption of bonds to occur on July 1, 2015 were not on file with the MSRB until June 24, 2015 and July 9, 2015, respectively.

The Office of the State Treasurer believes that, except as set forth above, during the past five years the State has complied in all material respects with any prior written continuing disclosure undertaking pursuant to SEC Rule 15c2-12.

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<sup>1</sup> These tables were regarding the Public Employees' Retirement System of Nevada ("PERS"). Such information is currently included in State general obligation bond offering documents, but not in offering documents for Highway Revenue (Motor Vehicle Fuel Tax) Bonds, which are not secured by a State general obligation pledge

## PARITY SECURITIES, GROSS PLEDGED REVENUES AND DEBT SERVICE REQUIREMENTS

### Existing Parity Securities

As listed in Table 1 below, the State has five issues of Existing Parity Securities pursuant to the Fuel Tax Act.

**Table 1**  
**Existing Parity Securities**

<b>Existing Parity Securities</b>	<b>Original Principal Amount</b>	<b>Principal Balance Outstanding*</b>
State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2006	\$192,730,000	\$ 70,315,000
State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2008	129,970,000	102,210,000
State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2012	66,490,000	52,865,000
State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2013	131,245,000	131,245,000
State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2014	86,020,000	83,905,000
<b>Total</b>	<b>\$606,455,000</b>	<b>\$440,540,000</b>

\* As of January 1, 2016; prior to issuance of the Series 2016 Bonds and defeasance of Refunded Bonds.

Source: NDOT.

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## Debt Service Requirements

The following table lists the debt service requirements for the \$440,540,000 outstanding principal amount of Existing Parity Securities.

**Table 2**  
**Annual Debt Service Requirements**  
(As of January 1, 2016)

Bond Year Ended December 1	Principal of and Interest on Existing Parity Securities <sup>(1)</sup>
2016	\$ 68,782,475
2017	68,672,425
2018	68,678,425
2019	60,106,875
2020	62,565,850
2021	38,470,375
2022	38,466,875
2023	38,467,325
2024	38,467,325
2025	38,462,125
2026	25,688,050
<b>Total</b>	<b>\$546,828,125</b>

<sup>(1)</sup> Does not give effect to issuance of the Series 2016 Bonds or defeasance of Refunded Bonds.

Source: NDOT.

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The following Table 3 reports Fuel Taxes included in Gross Pledged Revenues for the five fiscal years ended June 30, 2015, and pro forma debt service coverage on Existing Parity Securities Outstanding.

**Table 3**

**Fuel Taxes and Pro Forma Debt Service Coverage <sup>(1)</sup>**  
(000 omitted)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Gas Tax	\$186,165	\$185,171	\$185,651	\$187,784	\$193,392
Special Fuel Tax	<u>78,534</u>	<u>79,198</u>	<u>80,913</u>	<u>79,094</u>	<u>81,120</u>
Total Fuel Taxes <sup>(2)(4)</sup>	\$264,699	\$264,369	\$266,564	\$266,878	\$274,512
<hr/>					
Coverage of Maximum Annual Debt Service <sup>(3)</sup>	3.29	3.29	4.25	3.88	3.99

<sup>(1)</sup> Calculated using Fuel Taxes only. Does not include any debt service coverage from federal aid funds discussed under "FEDERAL TRANSPORTATION FUNDING" in Part III of this Official Statement. Fuel Taxes are for fiscal years ended June 30.

<sup>(2)</sup> Fuel Taxes constituting Gross Pledged Revenues do not include "Direct Distributions and Other Exclusions" consisting of tax proceeds that are not collected because of exempt sales and other exempt transactions, dealers' collection and handling fees, tax proceeds to be used for refunds, motor vehicle fuel tax proceeds paid on fuel used in watercraft for recreational purposes, tax proceeds distributed to counties, tax proceeds derived from motor vehicle fuel used in aircraft; and the costs of administration for the collection of excise taxes on gasoline or other motor vehicle fuel (subject to a limitation of not exceeding 1% of the total proceeds so collected).

<sup>(3)</sup> Based on scheduled debt service on the Existing Parity Securities and assuming no other debt outstanding. Maximum Annual Debt Service on Existing Parity Securities is \$80,454,000 for 2011, \$80,254,000 for 2012, \$62,657,000 for 2013, \$68,782,475 for 2014 and \$68,782,475 for 2015. Maximum Annual Debt Service on Existing Parity Securities is determined based on bond years (each bond year ending on December 1).

<sup>(4)</sup> Appendix A to Part III of this Official Statement consists of a State of Nevada History of State Highway Fund Revenues, Expenditures and Changes in Fund Balances for the five fiscal years ended June 30, 2015. The line item "Other Taxes" in that presentation includes the Fuel Taxes. "Other Taxes" also includes debits that reduce the total amounts reported as "Other Taxes" to amounts less than the amounts of Fuel Taxes reported in this table.

Source: NDOT.

Gross Pledged Revenues include federal aid eligible for the payment of the principal of and interest on the Parity Securities. Receipts by the State of federal aid revenues eligible for debt service from Fiscal Years 2011 through 2015 were as follows:

<u>Fiscal Year</u>	<u>Federal Aid Eligible for Debt Service (in millions)</u>
2011	\$53.90
2012	48.30
2013	50.60
2014	53.40
2015	39.24

Source: NDOT.

The amount of federal aid eligible for the payment of the principal of and interest on the Parity Securities is based on the annual principal debt service payment and the federal reimbursement percentage. The amount of federal aid eligible for the payment of the principal of and interest on the Parity Securities decreased in 2015 due to a lower principal debt service payment than the previous years. NDOT's federal participation percentage is typically 95% due to the high percentage of federally owned land in the State (i.e., approximately 80% of the State).

It should be noted that the portion of federal aid revenues that is eligible to be used to pay debt service, while being included within Gross Pledged Revenues, is not included when performing the debt service coverage calculation required by the Bond Resolution as a condition of the issuance of Additional Parity Securities.

Gross Pledged Revenues consist of the proceeds of motor vehicle Fuel Taxes imposed and collected pursuant to the Fuel Tax Act and credited to the State Highway Fund and any federal aid eligible for the payment of the principal of and interest on the Series 2016 Bonds. The table below shows Gross Pledged Revenues for the five fiscal years ended June 30, 2015:

<b>Gross Pledged Revenues</b> (000 omitted)					
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Gas Tax	\$186,165	\$185,171	\$185,651	\$187,784	\$193,392
Special Fuel Tax	78,534	79,198	80,913	79,094	81,120
Federal Aid Eligible for Debt Service	<u>53,900</u>	<u>48,300</u>	<u>50,600</u>	<u>53,400</u>	<u>39,240</u>
Total Fuel Taxes	\$318,599	\$312,669	\$317,164	\$320,278	\$313,752

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Source: NDOT.

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## SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

*The Bond Resolution.* The Bond Resolution includes the form, terms and conditions of the Series 2016 Bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, the security therefor and other matters.

*The Bond Fund.* The Board has created a separate account to be held in trust by the State and designated as the “State of Nevada, Highway Parity Revenue Bonds, Gross Pledged Revenues Interest and Bond Retirement Fund” (the “Bond Fund”). The Bond Resolution requires that monthly deposits be made to the Bond Fund from Gross Pledged Revenues in equal installments as necessary to pay the next maturing installments of principal and interest on the Series 2016 Bonds and any Parity Securities. Money in the Bond Fund is required to be transferred to the Paying Agent to pay debt service on the Series 2016 Bonds and any Parity Securities as debt service becomes due.

Gross Pledged Revenues each month in excess of the amounts required to be deposited in the Bond Fund that month are required by the Bond Resolution to be applied as described under the heading “DESCRIPTION OF THE SERIES 2016 BONDS — Security for the Series 2016 Bonds — *Priority of Application of Gross Pledged Revenues*” in Part I of this Official Statement.

Amounts held in the Bond Fund will be accounted for in the State Treasury as a separate trust account in one or more bank accounts as determined by the State Board of Finance or the State Treasurer. Any moneys therein not needed for immediate use may be invested by the State Treasurer in investments permitted under State law. Investment earnings on the Bond Fund will be credited to the State Highway Fund.

*Bonds Outstanding.* In the Bond Resolution, the term “Outstanding” means, when used with reference to the Series 2016 Bonds or any other designated securities and as of any particular date, all the Series 2016 Bonds or any such other securities payable from the Gross Pledged Revenues, in any manner theretofore and thereupon being executed and delivered:

- (i) Except any Series 2016 Bond or other security canceled by the State, or otherwise on the State’s behalf, at or before such date;
- (ii) Except any Series 2016 Bond or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of its maturity or any Redemption Date, whichever date is earlier, if any, shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in the Bond Resolution hereof or any similar section of the resolution pursuant to which such other securities were issued (see “*Defeasance*” below); and
- (iii) Except any Series 2016 Bond or other security in lieu of or in substitution for which another Series 2016 Bond or other security shall have been executed and delivered pursuant to the sections of the Bond Resolution relating to bond transfers.

*Covenants of the State; Amendment of the Bond Resolution.* The Bond Resolution sets forth covenants of the State, including a promise to impose and collect the Fuel Tax Proceeds and to preserve and protect the pledge of the Gross Pledged Revenues. The covenants also include a promise not to repeal or amend or modify Nevada law so as to impair adversely the Series 2016 Bonds.

*Amendments to the Bond Resolution.* The Bond Resolution can be amended with the written consent of the insurer of the Series 2016 Bonds, if any, or the owners of record of at least 66% in aggregate principal amount of the outstanding Series 2016 Bonds, but no amendment may, without the consent of all Series 2016 Bond owners of record adversely affected thereby, change Series 2016 Bond maturity or redemption provisions, reduce the principal amount of any Series 2016 Bond or the rate of interest thereon, create a lien upon or a pledge of revenues ranking prior to the lien of or to the pledge created by the Bond Resolution, reduce the bondholder consent requirements of the Bond Resolution, establish priorities as between Series 2016 Bonds or materially and prejudicially modify or



otherwise materially and prejudicially affect the rights or privileges of the record owners of less than all of the outstanding Series 2016 Bonds. Each bond resolution authorizing an issue of Existing Parity Securities has substantially the same amendment provisions, but applicable to the issue of Existing Parity Securities authorized and issued pursuant to such bond resolution.

*Defeasance.* When all Bond Requirements of a Series 2016 Bond or any other securities of any other issue payable from the Gross Pledged Revenues have been duly paid, the pledge and lien and all obligations under the Bond Resolution as to that Series 2016 Bond or other security shall thereby be discharged and the Series 2016 Bond or other security shall no longer be deemed to be Outstanding within the meaning of the Bond Resolution. There shall be deemed to be such due payment if the State, acting by and through the Board, has placed in escrow or in trust with a trust bank exercising trust powers, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Series 2016 Bond or other security as such requirements become due to the fixed maturity of the Series 2016 Bond or other security or to any Redemption Date or Redemption Dates as of which the State shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Series 2016 Bond or security for payment if the securities are subject to a call for prior redemption. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the State and such 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 owner thereof to assure such availability as so needed to meet such schedule. If at any time the State has so placed in escrow or trust an amount sufficient to pay designated Bond Requirements of the Series 2016 Bond or security constituting less than all of the Bond Requirements of the Series 2016 Bond or security becoming due on and before their respective due dates, whether the fixed maturity dates of the Series 2016 Bonds or security or any such Redemption Date pertaining to the securities, such designated Bond Requirements shall be deemed paid and discharged under the Bond Resolution. The term "Federal Securities" shall include only bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal of and interest on which securities are unconditionally guaranteed by, the United States which are not callable at the option of the issuer thereof.

*Events of Default; Remedies.* The Bond Resolution includes various events of default, including nonpayment of debt service. No provision is made for acceleration of maturity of the Series 2016 Bonds upon default. Upon the happening and continuance of any of the events of default set forth in the Bond Resolution, the Owner or Owners of not less than 10% in aggregate principal amount of the Series 2016 Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the State and its agents, officers and employees to protect and to enforce the rights of any Owner of Series 2016 Bonds under the Bond Resolution by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement set forth in the Bond Resolution or in an award of execution of any power granted in the Bond Resolution for the enforcement of any proper, legal or equitable remedy as such Owner or Owners may deem most effectual to protect and to enforce their rights, or to enjoin any act or thing which may be unlawful or in violation of any right of any Owner of any Series 2016 Bond, or to require the State to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the Series 2016 Bonds then Outstanding.

#### **OPINION OF BOND COUNSEL**

The validity of the Series 2016 Bonds is to be approved by Bond Counsel, whose approving opinion will be delivered with the Series 2016 Bonds. A copy of the proposed text of the approving opinion of Bond Counsel is set forth in Appendix A to Part I of this Official Statement.

## **LITIGATION RELATING TO THE SERIES 2016 BONDS**

No litigation is pending against the State (with service of process on the State having been accomplished) in any federal or state court, nor is the State a party in any administrative proceeding pending before any administrative body, that seeks to restrain or enjoin the sale or delivery of the Series 2016 Bonds or challenges the constitutionality, validity or enforceability of any document or approval necessary to the issuance of the Series 2016 Bonds.

The staff attorneys of the Nevada Attorney General's Office reported that the State or its officers and employees were parties to numerous lawsuits. In view of the financial condition of the State and based on the information provided by the staff attorneys, the State Attorney General is of the opinion that the State's ability to pay the Series 2016 Bonds will not be materially affected by this litigation, based on information known at the time this Official Statement was prepared. See "State Litigation" in Part II of this Official Statement for additional information concerning litigation affecting the State.

## **TAX MATTERS**

### **Federal Tax Matters**

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2016 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2016 Bonds (the "Tax Code"), and such interest is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest on the Series 2016 Bonds is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the Series 2016 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Series 2016 Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2016 Bonds; (b) limitations on the extent to which proceeds of the Series 2016 Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2016 Bonds above the yield on the Series 2016 Bonds to be paid to the United States Treasury. The State will covenant and represent that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Series 2016 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the Series 2016 Bonds are delivered. Bond Counsel's opinion as to the exclusion of interest on the Series 2016 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the State to comply with these requirements could cause such interest to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the State and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2016 Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2016 Bonds. Owners of the Series 2016 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients

of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “subchapter S” corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2016 Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Bond Counsel’s opinion relates only to the exclusion of interest on the Series 2016 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2016 Bonds. Owners of the Series 2016 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2016 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Series 2016 Bonds, the exclusion of interest on the Series 2016 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Series 2016 Bonds or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Series 2016 Bonds. Owners of the Series 2016 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2016 Bonds. If an audit is commenced, the market value of the Series 2016 Bonds may be adversely affected. Under current audit procedures, the Service will treat the State as the taxpayer and the Series 2016 Bond owners may have no right to participate in such procedures. The State has covenanted not to take any action that would cause the interest on the Series 2016 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the State, the financial advisors, any initial purchaser, Bond Counsel or Disclosure Counsel is responsible for paying or reimbursing any Series 2016 Bond owner with respect to any audit or litigation costs relating to the Series 2016 Bonds.

### **State Tax Exemption**

The Series 2016 Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

### **FINANCIAL STATEMENTS**

The Series 2016 Bonds are not general obligations of the State. The Comprehensive Annual Financial Report of the State of Nevada for the fiscal year ended June 30, 2015, and prior fiscal years are available on the website of the State Controller. The availability of this information is referred to solely as background information concerning the State, and no portion of the information on the State Controller’s website, or accessible through such website, is incorporated as part of this Official Statement.

## **RATINGS**

Fitch Ratings, Inc., doing business as Fitch Ratings (“Fitch”), Moody’s Investors Service, Inc. (“Moody’s”) and Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“Standard & Poor’s”) have assigned ratings of “AA+”, “Aa2” and “AAA”, respectively, to the Series 2016 Bonds. An explanation of the significance of these ratings may be obtained from Fitch at One State Street Plaza, New York, New York 10004; from Moody’s at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, and from Standard & Poor’s at 55 Water Street, New York, New York 10041. Such ratings reflect only the views of the rating agencies.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if, in their opinion, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the marketability and market price of the Series 2016 Bonds to which such ratings are applicable.

## **UNDERWRITING**

The successful bidder for the Series 2016 Bonds was \_\_\_\_\_. The aggregate purchase price of the Series 2016 Bonds is \$\_\_\_\_\_, being the par amount of the Series 2016 Bonds plus a net reoffering premium of \$\_\_\_\_\_ and less underwriter’s discount of \$\_\_\_\_\_.

## **FINANCIAL ADVISORS**

Hobbs, Ong & Associates, Inc. (“Hobbs, Ong”) and Public Financial Management, Inc. (“PFM”) are serving as financial advisors to the State in connection with the Series 2016 Bonds. PFM is acting as a subcontractor to Hobbs, Ong. The financial advisors have not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the State, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the financial advisors respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

## **VERIFICATION AGENT**

Upon delivery of the Series 2016 Bonds, Grant Thornton LLP, independent accountants, will deliver a report that the firm has verified (1) the mathematical accuracy of certain computations relating to the adequacy of the deposits to be made to the escrow account to pay the amounts required as described under “DESCRIPTION OF THE SERIES 2016 BONDS – Plan of Refunding” above and (2) the computations of yield of such Series 2016 Bonds and of the investments in the escrow account with respect to the Refunded Bonds to be refunded by the Series 2016 Bonds. Grant Thornton will express no opinion on the assumptions provided to them, nor as to the exclusion from gross income of interest on the Series 2016 Bonds for federal income tax purposes.

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## **AUTHORIZATION**

This Official Statement and its use in connection with the offering and sale of the Series 2016 Bonds have been duly authorized by the State.

## **STATE OF NEVADA**

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State Treasurer

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## SCHEDULE I

### MATURITY SCHEDULE OF POTENTIAL REFUNDED BONDS

A portion of the proceeds of the Series 2016 Bonds will be used to refund all or a portion of the following bonds:

#### Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds Series 2006

<b>Maturity Date (December 1)</b>	<b>Outstanding Aggregate Par Amount</b>	<b>Coupon</b>	<b>CUSIP No. (641480)</b>	<b>Redemption Date</b>	<b>Redemption Price</b>
2017	\$ 9,530,000	5.000%	EL8	12/1/2016	100%
2018	10,015,000	5.000	EM6	12/1/2016	100
2024	13,420,000	3.500	ET1	12/1/2016	100
2025	13,895,000	3.500	EU8	12/1/2016	100
2026	14,390,000	3.500	EV6	12/1/2016	100

#### Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds Series 2008

<b>Maturity Date (December 1)</b>	<b>Outstanding Aggregate Par Amount</b>	<b>Coupon</b>	<b>CUSIP No. (641480)</b>	<b>Redemption Date</b>	<b>Redemption Price</b>
2018	\$ 9,390,000	5.000%	FR4	6/1/2018	100%
2019	7,340,000	4.125	FS2	6/1/2018	100
2020	21,570,000	4.250	FT0	6/1/2018	100
2021	8,390,000	5.000	FU7	6/1/2018	100
2022	8,825,000	5.000	FV5	6/1/2018	100
2023	9,275,000	5.000	FW3	6/1/2018	100
2024	9,750,000	5.000	FX1	6/1/2018	100
2025	10,255,000	5.000	FY9	6/1/2018	100

**APPENDIX A**

**FORM OF APPROVING OPINION OF BOND COUNSEL**



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## FORM OF APPROVING OPINION OF BOND COUNSEL

State of Nevada  
Capitol Building  
101 N. Carson, No. 4  
Carson City, Nevada 89701

\$ \_\_\_\_\_  
**State of Nevada**  
**Highway Revenue**  
**(Motor Vehicle Fuel Tax)**  
**Improvement and Refunding Bonds**  
**Series 2016**

Ladies and Gentlemen:

We have acted as bond counsel to the State of Nevada (the "State") in connection with the issuance of its "State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2016" in the aggregate principal amount of \$ \_\_\_\_\_ (the "Bonds") pursuant to an authorizing resolution adopted and approved by the State Board of Finance on November 10, 2015 (the "Bond Resolution"). In such capacity, we have examined the State's certified proceedings and such other documents and such law of the State and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the State's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding, special, limited obligations of the State payable solely from the Gross Pledged Revenues and from funds and accounts pledged therefor under the Bond Resolution.
2. The Bond Resolution creates a valid lien on the Gross Pledged Revenues and on the Bond Fund pledged therein for the security of the Bonds on a parity with the lien thereon of any Parity Securities heretofore and hereafter issued. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Gross Pledged Revenues or on the Bond Fund created by the Bond Resolution.
3. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the State's certified proceedings and in certain other documents and certain other certifications furnished to us.
4. Under laws of the State in effect as of the date hereof, the Bonds, their transfer and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the State pursuant to the Bonds and the Bond Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In expressing the opinions above, we are relying in part on a report of independent certified public accountants verifying (i) the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay when due, at stated maturity or upon prior redemption, all principal of, any prior redemption premiums, and interest on the Refunded Bonds and (ii) the mathematical calculations of the yield of the Bonds and the yield of certain investments made with the proceeds of the Bonds and other moneys deposited in the Escrow Account.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

**APPENDIX B**

**FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT**

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## FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (this “Disclosure Agreement”), dated as of \_\_\_\_\_, 2016, is executed and delivered by the State of Nevada (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Section 2(a) and Section 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice required to be, or the Voluntary Event Disclosure or Voluntary Financial Disclosure elected by the Issuer to be, submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the CUSIP numbers for all Bonds to which the document applies.

“CUSIP number” means, with respect to any Bonds, the 9-character CUSIP number (the nine characters comprising a combination of digits and letters) relating to such Bonds.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Disclosure Representative” means the Treasurer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (i) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (ii) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities) and who, if other than the Issuer, is identified in this Disclosure Agreement as an Obligated Person.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds listed on Exhibit A.

“Paying Agent” means the paying agent for the Bonds designated by the Issuer, and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports and Other Disclosures.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than March 31 after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2016. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B (with the appropriate CUSIP numbers for the affected Bonds).

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 3:00 p.m. Pacific time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B (with the appropriate CUSIP numbers for the affected Bonds), without reference to the anticipated filing date for the Annual Report.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
  - 1. “Principal and interest payment delinquencies;”
  - 2. “Non-Payment related defaults, if material;”
  - 3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”



4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
  5. “Substitution of credit or liquidity providers, or their failure to perform;”
  6. “Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.”
  7. “Modifications to rights of securities holders, if material;”
  8. “Bond calls, if material;”
  9. “Defeasances;”
  10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
  11. “Rating changes;”
  12. “Tender offers;”
  13. “Bankruptcy, insolvency, receivership or similar event of an Obligated Person;”
  14. “Merger, consolidation, or acquisition of an Obligated Person, if material;” and
  15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement (with the appropriate CUSIP numbers for the affected Bonds) with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
  2. “change in Obligated Person;”
  3. “notice to investors pursuant to bond documents;”
  4. “certain communications from the Internal Revenue Service;”
  5. “secondary market purchases;”
  6. “bid for auction rate or other securities;”
  7. “capital or other financing plan;”

8. "litigation/enforcement action;"
  9. "change of tender agent, remarketing agent, or other on-going party;"
  10. "derivative or other similar transaction;" and
  11. "other event-based disclosures;"
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. "quarterly/monthly financial information;"
  2. "change in fiscal year/timing of annual disclosure;"
  3. "change in accounting standard;"
  4. "interim/additional financial information/operating data;"
  5. "budget;"
  6. "investment/debt/financial policy;"
  7. "information provided to rating agency, credit/liquidity provider or other third party;"
  8. "consultant reports;" and
  9. "other financial/operating data."
- (viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

(h) The Paying Agent may deliver notices of redemption or defeasance of Bonds to the Disclosure Dissemination Agent on behalf of the Issuer for filing pursuant to Section 4. Upon receipt of any such notice, the Disclosure Dissemination Agent shall promptly file the text of such notice with the MSRB in accordance with this Disclosure Agreement.

### SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including Audited Financial Statements, if available, and information of the type included in the tables marked with an asterisk in the lists of tables set forth in the Table of Contents pages of the Official Statement.

(b) Audited Financial Statements shall be prepared in accordance with generally accepted accounting principles ("GAAP"). If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an Obligated Person, which have been previously filed with the Securities and Exchange Commission or available to the public on the MSRB Internet website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

### SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**Note to subsection (a)(12) of this Section 4:** For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer (or the Paying Agent on behalf of the Issuer pursuant to Section 2(h)) shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer (or by the Paying Agent on behalf of the Issuer pursuant to Section 2(h)) as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in accordance with Section 2(e)(iv) hereof. The Disclosure Dissemination Agent shall promptly deliver to the Disclosure Representative (and Paying Agent with respect to notices filed at the Paying Agent's direction pursuant to Section 2(h)) evidence of confirmation of such filing with the MSRB.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the failure of the Disclosure Dissemination Agent to so advise the Issuer shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filings.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to an issue of the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds of such issue, when the Issuer is no longer an Obligated Person, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable, until payment in full, for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days prior written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada. The Disclosure Dissemination Agent consents to the jurisdiction of the Nevada district courts for enforcement of this Disclosure Agreement.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature page follows]

The Disclosure Dissemination Agent and the Issuer have caused this Disclosure Dissemination Agent Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION,  
L.L.C., as Disclosure Dissemination Agent

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

STATE OF NEVADA  
as Issuer

By: \_\_\_\_\_  
Name: Daniel M. Schwartz  
Title: State Treasurer



**EXHIBIT A**  
**NAME AND CUSIP NUMBERS OF BONDS**

\$ \_\_\_\_\_  
**STATE OF NEVADA**  
**HIGHWAY REVENUE (MOTOR VEHICLE FUEL TAX)**  
**IMPROVEMENT AND REFUNDING BONDS**  
**SERIES 2016**

Base CUSIP: \_\_\_\_\_

**Maturity Date**  
**(December 1)**

**Principal**  
**Amount**

**Interest**  
**Rate**

**CUSIP**  
**Suffix**

**EXHIBIT B**  
**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Issuer: **State of Nevada**

Name of Bond Issue: **Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds Series 2016**

Date of Issuance: \_\_\_\_\_, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Dissemination Agent Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

Digital Assurance Certification, L.L.C., as Disclosure  
Dissemination Agent, on behalf of the Issuer

cc: Issuer  
Obligated Person

## APPENDIX C

### BOOK-ENTRY ONLY SYSTEM

*The information contained in this Appendix has been extracted from a document prepared by DTC, entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE."*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of Bonds, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of

significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the State or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof. The information contained in the website referred to in the preceding material or in any other website referred to therein is not incorporated by reference in this Official Statement.

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**APPENDIX D**

**OFFICIAL NOTICE OF BOND SALE**

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## OFFICIAL NOTICE OF BOND SALE

**\$290,790,000\***  
**State of Nevada**  
**Highway Revenue**  
**(Motor Vehicle Fuel Tax)**  
**Improvement and Refunding Bonds**  
**Series 2016**

PUBLIC NOTICE IS HEREBY GIVEN that the State Treasurer of the State of Nevada, on behalf of the State Board of Finance (the “State Treasurer,” the “State” and the “Board of Finance,” respectively), on

**Wednesday, February 17, 2016**  
**at the hour of 8:30 a.m., Pacific Time**  
in the  
**State of Nevada Treasurer’s Offices**  
**Capitol Building, Number 4**  
**101 North Carson Street**  
**Carson City, Nevada 89701-4786**

will receive and publicly open sealed bids and will receive bids electronically via Ipreo/Parity® (“PARITY”) for the purchase of the above-captioned bonds, particularly described below. Bids must be delivered electronically or by hand (not mailed) to the State Treasurer on or before the time designated above (or at such other date and time as is announced via PARITY for any series of Bonds).

### BOND PROVISIONS

#### The Bonds

The Bonds are designated as the State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2016, in an aggregate principal amount of \$290,790,000\* (the “Bonds”). The Bonds will be dated as of their date of delivery. The Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof. The Bonds will be issued by means of a book-entry system with no physical distribution of Bonds to the public. See the caption “**Book – Entry/Transfer and Exchange**” below, and see the Preliminary Official Statement dated February 5, 2016, relating to the Bonds (the “Preliminary Official Statement”) for a more complete description of the Bonds.

#### Maturities

Unless a bidder elects to designate one or more term bonds as provided below under “**Mandatory Sinking Fund Redemption**,” the Bonds will mature on December 1 of the years and in the amounts designated in the maturity schedule (the “Maturity Schedule”) available from Hobbs, Ong & Associates and Public Financial Management, Inc., (the “Financial Advisors”) prior to the sale date. The Maturity Schedule for bidding purposes will be published via Thomson Municipal News (Munifacts) and / or Bloomberg Financial Markets. The principal amounts set forth in the Maturity Schedule will be subject to adjustment as described below under the caption “**Adjustment of Maturities after Determination of Best Bid.**”

#### Adjustment of Maturities after Determination of Best Bid

The aggregate principal amount and principal amount of each serial maturity of the Bonds are subject to adjustment by the State, after the determination of the best bid. Changes to be made will be communicated to the successful bidder within two hours of acceptance of the bid and will not reduce or increase the aggregate principal

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\* Preliminary, subject to change.

amount of the Bonds, as shown in the Maturity Schedule, by more than fifteen percent (15%). The State may change the price to be paid for each series of Bonds (i.e., par plus any premium bid) by a successful bidder as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of changes made within these limits. The price to be paid for Bonds will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the series of Bonds to the public and the price to be paid to the State, less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the series of Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown in the respective Maturity Schedule.

To facilitate any adjustment in the principal amounts, the successful bidder for the Bonds is required to indicate by email transmission to [OSTDebt@nevadatreasurer.gov](mailto:OSTDebt@nevadatreasurer.gov), [shellenbergerp@pfm.com](mailto:shellenbergerp@pfm.com) and [kathy@hobbson.com](mailto:kathy@hobbson.com) no later than one-half hour after the time of the bid opening, the amount of any original premium on each maturity of Bonds, the amount received from the sale of the Bonds to the public that will be retained by the successful bidder as its compensation, and in the case of a bid submitted with bond insurance, the amount of the insurance premium. A bidder who intends to insure the Bonds shall also state in the email whether the amount of the insurance premium will change as a result of changes in the principal amount of the Bonds or the amount of principal maturing in any year, and the method used to calculate any such change in the insurance premium. The bids may not be conditioned upon qualification for or the receipt of bond insurance.

### **Optional Prior Redemption**

The Bonds or portions thereof, maturing on and after December 1, 2026, are subject to redemption prior to their maturity, at the option of the State, on and after June 1, 2026, in whole or in part, at any time, and if less than all of the such Bonds are to be redeemed, by lot, at a price equal to the principal amount of each such Bond, or portion thereof to be redeemed and accrued interest thereon to the redemption date.

### **Mandatory Sinking Fund Redemption**

A bidder may request that the Bonds maturing on or after December 1, 2026, be included in one or more term bonds (the "Term Bonds"). Amounts included in a Term Bond must consist of consecutive maturities, must bear the same rate of interest and must include the entire principal amount for any maturity included in the Term Bond (i.e., the principal amount maturing in any year may not be divided between a serial maturity and a mandatory sinking fund redemption). Any such Term Bond will be subject to mandatory sinking fund redemption in installments in the same amounts and on the same dates as the Bonds would have matured if they were not included in a Term Bond or Term Bonds. Bonds redeemed pursuant to the mandatory sinking fund redemption provisions will be redeemed at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date in the manner and as otherwise provided in the resolution adopted by the State Board of Finance on November 10, 2015, authorizing the Bonds (the "Bond Resolution"). Any election to designate the Bonds as being included in a Term Bond must be made at the time of submitting a bid (see "**TERMS OF SALE-Bid Proposals**" below).

### **Interest Rates and Limitations**

The following interest limitations are applicable:

A. Interest on the Bonds will be payable on December 1, 2016, and semiannually thereafter on June 1 and December 1 in each year.

B. The interest rate specified for any Bond and the "true interest cost" (see "**TERMS OF SALE-Basis of Award**" below) for the Bonds may not exceed by more than 3% the "25-Revenue Bond Index" which is most recently published in The Bond Buyer before the bids are received.

C. Each interest rate specified must be stated in a multiple of 1/8 or 1/20th of 1% per annum.



D. Only one interest rate can be stated for any maturity of the Bonds, *i.e.*, all Bonds with the same maturity date must bear the same rate of interest.

E. Each Bond as initially issued will bear interest from its date to its stated maturity date at the interest rate stated in the bid. A zero (0) rate of interest may not be named.

It is permissible to bid different interest rates for the Bonds, but only as stated in the bid and subject to the above limitations.

### **Bond Insurance / Rating Letters**

The Bonds may be insured at bidder's option and expense. The State will pay for the ratings on the Bonds from Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings.

### **Authorization and Purpose of Bonds**

The Bonds are issued by the State for the purpose of paying, wholly or in part, the cost of highway construction projects, the cost of refunding certain outstanding bonds of the State and the costs of issuance of the Bonds under the authority of and in full compliance with the Constitution and laws of the State and pursuant to the Bond Resolution. A copy of the Bond Resolution is on file in the office of the Secretary of the Board of Finance, in Carson City, Nevada, for public inspection. The Bonds are being issued pursuant to the Constitution and laws of the State, including particularly Chapters 365 and 366, Nevada Revised Statutes ("NRS") and all laws amendatory thereof (the "Fuel Tax Act"); Chapter 408, NRS (the "Project Act"); NRS 349.150 to 349.364, inclusive, designated in NRS 349.150 as the State Securities Law, and all laws amendatory thereof; and Chapter 348, NRS, and all laws amendatory thereof; and the Bond Resolution. See the caption "**Bond Resolution**" herein.

### **Book-Entry/Transfer and Exchange**

The Bonds will be issued as fully-registered book-entry bonds, in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be issued in registered form to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in its custody, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by U.S. Bank National Association as paying agent (the "Paying Agent"), by wire transfer or in same day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the State nor the Paying Agent will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

### **Security and Payment**

The Bonds are special obligations of the State, payable and collectible, as to principal and interest (the "Bond Requirements"), solely out of the Gross Pledged Revenues (hereinafter defined). Bondholders may not look to any general or other fund for the payment of such Bond Requirements, except the special funds pledged under the Bond Resolution. The Bonds do not constitute indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Bonds shall not be considered or held to be general obligations of the State. The State shall not pledge its full faith and credit for the payment of the Bonds.

Pursuant to the Bond Resolution, the Bonds are payable and collectible as special obligations of the State from, and such payment is secured by an irrevocable pledge of, revenues derived from any federal aid made by the United States to the State for the payment of the Bonds and from certain of the proceeds of the motor vehicle fuel taxes and special fuel taxes imposed and collected pursuant to the Fuel Tax Act and credited to the state highway fund (the "Gross Pledged Revenues") but excluding:

A. Any tax proceeds not collected because of exempt sales and other exempt transactions provided in NRS 365.220 through 365.260 and NRS 366.200;

B. Any tax proceeds not collected because of the dealers' collection and handling fee provided in NRS 365.330 and 366.390;

C. Tax proceeds for making refunds provided in NRS 365.370 through 365.490 and NRS 366.650 through 366.680;

D. Motor vehicle fuel tax proceeds paid on fuel used in watercraft for recreational purposes as provided in NRS 365.535;

E. The tax proceeds imposed and collected as provided in NRS 365.180, 365.190 and 365.192 (but not NRS 365.170, 365.175, 365.185, 366.190 and 366.195) and distributed to the counties in the State as provided in NRS 365.550, 365.560 and 365.562, respectively;

F. The tax proceeds derived from motor vehicle fuel used in aircraft as provided in NRS 365.565 and 365.545; and

G. The costs of administration for the collection of any excise tax on gasoline or other motor vehicle fuel, as provided in NRS 365.150, subject to the limitation of not exceeding 1% of the total proceeds so collected as expressed in NRS 408.235(5).

### **Nonbinding Agreement**

23 United States Code Annotated ("U.S.C.") Section 122 in effect in relevant part provides (i) that the State may claim payment from the Secretary of the Department of Transportation of the United States of any portion of the sums apportioned to it for expenditure on eligible projects to aid in the reimbursement of the State for expenses and costs incurred for the principal of, interest on, costs of issuance, costs of insurance, and any other costs incidental to the sale of bonds issued by the State the proceeds of which were used and actually expended in the construction of one or more such projects; and (ii) that such claim for payment may be made only when all of the provisions of title 23 of U.S.C. have been complied with to the same extent and with the same effect as though payment were to be made to the State under Section 121 of that title, and Section 122 further provides that the reimbursement shall not constitute a commitment, guarantee, or obligation on the part of the United States to provide for the payment of the principal or interest on the eligible debt financing instrument or create any right of a third party against the United States for payment under the eligible debt financing instrument.

### **Bond Fund**

As security for the payment of the Bond Requirements, there is irrevocably pledged (but not necessarily an exclusive pledge) pursuant to the Bond Resolution a special and separate account identified as the "State of Nevada, Highway Parity Revenue Bonds, Gross Pledged Revenues Interest and Bond Retirement Fund," into which account the State has covenanted to pay from the Gross Pledged Revenues sums sufficient to pay when due the Bond Requirements of the Bonds, the State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2014 (the "2014 Bonds"), the State of Nevada Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2013 (the "2013 Bonds"), the State of Nevada Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2012 (the "2012 Bonds"), the State of Nevada Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2008 (the "2008 Bonds") and the State of Nevada Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2006 (the "2006 Bonds"), and any parity securities payable from the Gross Pledged Revenues hereafter authorized to be issued.

### **Bond Liens**

The Bonds, the 2014 Bonds, the 2013 Bonds, the 2012 Bonds, the 2008 Bonds and the 2006 Bonds (the "Outstanding Parity Bonds"), and any parity securities hereafter issued are equally and ratably secured by a lien on

the Gross Pledged Revenues and the Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) thereon.

### **Issuance of Additional Securities**

Bonds and other securities, subject to expressed conditions, may be issued and made payable from the Gross Pledged Revenues having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of the Bonds, in accordance with the provisions of the Bond Resolution. The State reserves the privilege of issuing securities of any type if the Board determines to do so. No securities having a lien on the Gross Pledged Revenues superior to the lien of the Bonds may be issued.

### **Outstanding Securities**

Other than the Outstanding Parity Bonds, the State has outstanding no bonds or other securities payable from the Gross Pledged Revenues.

### **Bond Resolution**

Copies of the Bond Resolution are available for public inspection at the office of the Secretary of the Board of Finance in Carson City, Nevada. The Bond Resolution provides, among other matters, the form, terms and conditions of the Bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, the security therefor, the disposition of revenues derived from any federal aid made by the United States to the State to pay in part the Bond Requirements of the Bonds and from the State motor vehicle and special fuel taxes the proceeds of which are credited to the state highway fund, including, without limitation, covenants and agreements in connection therewith, reference to which Bond Resolution is made for further detail.

### **Federal and State Tax Exemption**

In the opinion of Sherman & Howard L.L.C., Reno and Las Vegas, Nevada, Bond Counsel with respect to the Bonds, assuming continuous compliance with certain covenants described in the Official Statement, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations.

Furthermore, in the opinion of Bond Counsel, under present law, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of Nevada Revised Statutes and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of Nevada Revised Statutes.

A copy of the proposed form of bond counsel opinion is attached to the Preliminary Official Statement as Appendix A.

## **TERMS OF SALE**

### **Equal Opportunity**

*It is the policy of the State to provide minority business enterprises, women business enterprises and all other business enterprises an equal opportunity to participate in the performance of all State contracts. Bidders are requested to assist the State in implementing this policy by taking all reasonable steps to ensure that all available business enterprises, including minority and women business enterprises, have an equal opportunity to participate in State contracts.*

## **Bid Proposals**

Other than bids received electronically, as described below, bids are required to be submitted on the printed official bid form provided by the State. Each bid must include all of the information required by that bid form. Any bidder is required to submit an unconditional bid for all the Bonds specifying:

(1) The lowest rate or rates of interest at which the bidder will purchase all of the Bonds plus any premium bid.

(2) Whether the bidder intends to designate term bonds (with respect to the Bonds described above under “**Mandatory Sinking Fund Redemption**”) and the maturities affected thereby.

It is also requested for informational purposes only, but it is not required, that each bid disclose:

(3) The “true interest cost” (*i.e.*, actuarial yield) on the Bonds stated as a nominal annual percentage rate. See the caption “**Basis of Award**” below.

Each bid submitted on a printed official bid form must be enclosed in a sealed envelope marked on the outside:

### **“Proposal for 2016 Highway Bonds”**

and addressed to:

**Daniel M. Schwartz, State Treasurer  
State Treasurer’s Office  
State of Nevada  
Capitol Building, Number 4  
101 North Carson Street  
Carson City, Nevada 89701**

Solely as an accommodation to the bidders, the State Treasurer or his designee will receive bids delivered electronically through PARITY. Each bidder submitting an electronic bid is solely responsible for all arrangements with PARITY.

By submitting a bid through PARITY, an electronic bidder represents and warrants to the State that such bidder’s bid for the purchase of the Bonds is submitted for and on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds. Once the bids are communicated electronically to the State, each bid will constitute an irrevocable offer to purchase the Bonds on the terms provided therein and in accordance with the terms of this Official Notice of Bond Sale.

The State Treasurer does not endorse the use of PARITY, and PARITY is not acting as an agent of the State Treasurer. The State Treasurer is not responsible for ensuring PARITY’s proper functioning or verifying bidder compliance with the PARITY. The State Treasurer is not responsible for, and each bidder expressly assumes the risk of and responsibility for, any incomplete, inaccurate or untimely bid submitted by such bidder and is not liable for any damages caused by PARITY. Bidders must obtain instructions for submitting electronic bids from PARITY. If any provision of this Official Notice of Bond Sale conflicts with information provided by PARITY, this Official Notice of Bond Sale (and any amendments thereto) will control.

## **Par or Premium Bid Required**

A bidder must offer to purchase the Bonds at par or at a premium.

## **Good Faith Deposit**

Bidders submitting a good faith deposit (“Deposit”) in the form of a certified or cashier’s check or wire transfer may, **but are not required to**, submit a check or wire transfer prior to the bid opening. If a check is used, it

must be delivered to the State Treasurer within 90 minutes of notification to the bidder of the bid award for the Bonds, made payable to the State of Nevada in the amount of \$2,907,900. If a wire transfer is used, then the wire transfer must be submitted to the State Treasurer in the amount of \$2,907,900, as instructed by the State Treasurer or one of its Financial Advisors, not later than 90 minutes from such notification of the bid award. The Bonds will not be officially awarded to a bidder who has not submitted a Deposit, as provided above, until such time as the bidder has provided the Deposit in the form of a check to the State Treasurer or a Federal wire reference number for the Deposit to the Financial Advisors.

No interest on the Deposit will accrue to any bidder. The Deposit (without accruing interest) of the winning bidder will be applied to the purchase price of the Bonds. In the event the winning bidder fails to honor its accepted bid, the Deposit plus any interest accrued on the Deposit will be retained by the State. Any investment income earned on the Deposit will not be credited to the successful bidder on the purchase price of the Bonds, but will be paid to the successful bidder in the event the State is unable to deliver the Bonds as provided under “**Manner and Time of Delivery**” below. Checks accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bid.

### **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of, and payment for, the Bonds in accordance with the terms hereof. All expenses relating to printing CUSIP numbers on the Bonds, if required, will be paid by the State, but the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid by the purchaser.

### **Sale Reservations**

The State reserves the privilege:

- A. Of waiving any irregularity or informality in any bid;
- B. Of rejecting any and all bids; and
- C. Of reoffering the Bonds for sale, as provided by law.

### **Basis of Award**

The Bonds, subject to such sale reservations and ratification by the State Treasurer or his designee, will be sold to the responsible bidder making the best bid for all the Bonds based on the Maturity Schedule, notwithstanding any change in maturities made after the bid opening as described under “**Adjustment of Maturities**” above. The best bid for the Bonds will be determined by computing the True Interest Cost of the Bonds (*i.e.*, using an actuarial or true interest cost method) for each bid received and an award will be made (if any is made) to the responsible bidder submitting the bid that results in the lowest True Interest Cost on the Bonds. “True Interest Cost” of the Bonds as used herein means that yield which if used to compute the present value as of the dated date of the Bonds of all payments of principal and interest to be made on the Bonds from their dated date to their respective maturity dates, using the principal amounts set forth in the Maturity Schedule and the interest rates specified in the bid, produces an amount equal to the principal amount of the Bonds plus any premium bid. No adjustment shall be made in such calculation for accrued interest, if any, on the Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360-day year and a semiannual compounding interval. If there are two or more equal bids for the Bonds and such equal bids are the best bids received, the State Treasurer or his designee will determine which bid will be accepted.

### **Place and Time of Award**

The State will cause the bids submitted to be opened at the time and place hereinabove stated. The date for opening bids will be February 17, 2016, unless a notice of postponement is issued via PARITY, Munifacts News Service, Thomson Municipal News or Bloomberg Financial News prior to the bid opening. The State will take action awarding the Bonds or rejecting all bids not later than 36 hours after the time herein stated for opening bids,

and a bidder may not withdraw its bid during such period. An award may be made after the period stated herein if the bidder shall not have given to the State Treasurer notice in writing of the withdrawal of its bid. See the caption “**Information**” below.

### **Manner and Time of Delivery**

The Bonds will be delivered to the winning bidder within 60 days after the date stated herein for opening bids. The State contemplates delivering the Bonds on or about **March 9, 2016**. The purchaser of the Bonds will be given 72 hours’ notice of the time fixed by the State Treasurer for tendering the Bonds for delivery. The purchaser will not be required to accept delivery of any of the Bonds if they are not made ready and are not tendered for delivery within 60 days from the date herein stated for opening bids; and if such Bonds are not so tendered within such period of time, the Deposit (with accruing interest) will be returned to the purchaser upon their request.

### **Payment at and Place of Delivery**

The successful bidder will be required to accept delivery of the Bonds through DTC or through the Paying Agent via the FAST System. Payment of the balance of the purchase price due for the Bonds at the time of their delivery must be made in Federal Reserve Bank funds or other funds acceptable to the State Treasurer for immediate and unconditional credit to the account of the State, as directed by the State Treasurer, at a bank or banks designated by the State so that Bond proceeds may be so deposited or invested, as the State Treasurer may determine, simultaneously with the delivery of the Bonds. The balance of the purchase price must be paid in such funds and not by any waiver of interest, and not by any other concession as a substitution for such funds.

### **Successful Bidders’ Reoffering Yields**

Within one-half hour of the bid opening (*i.e., on or before 9:00 a.m., Pacific Time on February 17, 2016*), the successful bidder (or manager of the purchasing account) must notify the State by electronic mail to [OSTDebt@nevadatreasurer.gov](mailto:OSTDebt@nevadatreasurer.gov) and to the State’s Financial Advisors ([kathy@hobbson.com](mailto:kathy@hobbson.com) and [shellenbergerp@pfm.com](mailto:shellenbergerp@pfm.com)) of the initial offering prices and yields of the Bonds to the public. The information regarding the initial offering prices and yields of each series of the Bonds shall be based on the successful bidders’ expectations as of the date of sale. The electronic notification must be confirmed in writing in form and substance satisfactory to the State’s bond counsel prior to the delivery of the series of Bonds and which shall be in substantially the following form: “A bona fide public offering was made for all of the Bonds on this sale date at the initial public offering prices (or yields) shown on the cover page of the Official Statement. As of such sale date (i) based upon our assessment of market conditions, investor demand, sale and offering prices for comparable bonds, and the recent behavior of interest rates, we reasonably expected that the first prices (or yields) at which at least 10% of each maturity of the Bonds would be sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) would be those prices (or yields) and that none of the Bonds would be sold to the public at prices higher than or at yields less than those prices (or yields), and (ii) such initial offering prices (or yields) represented a fair market value for the Bonds.”

### **Official Statements**

The State has prepared a Preliminary Official Statement, which is deemed final by the State as of its date for the purpose of allowing bidders to comply with Rule 15c2-12 promulgated by the Securities Exchange Commission (the “Rule”), except the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject to revision, amendments and completion in a Final Official Statement, as defined below.

The State will prepare a final official statement dated the date of its delivery to the winning bidder (the “Final Official Statement”). The State will provide the winning bidder of the Bonds with an electronic copy of the Final Official Statement on or before seven business days following the date of the award to the winning bidder.

The State authorizes the winning bidder to distribute the Final Official Statement in connection with the offering of the Bonds.

For a period beginning on the date of the Final Official Statement and ending twenty-five days following the Closing Date (as hereinafter defined), if any event concerning the affairs, properties or financial condition of the State shall occur as a result of which it is necessary to supplement the Final Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, at the request of a winning bidder, the State shall forthwith notify the winning bidder of any such event of which it has knowledge and shall cooperate fully in preparation and furnishing of any supplement to the Final Official Statement necessary, in the reasonable opinion of the State and the winning bidder, so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time.

### **Information**

This Official Notice of Bond Sale, the Preliminary Official Statement, the official bid form, the Bond Resolution and other information concerning the State and the Bonds may be obtained prior to the sale from:

The State's Financial Advisors:

**Hobbs, Ong and Associates, Inc.**  
**3900 Paradise Road, Suite 152**  
**Las Vegas, Nevada 89169**  
**(702) 733-7223**

and

**Public Financial Management, Inc.**  
**50 California Street, Suite 2300**  
**San Francisco, CA 94111**  
**(415) 982-5544**

The State Treasurer:

**Daniel M. Schwartz, State Treasurer**  
or

**Lori K. Chatwood, Deputy of Debt Management**

**Nevada State Treasurer's Office**  
**Capitol Building, Number 4**  
**101 North Carson Street**  
**Carson City, Nevada 89701-4786**  
**(775) 684-5600**  
**OSTDebt@nevadatreasurer.gov**

### **Continuing Disclosure Undertaking**

Pursuant to the Rule, the State will undertake in the Disclosure Dissemination Agent Agreement to provide certain ongoing disclosure, including annual operating data and financial information, audited financial statements and notices of the occurrence of certain material events. A copy of the proposed form of Disclosure Dissemination Agent Agreement is attached to the Preliminary Official Statement as Appendix B.

### **State Represented by Independent Registered Municipal Advisors**

The State has engaged, is represented by and will rely on the advice of the Financial Advisors, each an independent registered municipal advisor, to advise it on the issuance of the Bonds and other aspects of the financing for which the Bonds are being issued. The State intends that this statement constitutes the "required representation" for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3) and prospective bidders and other market participants may rely on this written statement and receive and use it for purposes of that exemption. Each bidder should consult with its own advisors in determining whether the exemption is available to that bidder and other requirements applicable for the exemption to be available to that bidder.

## **Legal Opinion, Bonds and Transcripts**

The validity and enforceability of the Bonds will be approved by:

**Sherman & Howard L.L.C.**  
**50 West Liberty Street, Suite 1000**  
**Reno, Nevada 89501**  
**(775) 323-1980**

whose final, approving opinion, together with the Bonds, a certified transcript of the legal proceedings, including a certificate stating that there is no litigation pending affecting the validity of the Bonds as of the date of their delivery (the "Closing Date"), and other closing documents, will be furnished to the purchaser of the Bonds.

## **Closing Certificates**

The final certificates included in the transcript of legal proceedings shall include:

(1) A certificate, dated as of the Closing Date, and signed by the Governor, the Director of the Department of Transportation, the State Treasurer and the Attorney General, in which each of them states, after reasonable investigation, that to the best of his or her knowledge, (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of the knowledge of each of them, threatened, in any way contesting the completeness or accuracy of the Final Official Statement for the Bonds; (b) the Final Official Statement, as it pertains to the State and the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (c) no event affecting the State or the Bonds has occurred since the date of the Final Official Statement which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the State does not make any representations concerning pricing information contained in the Final Official Statement.

(2) A certificate, dated the Closing Date and signed by the State Controller, stating after reasonable investigation, that to the best of his or her knowledge, as of the date of the Final Official Statement and on the date of such certificate, the information contained in the Final Official Statement relating to revenues and expenditures of the State is true and correct and does not contain any untrue statement of a material fact or omit any information necessary to be included therein in order that the Final Official Statement not be misleading for the purpose for which it is to be used.

## **Right to Modify or Amend**

The State reserves the right to modify or amend this Official Notice of Bond Sale in any respect including, without limitation, the right to adjust and change the principal amortization schedule of the Bonds being offered prior to the time bids are to be received. Such modifications or amendments shall be communicated through PARITY, Thomson Municipal News or Bloomberg Financial News.

## **Governing Law and Venue**

This Official Notice of Bond Sale and the contract formed when the State accepts the winning bid is governed by the laws of the State of Nevada. By submitting a bid, each bidder consents to the exclusive jurisdiction of any court of the State of Nevada located in Carson City or the United States District Court for the State of Nevada for the purpose of any suit, action or other proceeding arising under this Official Notice of Bond Sale. Each bidder hereby irrevocably agrees that all claims in respect of any such suit, action or proceeding may be heard and determined by such court. Each bidder further agrees that service of process in any such action commenced in such State or Federal court shall be effective on such bidder by deposit of the same as registered mail addressed to the bidder at the address set forth in the bid submitted by the bidder.



By order of the State Treasurer this February 5, 2016.

/s/ Daniel M. Schwartz  
State Treasurer, State of Nevada

## **PART II**

### **INFORMATION CONCERNING THE STATE OF NEVADA**

Part II of this Official Statement contains information concerning the State, and supplements the information contained in the other parts of this Official Statement. This Official Statement, including the cover, the inside cover pages, Part I and the schedules and appendices thereto, this Part II, Part III and the appendix thereto, and any financial statements expressly incorporated herein by reference, should be read in its entirety.

## Table Of Contents

	Page
GOVERNMENT STRUCTURE .....	II-1
ECONOMIC AND DEMOGRAPHIC INFORMATION .....	II-2
General .....	II-2
Population and Age Distribution .....	II-2
Income .....	II-3
Employment .....	II-4
Educational Attainment .....	II-5
Sales and Use Tax .....	II-6
Gaming and Tourism .....	II-6
Transportation .....	II-8
Economic Development .....	II-9
Federal Activities .....	II-10
Mining .....	II-11
Electric Utilities .....	II-12
Water .....	II-12
State Litigation .....	II-14

### Part II – List of Tables

Table 1	Nevada Population by County .....	II-2
Table 2	Age Distribution.....	II-2
Table 3	Per Capita Personal Income Groups.....	II-3
Table 4	Median Household Income .....	II-3
Table 5	Percent of Households by Income Groups .....	II-4
Table 6	Average Annual Labor Force Summary .....	II-4
Table 7	Average Establishment - Based Industrial Employment by Calendar Year.....	II-5
Table 8	Educational Attainment.....	II-5
Table 9	Transactions Taxable Under the Nevada Sales and Use Tax Laws .....	II-6
Table 10	Gross Taxable Gaming Revenues and Total Gaming Taxes.....	II-6
Table 11	Visitor Volume and Room Occupancy Rate Las Vegas Metropolitan Area, Nevada.....	II-7
Table 12	Visitor Volume and Room Occupancy Rate Washoe County, Nevada .....	II-8
Table 13	Convention and Visitors Authority Room Tax Revenue .....	II-8
Table 14	Mineral Production .....	II-12
Table 15	Mineral Production (By Weight) .....	II-12

## GOVERNMENT STRUCTURE

Nevada's Constitution was approved in 1864 and has been amended from time to time. The Constitution provides for three branches of government: legislative, executive and judicial. The legislative branch is made up of a Senate and an Assembly. State Senators are elected for four-year terms, and members of the State Assembly are elected for two-year terms.

The State Legislature convenes biennially in odd-numbered years. The most recent regular (78th) biennial legislative session convened on February 2, 2015 and adjourned on June 1, 2015. Special sessions of the State Legislature may be convened by the Governor by proclamation or by the State Legislature by a petition specifying the business to be transacted in the session and signed by two-thirds of the legislators of each house. Most recently, the State Legislature held a special session from December 16 – 19, 2015.

There are 21 Senators and 42 members of the Assembly. Nevada's elected Constitutional officers are the Governor, Lieutenant Governor, Secretary of State, Treasurer, Controller, and Attorney General, all of whom are elected for four-year terms. All Constitutional officers are limited to two terms. Supreme Court justices are elected on a non-partisan ballot for six-year terms.

Following are the State's Constitutional officers:

<u>Office</u>	<u>Name</u>	<u>Political Party Affiliation</u>	<u>Term First Commenced</u>	<u>Term Expires</u>
Governor	Brian Sandoval	Republican	2011	2019
Lieutenant Governor	Mark Hutchison	Republican	2015	2019
Secretary of State	Barbara K. Cegavske	Republican	2015	2019
Treasurer	Daniel M. Schwartz	Republican	2015	2019
Controller	Ronald L. Knecht	Republican	2015	2019
Attorney General	Adam Paul Laxalt	Republican	2015	2019

The Board of Finance, consisting of the Governor, the Treasurer, the Controller, and two additional members appointed by the Governor, may issue and redeem securities on behalf of the State, when authorized by law, as provided in NRS Sections 349.150 through 349.364.

County governments in Nevada are managed by boards of county commissioners or the equivalent. There are 17 counties in the State. Cities are governed by general acts, and 13 of the cities are also governed by special charters granted by the State Legislature.

Representation in the United States Congress is by two Senators and four Representatives.

As of December 1, 2015, there were approximately 17,470 permanent and non-permanent (emergency, provisional and temporary) full-time equivalent State employees excluding employees of the Nevada System of Higher Education, courts and legislature. The State does not have collective bargaining agreements with employee unions. As of January 1, 2015, approximately 3,265 State employees were members of voluntary employee/labor organizations that represent the interests of their members. The State considers its relations with its employees to be satisfactory.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### General

This portion of Part II of this Official Statement contains general information concerning the economic and demographic conditions in the State. It is provided so that prospective investors will be aware of factors that may affect future development and growth within the State. The information presented was obtained from the sources indicated, and the State does not guarantee or make any representation as to the accuracy or completeness of the data presented.

### Population and Age Distribution

Nevada's population increased from 1,201,833 residents in 1990 to 1,998,257 residents in 2000 and to 2,724,634 residents in 2010, an increase of approximately 66% between 1990 and 2000 and approximately 127% between 1990 and 2010. In 2014, Nevada's population increased by 1.5% from the previous year. Historical and estimated State population figures, by county, are shown in the following table:

**Table 1**  
**Nevada Population by County**

	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Carson City	40,443	53,095	55,850	56,066	55,441	54,668	53,969
Churchill	17,938	26,247	26,360	25,136	25,238	25,322	25,103
Clark	741,459	1,425,723	1,968,831	1,967,722	1,988,195	2,031,723	2,069,450
Douglas	27,637	43,101	49,242	47,661	48,015	48,478	48,553
Elko	33,530	50,756	52,097	49,861	51,771	53,384	53,358
Esmeralda	1,344	1513	1,145	825	860	858	926
Eureka	1,547	1,847	1,609	1,994	2,011	2,024	1,903
Humboldt	12,844	18,149	18,364	17,135	17,384	17,457	17,388
Lander	6,266	6,822	5,992	5,988	6,221	6,343	6,560
Lincoln	3,775	4,420	4,631	5,284	5,100	5,020	5,004
Lyon	20,001	37,393	52,334	52,443	52,245	52,960	53,344
Mineral	6,475	6,270	4,471	4,601	4,679	4,662	4,584
Nye	17,781	35,924	45,459	44,513	44,292	44,749	45,456
Pershing	4,336	7,458	7,133	6,847	7,013	6,882	6,714
Storey	2,526	3,897	4,234	4,123	4,103	4,017	3,974
Washoe	254,667	333,566	417,379	421,593	442,704	432,324	436,797
White Pine	9,264	10,650	9,503	10,002	9,945	10,095	10,218
<b>Nevada Total</b>	<b>1,201,833</b>	<b>2,066,831</b>	<b>2,724,634</b>	<b>2,721,794</b>	<b>2,750,217</b>	<b>2,800,967</b>	<b>2,843,301</b>

Source: 1990 and 2000: U.S. Bureau of the Census; 2010-2014: Nevada State Demographer.

The following table sets forth a comparative age distribution profile for Clark County, Washoe County, the State and the United States:

**Table 2**  
**Age Distribution**

<b>Percent of Population</b>				
<b>Age</b>	<b>Clark County</b>	<b>Washoe County</b>	<b>State</b>	<b>United States</b>
14 and under	19.9%	18.5%	19.4%	19.1%
15-24	12.9	13.6	13.0	13.8
25-34	14.8	14.4	14.3	13.5
35-54	27.7	25.7	27.1	26.4
55 and older	24.9	27.8	26.2	27.1

Source: U.S. Census Bureau, 2014 American Community Survey 1-Year Estimates.

## Income

The following table sets forth annual per capita personal income levels of the Las Vegas-Paradise MSA (which consists of Clark County), the Reno-Sparks MSA (which consists of Washoe County and Storey County), the State and the United States:

**Table 3**  
**Per Capita Personal Income Groups**

<b>Year</b>	<b>Las Vegas- Paradise MSA</b>	<b>Reno-Sparks MSA</b>	<b>State</b>	<b>United States</b>
2010	\$36,057	\$41,216	\$36,918	\$40,277
2011	36,488	43,030	37,745	42,453
2012	38,713	43,048	39,436	44,266
2013	38,091	44,280	39,223	44,438
2014	39,533	46,120	40,742	46,049

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following tables depict Median Household Income and Percent of Households by Income Groups for Clark County, Washoe County, the State and the United States.

**Table 4**  
**Median Household Income**

<b>Year</b>	<b>Clark County</b>	<b>Washoe County</b>	<b>State</b>	<b>United States</b>
2010	\$51,437	\$50,556	\$51,001	\$50,046
2011	48,215	50,733	48,927	50,502
2012	49,546	49,026	49,760	51,371
2013	51,057	53,588	51,230	52,250
2014	51,214	52,618	51,450	53,657

Source: U.S. Census Bureau, 2014 American Community Survey 1-Year Estimates.

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**Table 5**  
**Percent of Households by Income Groups**

<b>Income Group</b>	<b>Clark County Households</b>	<b>Washoe County Households</b>	<b>State Households</b>	<b>United States Households</b>
Under \$25,000	22.1%	23.7%	22.3%	23.1%
\$25,000-\$34,999	11.4	9.6	11.2	10.0
\$35,000-\$49,999	15.1	13.8	15.0	13.5
\$50,000 and Over	51.3	52.8	51.5	53.4

Source: U.S. Census Bureau, 2014 American Community Survey 1-Year Estimates.

## Employment

The following tables set forth labor force and employment statistics for the State. The State experienced high rates of unemployment beginning in 2008 and continuing through 2012. In July 2010, the State's unemployment rate reached a high of 13.7%. As of December 31, 2015, the State's unemployment rate was 6.8%.

**Table 6<sup>(1)</sup>**  
**Average Annual Labor Force Summary**

<b>Calendar Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Total Labor Force	1,358,579	1,373,663	1,378,362	1,384,462	1,394,599	1,420,404
Unemployed	183,804	179,602	153,946	132,137	108,125	96,625
Unemployment Rate <sup>(2)</sup>	13.5%	13.1%	11.2%	9.5%	7.8%	6.8%
Total Employment <sup>(3)</sup>	1,174,774	1,194,061	1,224,415	1,252,326	1,286,474	1,323,779

<sup>(1)</sup> Based on non-seasonally adjusted information as of December 2015. Subject to revision as additional information becomes available.

<sup>(2)</sup> According to the U.S. Department of Labor, Bureau of Labor Statistics, the U.S. average unemployment rates for the years 2010 through 2014 were 9.6%, 8.9%, 8.1%, 7.4% and 6.2% respectively.

<sup>(3)</sup> Adjusted by census relationships to reflect number of persons by place of residence.

Source: State of Nevada - Department of Employment, Training and Rehabilitation.

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**Table 7<sup>(1)</sup>**  
**Average Establishment-Based Industrial Employment by Calendar Year**  
**(Estimates in Thousands)**

<b>NAICS Classification<sup>(2)</sup></b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Natural Resources and Mining	12.2	14.0	15.5	15.2	14.4	13.5
Construction	59.3	52.2	52.0	56.8	62.8	68.5
Manufacturing	37.9	38.3	39.2	40.5	41.6	42.0
Trade (wholesale and retail)	160.1	161.3	164.9	168.3	173.3	174.8
Transportation, Warehousing and Utilities	50.0	51.4	53.2	53.9	56.9	59.0
Information	12.5	12.6	12.7	12.9	13.6	13.8
Financial Activities	52.9	52.5	54.4	56.8	57.2	57.1
Professional and Business Services	135.7	139.7	144.7	149.9	155.7	160.2
Education and Health Services	101.5	105.4	108.5	111.6	116.2	122.0
Leisure and Hospitality (casinos excluded)	122.3	126.8	130.7	137.5	144.8	156.1
Casino Hotels and Gaming	186.7	188.8	186.5	186.4	191.9	195.8
Other Services	32.9	32.4	33.3	33.5	34.8	36.0
Government	153.8	150.3	149.4	151.0	152.3	154.1
<b>Total all industries</b>	<b>1,117.8</b>	<b>1,125.7</b>	<b>1,144.8</b>	<b>1,174.3</b>	<b>1,215.3</b>	<b>1,252.8</b>

<sup>(1)</sup> Based on non-seasonally adjusted CES information as of December 2015. Subject to revision as additional information becomes available. Totals may not add due to rounding.

<sup>(2)</sup> Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple jobholders.

Source: Nevada Department of Employment, Training and Rehabilitation.

## Educational Attainment

The following table sets forth educational attainment statistics for the State.

**Table 8**  
**Educational Attainment**  
**(Civilian Labor Force Aged 25 and Older)**

<u>Nevada state-wide</u> <u>Educational Attainment Level</u>	<u>Male</u>	<u>Female</u>	<u>Total<sup>(1)</sup></u>
Total population	49.7%	50.3%	100.0%
Not a high school graduate	15.1	14.7	14.9
High school graduate (including equivalency)	28.5	27.8	28.2
Some college or associate degree	33.0	34.7	33.8
Bachelor's degree	15.1	15.3	15.2
Graduate or Professional Degree	8.3	7.5	7.9

<sup>(1)</sup> Totals may not add exactly due to rounding.

Source: U.S. Census, 2014 American Community Survey 1-Year Estimates.

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## Sales and Use Tax

Aggregate sales and use taxes imposed in Nevada's counties range from 6.85% to 8.1% (Clark County). The State General Fund's share (2%) is a major source of revenue for the State's General Fund. Clark County and Washoe County are the major sources of taxable sales revenue in the State. The following table presents a record of taxable sales in the State:

**Table 9<sup>(1)</sup>**  
**Transactions Taxable Under the Nevada Sales and Use Tax Laws**

<b>Fiscal Year Ended June 30</b>	<b>Taxable Sales</b>	<b>Percentage Change</b>
2011	\$39,935,010,577	5.73%
2012	42,954,750,131	7.56
2013	45,203,408,413	5.23
2014	47,440,345,167	4.95
2015	50,347,535,951	6.13
July – Oct 2014	16,413,268,784	--
July – Oct 2015	17,267,720,332	5.20

<sup>(1)</sup> Subject to change.

Source: State of Nevada - Department of Taxation.

## Gaming and Tourism

The economy of Nevada is largely dependent upon a tourism industry based upon legalized gaming and related forms of entertainment. The industry represents a significant source of revenues to the State, county and local jurisdictions in which gaming companies operate. For two of the past four fiscal years (2012 to 2015), gross taxable gaming revenue has increased. However, for four of the past five fiscal years (2011 to 2015), state gaming collections from all sources have experienced increases with a modest decline in 2015. During prior fiscal years, the increases in gaming win have been driven primarily by increased convention attendance and visitation on the Las Vegas Strip in addition to record win amounts in baccarat. However, in 2015, the increases in gaming win were driven by markets outside of the Las Vegas Strip. The following table represents a record of gross taxable gaming revenues in the State and total State gaming taxes and fees collected.

**Table 10<sup>(1)</sup>**  
**Gross Taxable Gaming Revenues and Total Gaming Taxes**

<b>Fiscal Year Ended June 30</b>	<b>Gross Taxable Gaming Revenue<sup>(2)</sup></b>		<b>State Gaming Collection<sup>(3)</sup></b>	
	<b>State Total</b>	<b>% Change</b>	<b>State Total</b>	<b>% Change</b>
2011	\$9,836,451,902	1.74%	\$853,455,347	2.91%
2012	9,770,060,305	-0.67	864,621,791	1.31
2013	10,208,523,998	4.49	892,106,457	3.18
2014	10,208,208,433	-0.003	912,371,316	2.27
2015	10,511,301,026	2.97	909,857,085	-0.28
July – Oct 2014	\$3,520,811,868	--	\$262,561,417	--
July – Oct 2015	\$3,439,456,945	-2.31	\$273,214,420	4.06

<sup>(1)</sup> The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

<sup>(2)</sup> The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

<sup>(3)</sup> Based upon the taxable revenues generated in the previous month. Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada - Gaming Control Board.

***Gaming Is a Highly Regulated Industry.*** The five-member Nevada Gaming Commission and the three-member Nevada Gaming Control Board, both appointed by the Governor, investigate and approve all licenses, establish operating rules, monitor the activities of licensed establishments and collect State gaming fees and taxes. In addition to the State, local governments also license, levy taxes and regulate gaming establishments and licensees. The laws, regulations and ordinances of both state and local governments regulate the licensing, operations and financial stability of the businesses as well as the background and character of the owners, managers, and persons with financial interests in the gaming.

***The Gaming Industry Is Highly Competitive.*** Prior to the 1980s, Nevada was the only state with legalized casino gaming, although some forms of gaming, such as pari-mutuel horse, dog and jai alai betting, existed in other states. A significant proliferation of casino and other forms of gaming has occurred outside of Nevada, both nationally and internationally, in recent years. According to the American Gaming Association, today there are 40 states that have some form of legalized electronic gaming device, including traditional slot machines, video poker and bingo at Indian casinos, commercial casinos, racetrack casinos, and/or bars, restaurants or other licensed establishments (“non-casino devices”). These include 24 states with commercial casinos, 14 with racetrack casinos, and 28 with tribal casinos, and seven have non-casino devices. Additionally, tribal gaming in the State of California accounts for the highest Native American gaming revenue of any state within the United States. Gaming continues to expand into foreign countries as well. Nevada no longer enjoys a near-monopoly on the United States gaming market as it did historically. Competition from casino gaming, state-run lotteries and other forms of gaming will likely continue to increase in the future. The impact of such expansion and proliferation upon Nevada’s gaming economy is uncertain.

Information relating to the occupancy rates of hotels is not available on a state-wide basis. This information is generally only available for Clark County (Las Vegas) and for Washoe County (Reno and Sparks) as provided in the following tables:

**Table 11**  
**Visitor Volume and Room Occupancy Rate**  
**Las Vegas Metropolitan Area, Nevada**

<b>Calendar Year</b>	<b>Total Visitor Volume</b>	<b>Number of Hotel/Motel Rooms Available</b>	<b>Hotel/Motel Occupancy Rate<sup>(1)</sup></b>	<b>National Occupancy Rate<sup>(2)</sup></b>
2010	37,335,436	148,935	80.4%	57.6%
2011	38,928,708	150,161	83.8	60.1
2012	39,727,022	150,481	84.4	61.4
2013	39,668,221	150,593	84.3	62.3
2014	41,126,512	150,544	86.8	--
2015	42,312,216 <sup>(3)</sup>	149,213	87.7	--

<sup>(1)</sup> The sample size for this survey represents approximately 75% of the total hotel/motel rooms available.

<sup>(2)</sup> Source: PwC Hospitality Directions: May 2015

<sup>(3)</sup> Represents a 2.9% increase from the January – December 2014 period.

Source: Las Vegas Convention and Visitors Authority.

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**Table 12**  
**Visitor Volume and Room Occupancy Rate**  
**Washoe County, Nevada**

<b>Calendar Year</b>	<b>Total Visitor Volume</b>	<b>Number of Hotel/Motel Rooms Available</b>	<b>Hotel/Motel Occupancy Rate<sup>(1)</sup></b>	<b>National Occupancy Rate<sup>(2)</sup></b>
2010	4,406,270	24,867	60.9%	57.6%
2011	4,345,141	24,872	60.5	60.1
2012	4,536,415	24,741	60.0	61.4
2013	4,664,514	23,957	63.2	62.3
2014	4,631,195	23,972	63.6	--
2015	4,746,207 <sup>(3)</sup>	23,535	65.7	--

<sup>(1)</sup> The rooms and units in all types of accommodation (with three or more rooms/units) licensed with the Reno-Sparks Convention and Visitors Authority to rent rooms/units on a short-term basis.

<sup>(2)</sup> Source: PwC Hospitality Directions: May 2015

<sup>(3)</sup> Represents a 2.5% increase from the January – December 2014 period.

Source: Reno-Sparks Convention and Visitors Authority.

**Table 13**  
**Convention and Visitors Authority Room Tax Revenue**

<b>Las Vegas Convention and Visitors Authority</b>			<b>Reno Sparks Convention and Visitors Authority</b>		
<b>Fiscal Year</b>	<b>Revenue<sup>(1)</sup></b>	<b>% Change</b>	<b>Fiscal Year</b>	<b>Revenue<sup>(1)</sup></b>	<b>% Change</b>
2011	\$178,869,442	14.72%	2011	\$15,628,489	-2.40%
2012	200,701,137	12.21	2012	15,378,063	-1.60
2013	203,602,271	1.45	2013	16,724,281	8.75
2014	223,709,496	9.88	2014	16,954,518	1.38
2015	240,140,940	7.34	2015	18,060,419	6.52
Jul – Nov 2014	95,817,020	--	Jul – Nov 2014	8,257,478	--
Jul – Nov 2015	108,611,457	13.35	Jul – Nov 2015	9,452,698	14.47

<sup>(1)</sup> The Room Tax Revenue is retained locally and is not part of the State's room tax revenue.

Source: Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority.

## Transportation

Las Vegas and Reno, the State's two major population centers, are 400 miles apart. Both cities have airports designated as international ports of entry, and are served by scheduled airlines and supplemental charter carriers.

McCarran International Airport in Las Vegas had an estimated total of 42.89 million commercial and charter passengers enplaned and deplaned in 2014, an increase from 41.86 million in 2013. This reflects an increase of 1.03 million passengers or 2.5 percent over the period. Federal legislation has been approved to allow the sale of federal land near Las Vegas to Clark County to be used as a second major airport serving Las Vegas. The new airport project is currently on hold.

The Reno/Tahoe International Airport had an estimated 3.30 million commercial and charter passengers enplaned and deplaned in 2014, a decrease from 3.43 million in 2013. This reflects a decline of 133,000 passengers or 3.9 percent over the period.

Two major railroads cross Nevada, while short lines serve as feeders. Several national bus lines and trucking lines serve the State.

There are nine federal highways in Nevada, three of which are part of the interstate system. Interstate 15, connecting Salt Lake City and San Diego, passes through Las Vegas and provides convenient access to the Los Angeles area. Interstate 80 connects with the San Francisco Bay area and the Reno-Sparks area. Interstate 580 connects Reno and Carson City. NDOT is partnering with Arizona Department of Transportation to plan an interstate (Interstate 11) link between Las Vegas and Phoenix, with the potential of extending north to Canada and south to Mexico. For more information regarding Interstate 11, see “SUPPORT FOR STATE HIGHWAY SYSTEM – Federal Aid Highway System” in Part III of this Official Statement.

U.S. Highways 95 and 93 are major routes north from Las Vegas, through Fallon and Ely, Nevada, respectively. South of Las Vegas, U.S. 95 extends to the Mexican border, generally following the Colorado River, and U.S. 93 crosses into Arizona.

Nevada is less than one day’s drive to more than 40 million consumers and five major U.S. ports serving the Pacific Rim. Northern Nevada is at the center of the western region, with 11 states and 53 million people only one day’s drive away. Southern Nevada is just hours away from the Southern California markets and within 2-day delivery of nearly every state west of the Mississippi River.

### **Economic Development**

The Nevada Governor’s Office of Economic Development (“GOED”) promotes a robust, diversified and prosperous economy in Nevada, stimulates business expansion and retention, encourages entrepreneurial enterprise, attracts new businesses, and facilitates community development. GOED is assisted by Regional Development Authorities across the State when a business chooses to locate or expand within their respective region.

GOED has seven industry focal areas:

- Aerospace & Defense
- Health & Medical Services
- Information Technology
- Manufacturing & Logistics
- Mining
- Natural Resource Technologies
- Tourism, Hospitality & Gaming

Additionally, GOED is advancing the development of emerging industry clusters that center on water technology innovation, unmanned aerial systems, and advanced manufacturing. Nevada’s ability to grow its industries is dependent upon a trained workforce, and GOED plays an important role in ensuring that industry demand is matched with an educated, skilled, and available workforce.

GOED is able to offer incentives to qualifying companies, following Board approval, to create jobs and alleviate some costs associated with expanding or relocating in the State. GOED’s incentives include: Sales and Use Tax Abatement; Modified Business Tax Abatement; Personal Property Tax Abatement; Real Property Tax Abatement for Recycling; Data Center Abatement; Aviation Parts Abatement; Train Employees Now grant; and the Silver State Works Hiring Incentive.

GOED’s International Trade Division facilitates export growth, increases foreign direct investment, recruits foreign expansion, and expands higher education partnerships. Nevada has established high-level partnerships with government officials and industry associations in the People’s Republic of China, the Republic of Korea, Mexico, Brazil, Canada, Israel, Poland, Germany, United Kingdom, Ireland, and Italy.

GOED is the umbrella organization for the Nevada Film Office which provides assistance to the local and national television and film production community.

The Procurement Technical Assistance Center Procurement Outreach Program is housed in GOED and works to simplify the process of contracting with all levels of government.

The Rural Community and Economic Development Division in GOED promotes and facilitates community development throughout rural Nevada. The Division administers the State and Small Cities Community Development Block Grant Program which aids in the development of suitable living conditions, increases the supply of decent housing, and helps create economic opportunities in the rural parts of the State.

In 2014 the State's economic development efforts resulted in approximately \$12 billion of recently or anticipated business investment in the State, 14,700 new jobs and the arrival or expansion of 97 companies. Among the most noteworthy of these is the Tesla Gigafactory.

The Tesla Gigafactory is currently under construction and is expected to be completed in 2017, at a cost of approximately \$5 billion. The factory is being built to construct the lithium-ion batteries that are used to power Tesla electric motor cars at reduced production costs. Employment is estimated to reach approximately 6,500 employees when the facility is in full operation.

Notable economic development activity in 2015 includes Faraday Future and the Switch Data Center.

Faraday Future is a next-generation electric car manufacturing company that has committed to build a \$1.4 billion, 3 million square foot manufacturing plant in North Las Vegas. This facility is expected to result in 4,500 full-time jobs when fully built-out and employ 3,000 construction and installation workers until that time. Production is expected to begin in 2017.

Switch is a developer and operator of colocation data centers, most of which are located in the State. Switch has committed to invest approximately \$3 billion in constructing a new 3 million square foot data center campus on approximately 1,000 acres of land near Reno. This facility is part of an expanding data center presence in the state that includes Rackspace, eBay, and Apple.

Among its other economic development activities, the GOED created and also oversees the Battle Born Growth Escalator, Nevada's State venture capital program (under the auspices of State Small Business Credit Initiative). This program invests in early stage, high-growth Nevada enterprises in the following sectors: aerospace and defense, agriculture, energy, health care, IT, logistics and operations, manufacturing, mining, tourism and gaming and water.

The State was selected by the FAA as one of six test site locations for flying Unmanned Aerial Systems.

## **Federal Activities**

Operations and facilities of the federal government in the State have been significant, beginning with Hoover Dam in the 1930s, an Army Air Force gunnery school (which later became Nellis Air Force Base) during World War II, and the subsequent creation of the Nevada National Security Site (formerly the Nevada Test Site). Currently, the following major federal activities are located in the State.

**Hoover Dam.** Hoover Dam, operated by the Bureau of Reclamation, is a multiple-purpose development. The dam controls floods and stores water for irrigation, municipal and industrial uses, hydroelectric power generation, and recreation. Hoover Dam is one of the world's largest hydroelectric installations with a capacity of more than 2,000 megawatts. Hoover Dam also is a major tourist attraction in Clark County.

**Nellis Air Force Base.** Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of Las Vegas. The base itself covers more than 14,000 acres of land, while the total land area occupied by Nellis Air Force Base and its ranges is over three million acres. The base hosts numerous military programs as well as civilian workers. It is the home base of the "Thunderbirds," the world famous air demonstration squadron.

***Nevada National Security Site.*** The Nevada National Security Site (“NNSS”) was established in 1950 as the nation’s proving ground for nuclear weapons testing. In recent years, under the direction of the NNSS Nevada Site Office of the U.S. Department of Energy (“DOE”), NNSS use has diversified into many other areas such as hazardous chemical spill testing, emergency response training, conventional weapons testing, and waste management projects that can best be conducted in this remote desert area. NNSS has been designated as an Environmental Research Park where scientists and students can conduct research on environmental issues. Located 65 miles north of Las Vegas, the NNSS is a massive outdoor laboratory and national experimental center. NNSS comprises approximately 1,350 square miles, surrounded by thousands of additional acres of land withdrawn from the public domain for use as a protected wildlife range and for a military gunnery range, creating an unpopulated area of approximately 5,470 square miles. Federal employees and independent contractors are employed at NNSS.

***Yucca Mountain.*** The federal government formerly planned to use Yucca Mountain (located approximately 90 miles northwest of Las Vegas in Nye County) as a national nuclear repository for high-level waste and spent fuel from nuclear power plants around the country. The U.S. Department of Energy submitted in 2008 a license application to the U.S. Nuclear Regulatory Commission (the “NRC”) seeking authorization to construct the nuclear waste and spent fuel repository, but the NRC suspended its review. Following various challenges, in 2013 the D.C. Circuit Court of Appeals ordered the NRC to resume the statutory license review process unless Congress declares otherwise through legislation or until appropriated funds are depleted. While NRC review of the Yucca Mountain application continues, there are significant hurdles to its approval, strong opposition to the project, and lack of federal funding. The status of the proposed nuclear repository at Yucca Mountain remains uncertain.

## **Mining**

Nevada is called the “Silver State” because of the vast quantities of silver mined from the Comstock Lode in the 19th Century. Today, Nevada’s mining industry production consists of metals, industrial minerals, oil and gas, and geothermal energy. The total value of mineral production (excluding oil, gas and geothermal) in Nevada reached \$7.1 billion in 2014. Gold is the primary source of mining revenue which reached \$6.3 billion in 2014. Nevada leads the nation in gold production.

Oil and natural gas exploration activity continues in Nevada. During 2014, the total net oil produced was 316,426 barrels. There are no commercial sales of natural gas in Nevada; however, small quantities are produced and used to fuel oil production facilities on lease sites.

Gross geothermal energy production totaled 2.7 million megawatt-hours in 2014 from 22 electrical generating plants.

According to the Department of Employment, Training and Rehabilitation, in 2014, there was an average of 14,413 people employed in the mining industry at an average annual salary of \$88,634.

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According to the Division of Minerals, gold and silver currently account for 92% of total value of metal and non-metal mine production in the Nevada mining industry. The table on the following page compares the calculated value of mineral production for the periods indicated:

**Table 14<sup>(1)</sup>**  
**Mineral Production**

<b>Calendar Year Ending</b>	<b>Millions of Dollars</b>	<b>% Change</b>
2010	\$7,300	23.2%
2011	9,600	31.5
2012	10,244	6.7
2013	8,820	-13.7
2014	7,126	-19.2

<sup>(1)</sup> Estimates. Does not include oil, gas and geothermal energy.

Source: State of Nevada, Commission on Mineral Resources-Division of Minerals.

The following table presents the amount of selected mineral commodities produced in the State during the periods indicated:

**Table 15**  
**Mineral Production**  
**(By Weight)**  
**(In Thousands)**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Gold	5,339 ozs	5,536 ozs	5,615 ozs	5,441 ozs	4,941 ozs
Silver	7,361 ozs	7,141 ozs	8,527 ozs	8,679 ozs	10,934 ozs
Gypsum	1,056 tons	996 tons	1,482 tons	1,804 tons	2,804 tons
Barite <sup>(1)</sup>	657 tons	698 tons	745 tons	811 tons	808 tons

<sup>(1)</sup> Shipped.

Source: State of Nevada, Commission on Mineral Resources-Division of Minerals.

In September 2015, the U.S. Bureau of Land Management (“BLM”) and the U.S. Forest Service (“USFS”) finalized land use plan amendments (“LUPs”) to provide further protection to the greater sage-grouse habitat in the Western United States, including creating three new habitat management areas in Nevada. Certain Nevada counties and mining companies filed a lawsuit, which the Nevada Attorney General later joined, seeking judicial review of BLM’s and USFS’ actions. The plaintiffs contend that the LUPs will negatively impact, among other things, the mining industry in the State. At this time, the State cannot predict the effects of the LUPs on mining or other matters in the State.

## **Electric Utilities**

NV Energy, Inc. (“NV Energy”), formerly Sierra Pacific Resources, was acquired by Berkshire Hathaway Energy in 2013. Through its subsidiaries, which include Sierra Pacific Power Company and Nevada Power Company (each doing business as NV Energy), NV Energy supplies electric service to Las Vegas and surrounding Clark County, and to northern Nevada. NV Energy through its subsidiaries provides electric and natural gas services to a range of over one million residential, commercial, industrial and public sector customers.

## **Water**

Nevada is one of the eight mountain states, bordered by California, Oregon, Idaho, Utah, and Arizona. The State lies in the Great Basin, an arid region east of the Sierra Nevada Mountains, where annual rainfall averages less than ten inches. The availability of water is important to continued growth and development in the State,

particularly in its two most populous counties, Clark County and Washoe County. The water providers for those two counties are briefly discussed below.

On January 16, 2014, the U.S. Department of Agriculture (“USDA”) announced the designation of nine counties in Nevada, including Clark County and Washoe County, as primary natural disaster areas due to ongoing drought conditions. Qualified farm operators in these areas and certain contiguous areas may be eligible for low-interest emergency loans from the USDA. The State cannot predict the duration of the drought or the effects of the drought on the State.

#### *Clark County*

The major water purveyors in Clark County are the Big Bend Water District; the cities of Boulder City, Henderson, and North Las Vegas; the Las Vegas Valley Water District (“LVVWD”); and Nellis Air Force Base. The LVVWD provides water service to the City of Las Vegas, the unincorporated urban areas of Clark County, Jean, Kyle Canyon, Blue Diamond, and Searchlight. The Big Bend Water District, operated by the LVVWD, serves the Town of Laughlin, and the Coyote Springs Water Resources District, operated by the LVVWD, serves the community within the Coyote Spring valley. In addition, the Virgin Valley Water District serves the City of Mesquite and surrounding area, and the Moapa Valley Water District serves Logandale, Overton, Moapa and Glendale.

The Southern Nevada Water Authority (“SNWA”) was established to address water issues on a regional basis rather than an individual purveyor basis. The members of the SNWA include the cities of Boulder City, Henderson, Las Vegas and North Las Vegas, the Big Bend Water District, Clark County Water Reclamation District (formerly Clark County Sanitation District), and the LVVWD. The SNWA works collaboratively with its member agencies to manage regional water facilities; address water resource management and water conservation on a regional basis; manage and develop additional water supplies for Southern Nevada; and expand and enhance regional treatment and delivery capabilities. The LVVWD provides the management and staff for the SNWA.

In addition to aggressive water conservation measures, the SNWA developed and maintains a comprehensive Water Resource Plan to manage current and future resources available to the Las Vegas Valley. The plan, which was first adopted in 1996, is reviewed annually and updated as needed. The Water Resource Plan provides a demand projection for Southern Nevada and outlines a portfolio of water resource options to meet projected water demands over a 50-year planning horizon. This portfolio approach enables the SNWA to quickly respond to changing conditions. The portfolio of resources as described in the SNWA Water Resource Plan includes Nevada’s 300,000 acre-foot per year (“AFY”) Colorado River apportionment and associated return-flow credits; Las Vegas Valley and in-state groundwater; flood control, domestic and intentionally created surplus water (intentionally created surplus water is divided into four categories: tributary, imported, system efficiency and extraordinary conservation); water resources banked in the Las Vegas Valley and the states of Arizona and California; wastewater reuse; and other current and future supplies.

While the Colorado River Basin continues to experience drought conditions, the SNWA has acquired and is developing new water resources that will be managed in tandem with Colorado River supplies. These resources, paired with expected conservation gains, are designated to enable the SNWA to meet current and projected water demands over the long-term planning horizon. In 2015, the SNWA updated its Water Resource Plan to outline the SNWA’s approach to meeting demands during declared shortages in light of new rules and agreements. Response measures include the use of Intentionally Created Surplus, banked resources, shortage-sharing agreements and heightened conservation measures. The SNWA also continues to work with the other Colorado River Basin states to identify and explore options for long-term augmentation of Colorado River resources.

#### *Washoe County*

The primary source of water for Washoe County is the Truckee River, which flows from Lake Tahoe to Pyramid Lake (approximately 120 miles). Underground water and individual private wells augment the river water supply, particularly in the unincorporated areas of Washoe County.



Regional planning of water resources in certain portions of Washoe County is the responsibility of the Northern Nevada Water Planning Commission (the “Planning Commission”) and the Western Regional Water Commission (the “Regional Commission”). The Regional Commission is governed by a Board of Trustees comprising representatives of the City of Reno, the City of Sparks, Washoe County, the Truckee Meadows Water Authority, the Truckee Meadows Water Reclamation Facility, and the Sun Valley General Improvement District. The Planning Commission is comprised of members from Public Works for the City of Reno, Public Works for the City of Sparks, Community Services Department for Washoe County, the General Manager of the Sun Valley General Improvement District, two representatives from the Truckee Meadows Water Authority, the Truckee Meadows Water Reclamation Facility, Pyramid Lake Paiute Tribe, the Nature Conservancy, Truckee Meadows Flood Management, and various other members.

On January 14, 2011, the Regional Commission adopted the 2011-2030 Comprehensive Regional Water Management Plan (the “Comprehensive Plan”) developed by the Planning Commission for the relevant planning area, covering such matters as supply of municipal and industrial water; quality of water; sanitary sewerage; treatment of sewage; drainage of storm waters and control of floods. The Comprehensive Plan addresses such matters as the problems and needs of the planning area; the providers of service; alternatives to reduce demand or increase water supply; identifying and providing for existing and future sources of water needed to meet present and future needs; priorities and general location for additional major facilities needed to provide services; programs to mitigate drought, conserve water and otherwise manage water; and other matters related to water supply, planning and conservation. Any facility of “regional significance” associated with water supply, wastewater treatment and stormwater drainage must be recognized in the Comprehensive Plan or presented for review by the Planning Commission and possible amendment to the Comprehensive Plan by approval of the Regional Commission.

The Truckee Meadows Water Authority (“TMWA”), a joint powers authority composed of the City of Reno, the City of Sparks and Washoe County, provides water service to the cities of Reno and Sparks, and Washoe County. On January 1, 2015 TMWA merged with the Washoe County water utility and the South Truckee Meadows General Improvement District (“STMGID”). Total services increased from approximately 94,000 to 120,000 water services. Portions of Washoe County are served either by special districts, private companies and/or private wells. TMWA has developed a Water Resource Plan and Water Facility Plan to address the water needs of its service area through 2030.

## **State Litigation**

The staff attorneys of the State Attorney General’s Office reported that the State or its officers and employees were parties to numerous lawsuits, in addition to those described below. In view of the financial condition of the State and based on the information provided by the staff attorneys, the State Attorney General is of the opinion that the State’s ability to pay the Series 2016 Bonds will not be materially affected by this litigation, based on information known at the time this Official Statement was prepared.

Several of the actions pending against the State are based upon the State’s (or its agents’) negligence or tort liability in which the State must be named as a party defendant. However, there is a statutory limit to the State’s liability of \$50,000 per claim for causes of action arising before October 1, 2007, which has increased to \$75,000 per claim effective for causes of action arising on or after October 1, 2007 and to \$100,000 for causes of action arising on or after October 1, 2011. Buildings and contents are self-insured to \$100,000 for property loss with commercial insurance purchased to cover excess above this amount.

The State and/or its officers and employees are parties to a number of lawsuits that have been filed under the federal civil rights statutes. The State is statutorily required to indemnify its officers and employees held liable for damages for acts or omissions on the part of its officers and employees occurring in the course of their public employment. Several causes of action may be filed against the State based on alleged civil rights violations by its officers and employees. The statutory limit of tort liability (discussed above) does not apply in federal civil rights, federal discrimination and certain employment cases. Accordingly, the potential liability of the State is unascertainable at the present time.

*2003 Non-Participating Manufacturers Adjustment arbitration proceeding relating to nationwide Tobacco Master Settlement Agreement (MSA).* The State is involved in a nationwide arbitration with a group of tobacco

companies, the Participating Manufacturers, over the tobacco Master Settlement Agreement (MSA), which the State signed along with 46 other states in 1998. The Participating Manufacturers have alleged that the State has failed to diligently enforce the provisions of NRS 370A (Qualifying Statute) as contemplated by the Master Settlement Agreement. As a result, in January 2009, the Nevada Supreme Court ordered the State to arbitrate its dispute with the Participating Manufacturers. The State's potential liability is up to the total amount of the MSA payment for calendar year 2003 which is approximately \$44 million. Additional arbitrations for the succeeding calendar years were anticipated with a similar dollar amount at risk. The State entered into a settlement with the Participating Manufacturers, reflected in an agreed term sheet, in December 2012. The agreement has not yet been finalized in a formal settlement agreement, but it is anticipated that the settlement will be duly formalized. The settlement resolves the dispute for calendar 2003 and reaches subsequent years through 2014. Although not yet finalized in a formal agreement, the settlement has resulted in a release of funds by the Participating Manufacturers that increased revenue received by the state under the MSA for 2013. The settlement terms will reduce revenue from the MSA for years 2014 through 2018.

*K-Kel, Inc., dba Spearmint Rhino Gentlemen's Club, et al. v. Dept. of Taxation, et al.*, Case No. A648894, is a State district court action, through a petition for judicial review, challenging application of the statute imposing Nevada's Live Entertainment statute on grounds of constitutionality and seeking a refund of taxes paid, plus interest. In prior proceedings, the Nevada Supreme Court affirmed district court's rulings finding Nevada's Live Entertainment Tax facially valid and determining that an as-applied challenge could only be brought through a petition for judicial review. Taxpayers petition for certiorari to the United States Supreme Court was denied. What remains is Taxpayers' petition for judicial review of the denial of its as-applied challenge by the Nevada Tax Commission, which is pending before the Eighth Judicial District Court of the State of Nevada. That challenge contends the Live Entertainment Tax is unconstitutional as it is applied to the particular Taxpayers. It is estimated that, if Taxpayers prevail, the refund claim alone could exceed \$87 million.

*Southern California Edison* sought a \$36 million refund of use taxes paid arguing that coal used to produce electricity was not taxable. The issue in this matter is similar to *Sierra Pacific Power*, above. Since the initial request, the refund sought in this matter, including interest has increased to in excess of \$111 million. At the hearing that was held in late 2008, Southern California Edison's refund request was denied by the Nevada Tax Commission. Trial de novo was held in the First Judicial District on January 21-31, 2014. On December 15, 2014, based on the Nevada Supreme Court's decision in *Sierra Pacific Power*, above, the District Court determined that Southern California Edison was not entitled to a refund. The District Court's Decision is on appeal to the Nevada Supreme Court.

*Village League v. State Board*, CV-03-06922. Pursuant to an order of the Nevada Supreme Court that the State Board of Equalization provide taxpayers statewide the opportunity to testify regarding equalization, the State Board has made a decision denying certain Incline Village residential property owners' request that values for the properties receive a rollback to 2002 values for tax years 2003-2004, 2004-2005 and 2005-2006, ordering instead that the Washoe County Assessor reappraise said properties without using certain disapproved methodologies. The property owners sought and were denied judicial review and have appealed to the Nevada Supreme Court. If the property owners were to prevail on appeal, it would be anticipated that they would be granted a refund in excess of \$10 million.

*City of Fernley v. State of Nevada*. The City of Fernley is suing the State alleging that the manner in which the revenue from certain taxes is divided among local governments violates the Federal and State Constitutions. The complaint does not request a specific dollar amount; however, the dollar amounts at issue may exceed \$10 million. As the relief involves potential redistribution of revenues among local governments, it is unclear whether, were judgment awarded to the City, it would involve a loss of revenues to the State. The District Court has granted the State's motion for summary judgment. That decision is currently on appeal to the Nevada Supreme Court.

*Nassiri, Fred, adv. NDOT*. NDOT previously settled an eminent domain action with Nassiri. Settlement included transfer by NDOT of other property to Nassiri. Nassiri filed an action asserting inverse condemnation, breach of contract, breach of the implied covenant of good faith and fair dealing, and rescission, based on actions (subsequently taken) by NDOT, specifically development of an overpass that blocked view of the property from the freeway, thereby allegedly impairing the property. The inverse condemnation claim has been dismissed. Nassiri's claim is in excess of \$40 million.

*Wykoff Newberg Corp., adv. State of Nevada (NDOT).* The State, through NDOT, brought a condemnation proceeding against Wykoff to acquire property for widening I-15 between Tropicana and Blue Diamond. NDOT initially valued compensation due Wykoff at \$1,290,000, but Wykoff demanded \$10 million. The parties reached a tentative settlement for the amount of \$2,990,000 (NDOT's initial valuation plus \$1,700,000), but a dispute over the conditions of the settlement has prevented it from being finalized. NDOT has brought a pending motion to enforce the settlement.

*Morrison v. Quest et al.* The widow of deceased former boxer Tommy Morrison is suing the Nevada State Athletic Commission, the former Executive Director Marc Ratner and the former Chairman of the Medical Advisory Board, Dr. Margaret Goodman (along with a lab and its director who are represented by a private attorney) for \$110 million for alleged negligence surrounding a lab test performed in order for him to participate in a 1996 bout, and alleged statements made in 2007.

This matter was filed in July 2014 in the Federal District Court in Las Vegas, Nevada. An initial motion to dismiss was granted in part and denied in part. Plaintiff then filed an amended complaint, which the State has moved to dismiss and is awaiting a hearing or decision on this motion.

*Walden et al. v. Nevada Department of Corrections.* This is a Fair Labor Standard Act collective action on behalf of all State of Nevada Department of Corrections correctional officers (1,729 officers) under sections 206 and 207 of 29 U.S.C. § 201 et seq. for alleged failure to pay for preliminary and postliminary duties leading to pay and overtime violations. It also includes a pendant contract and Nevada Constitution claim for same styled as a class action. Plaintiffs seek to recover straight time and overtime for up to one hour each day worked for each officer for the statutory period of two years, plus an additional year and double damages for alleged intentional violation of the federal law. The contract claim seeks to recover 6 years of damages. The preliminary and postliminary activities alleged to be non-compensated include checking in with the shift supervisor, obtaining keys or handcuffs, walking to the post within the prison, relieving the employee already at the post including exchange of pertinent information, and then the reverse at the end of the shift. The collective class has been conditionally certified, with 2,963 eligible members, and approximately 500 joining the lawsuit. Plaintiffs have not provided any calculation of damages to date. If Plaintiffs are successful in proving all of their claims, the back wages and overtime for three years could give rise to a claim of \$11.5 Million Dollars, possibly doubled to \$23 Million Dollars. This case is currently stayed to explore mediation.

There are a number of other actions affecting the State, but the State estimates that its potential liability for any single action not described above will not exceed \$10 million.

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### **PART III**

#### **INFORMATION CONCERNING THE STATE DEPARTMENT OF TRANSPORTATION, REVENUES PLEDGED TO SECURE THE BONDS AND RELATED MATTERS**

Part III of this Official Statement contains information concerning the State Department of Transportation, revenues pledged to secure the Series 2016 Bonds, Parity Securities issued and outstanding, and related information. This Part III supplements the information contained in the other parts of this Official Statement. This Official Statement, including the cover, the inside cover pages, Part I and the schedules and appendices thereto, Part II, this Part III and the appendix hereto, and any financial statements expressly incorporated herein by reference, should be read in its entirety.

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## Table of Contents

	Page
NEVADA DEPARTMENT OF TRANSPORTATION .....	III-1
NDOT Responsibilities .....	III-1
NDOT Governance.....	III-1
NDOT Staff .....	III-1
THE STATE HIGHWAY SYSTEM.....	III-2
Overview .....	III-2
NDOT-Maintained Roads .....	III-2
SUPPORT FOR STATE HIGHWAY SYSTEM .....	III-5
Federal Aid Highway System.....	III-5
Other Improved Roads .....	III-6
Unimproved Roads.....	III-6
NDOT PLANNING AND CURRENT PROGRAMS.....	III-6
Statewide Transportation Planning (Annual Work Program).....	III-6
Statewide Transportation Improvement Program.....	III-6
Pioneer Program .....	III-8
Project NEON.....	III-8
OVERVIEW OF FUNDING FOR STATE HIGHWAYS .....	III-9
State Highway Fund .....	III-9
Transportation Funding in General.....	III-9
Federal Highway Funding in General.....	III-9
State Transportation Funding in General.....	III-10
State Make-Up for Reduction in Federal Fuel Tax.....	III-10
STATE FUNDING.....	III-10
Fuel Taxes .....	III-10
Other Taxes and Fees .....	III-12
Revenue Source Derived From Counties .....	III-16
FEDERAL TRANSPORTATION FUNDING.....	III-17
MAP-21 and the FAST Act.....	III-17
Federal Aid to Pay the Bonds .....	III-19
REVENUES AND EXPENDITURES OF STATE HIGHWAY ACTIVITIES.....	III-20
REVENUES PLEDGED TO SECURE SERIES 2016 BONDS AND PARITY SECURITIES.....	III-21
Gross Pledged Revenues .....	III-22
Direct Distributions and Other Exclusions .....	III-22
Highway Improvement Revenue Bonds.....	III-22

### Part III – List of Tables

Table 1	Miles of Improved Roads by County .....	III-3
Table 2	Vehicle Miles of Travel by County .....	III-4
Table 3	Truck Miles of Travel .....	III-5
Table 4	State Highway System Mileage .....	III-6
Table 5	Special Fuel Tax Distribution .....	III-11
Table 6	State Gasoline Tax Revenue .....	III-12
Table 7	Vehicle Registration Rates .....	III-14
Table 8	Vehicle Permit Fees .....	III-14
Table 9	State Motor Vehicle Fund Taxes, Licenses, and Fees Revenue .....	III-15
Table 10	State Motor Vehicle Taxes Deposited to State Highway Fund Derived from the Motor Vehicle Fund .....	III-15
Table 11	Highway Fund Federal-Aid Revenue for Highways by Phase .....	III-19
Table 12	Highway Fund Federal-Aid Apportionments .....	III-19
Table 13	Total State Highway Revenue .....	III-20
Table 14	State Highway Expenditures and Disbursements .....	III-21
Table 15	NDOT Expenditures by Activity .....	III-21
Table 16	NDOT Expenditures by Appropriation .....	III-21

<b>Part III - Appendix A - State of Nevada History of State Highway Fund Revenues, Expenditures and Changes in Fund Balances.....</b>	<b>III-A-1</b>
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## NEVADA DEPARTMENT OF TRANSPORTATION

### NDOT Responsibilities

The Nevada Department of Transportation (“NDOT”) supervises the planning, construction, improvement and maintenance of the State’s highway system. NDOT is responsible for the planning, construction, operation and maintenance of approximately 5,400 miles of highway and over 1,100 bridges.

### NDOT Governance

NDOT is administered by a seven-member Board of Directors (the “State Transportation Board”), consisting of the Governor, the Lieutenant Governor and the State Controller, each of whom serves ex officio, and four members who are appointed by the Governor. The appointed members serve four-year terms. The Governor serves as Chairman of the State Transportation Board. NDOT is headed by a Director who is appointed by the State Transportation Board. NDOT currently has an annual operating budget of approximately \$800 million and manages approximately 1,750 employees.

### NDOT Staff

The State Transportation Board appoints the Director of NDOT. The Director in turn appoints subordinate officers and employees of NDOT. Following are the key executives of NDOT:

***Rudy Malfabon, P.E.*** is the Director of NDOT. He has worked for NDOT for more than 27 years. As Director, he is responsible for the daily operations of NDOT. Previously, Mr. Malfabon was NDOT’s Deputy Director for Southern Nevada. Mr. Malfabon is a graduate civil engineer from the University of Nevada, Reno, and is a registered professional engineer in the states of Nevada and Washington.

***Bill Hoffman, P.E.*** is the Deputy Director of NDOT. He is responsible for assisting the Director in the daily operations of NDOT. Mr. Hoffman began his employment with NDOT in 1991 as an Engineering Technician in District 2. Since then, he has served in a variety of positions within NDOT, including the roles of Chief of the Maintenance and Operations Division and Assistant Director, Engineering. Mr. Hoffman holds a bachelor’s degree in sports marketing from the University of Wyoming and a bachelor’s degree in civil engineering from the University of Nevada, Reno and is a registered professional engineer in the State.

***Tracy Larkin-Thomason*** is the Deputy Director for Southern Nevada. Ms. Larkin-Thomason has more than 26 years of transportation experience and has held positions in the areas of planning, operations, maintenance engineering, traffic engineering, structural design, and roadway civil engineering. As Deputy Director for Southern Nevada, Ms. Larkin-Thomason seeks to improve communication, coordination and customer service with local agency partners, elected officials and the general public. Ms. Larkin-Thomason has a Bachelor of Science degree in civil engineering from the University of Nevada, Reno, and is a licensed civil engineer in the State. She is also certified as an ITE Professional Traffic Operations Engineer and a Nevada Certified Public Manager.

***David Gaskin, P.E.*** is Deputy Director of NDOT’s statewide Stormwater Management Program. Mr. Gaskin oversees environmental programs, including policy, regulatory and education efforts to manage stormwater involving state roads and transportation facilities in accordance with state and federal laws. He also works closely with other agencies to help preserve clarity and reduce pollution in the stormwater and other water runoff from roads and road projects. Mr. Gaskin has more than 22 years of experience managing environmental programs at the Nevada Division of Environmental Protection. He also worked to construct and operate large solar power plants in the Mojave Desert and was an officer in the U.S. Navy. Mr. Gaskin is a registered professional mechanical engineer and holds a degree in astronautics from the Massachusetts Institute of Technology (MIT).

***John Terry, P.E.*** is the Assistant Director of Engineering/Chief Engineer. He is in charge of NDOT’s pre-construction engineering sections including Project Management, Design, Bridge, Environmental, Location, and Right-of-Way. Mr. Terry supervises six groups within NDOT, representing more than 300 engineering and right-of-way professionals responsible for developing all engineering work necessary in delivering design plans and

specifications used in the construction of NDOT projects. He worked for NDOT in Carson City in the Roadway Design, Structures, Hydraulics, and Traffic Divisions. After 12 years in the private sector, Mr. Terry returned to NDOT in 2002 as a senior project manager and assistant chief project manager. He has a Bachelor of Science degree in civil engineering from Union College and is a registered professional engineer in the State.

**Reid Kaiser, P.E.** is the NDOT's Assistant Director of Operations and is responsible for the Construction, Materials, Equipment, Traffic Operations and Maintenance and Asset Management divisions. He is responsible for administering the construction program, implementing strategies for pavement preservation, keeping the NDOT fleet mobile and managing traffic operations. Mr. Kaiser holds a Bachelor's degree in Construction Engineering Management from Oregon State University and is a registered professional engineer in Nevada and California. He began his career with NDOT as a rotational engineer and has served as Assistant Resident Engineer, Resident Engineer, Assistant District Engineer, Assistant Chief Construction Engineer and Chief Materials Engineer. Having worked 25 years in construction and materials at Headquarters and District 2, Mr. Kaiser has constructed over \$100 million in construction projects, implemented asphalt pavement specifications for NDOT, and served on AASHTO's sub-committee on Materials.

**Sondra Rosenberg, PTP** is the Assistant Director of Planning and is responsible for the Program Development, Multimodal Planning, Performance Analysis, Research, Roadway Systems, Safety Engineering, Traffic Information and Southern Nevada Planning Divisions within NDOT. Ms. Rosenberg has a Bachelor's of Science degree in Physics from the University of Rochester and a Master of Science degree in Transportation Technology and Policy from the University of California, Davis. She is a certified Professional Transportation Planner and is active in the Northern Nevada Section of the American Planning Association. Ms. Rosenberg has worked at NDOT since 2008 and prior to that she was a transportation planner for Fehr & Peers, a consulting firm. As the Federal Programs Manager in NDOT Planning, Sondra managed the 1-15 Mobility Alliance and the 1-11 & Intermountain West Corridor Study. She effectively built coalitions that consisted of neighboring state DOTs Metropolitan Planning Organizations, economic development councils, chambers of commerce, businesses and various other stakeholders.

**Robert Nellis** is the Assistant Director of Administration and is responsible for the Financial Management, Accounting, Administrative Services and Information Services Divisions within NDOT. Mr. Nellis has 20 years of experience in private sector real estate development, business management, public land management, and energy program management. He has been with the State since 2004 and was head of the State Land Office in the Division of State Lands for five years.

## **THE STATE HIGHWAY SYSTEM**

### **Overview**

The State highway system consists of approximately 5,400 centerline miles, which includes the federal-aid highway system and other improved roads. The federal-aid highway system is more fully described below under the heading "SUPPORT FOR STATE HIGHWAY SYSTEM — Federal Aid Highway System" in this Part III. A well-functioning State highway system is key to the State's economy, and improvements to the system will be needed to support future economic development and diversification efforts. The State's population increased from 1,201,833 residents in 1990 to 1,998,257 residents in 2000 and to 2,724,634 residents in 2010, an increase of approximately 66% between 1990 and 2000 and approximately 127% between 1990 and 2010. This growth has resulted in significantly increased highway usage during that period. The State's location results in a large proportion of commercial truck use, including high usage by trucks having an origin and destination outside the State. NDOT projects significant growth in both commercial and non-commercial road usage.

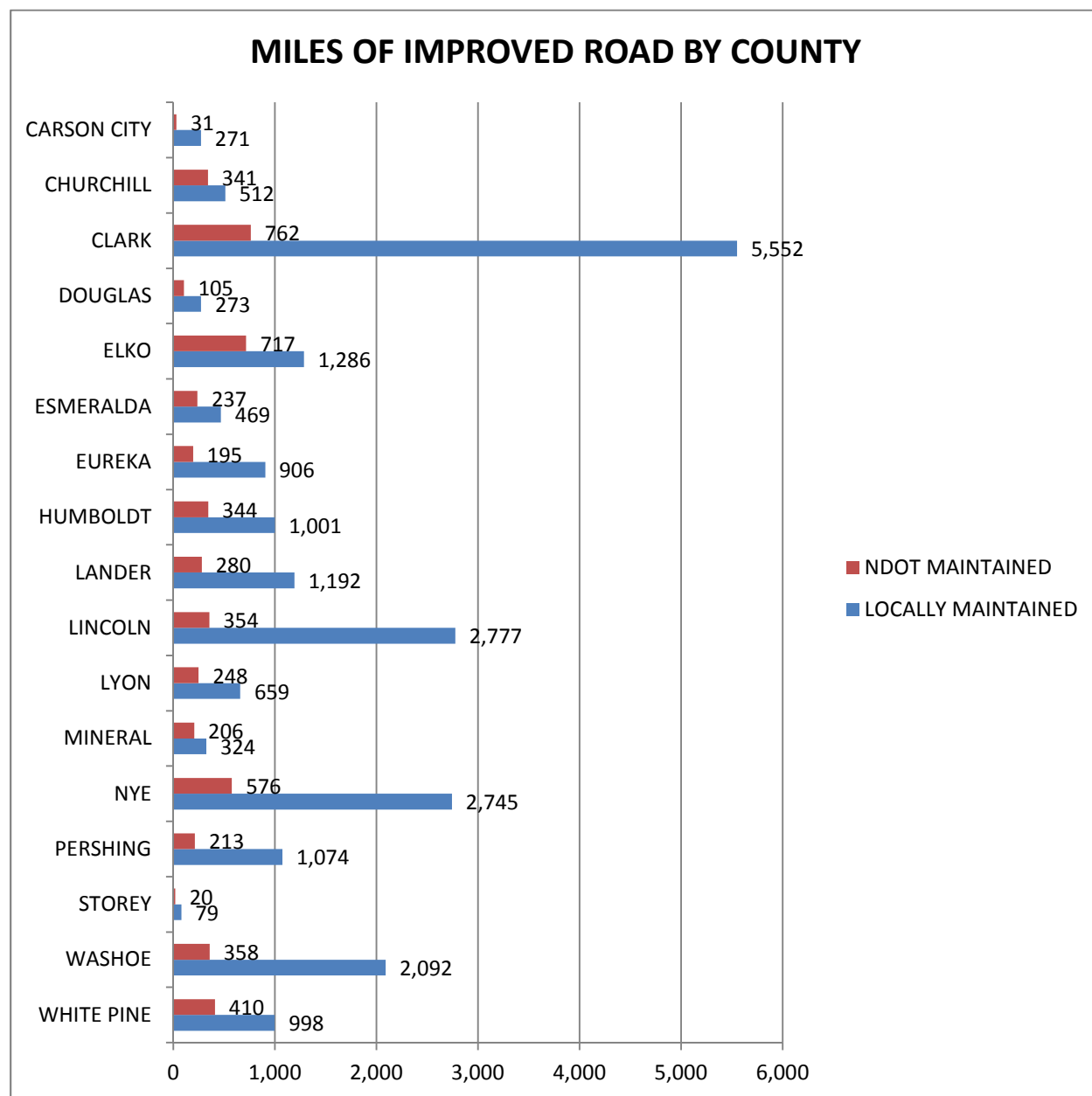
### **NDOT-Maintained Roads**

NDOT is responsible for constructing, operating and maintaining approximately 20 percent of all roads (measured in miles) in the State. These roads are referred to herein as the state-maintained system (the "State-Maintained System"). The State-Maintained System carries approximately 49 percent of the total vehicle miles of travel. The remaining 51 percent of vehicle miles traveled is on systems maintained by county, city or other governmental agencies. While the State-Maintained System represents only 20 percent of total road miles, the

State-Maintained System also carries approximately 70 percent of all truck traffic and 68 percent of the heavy truck traffic. Vehicle miles of travel on all roads in the State increased from 14 billion in 1995 to 25.4 billion in 2014.

Table 1 illustrates the number of miles of improved roads in the State by county, within and outside the State-Maintained System, based on the most recent data available (2014).

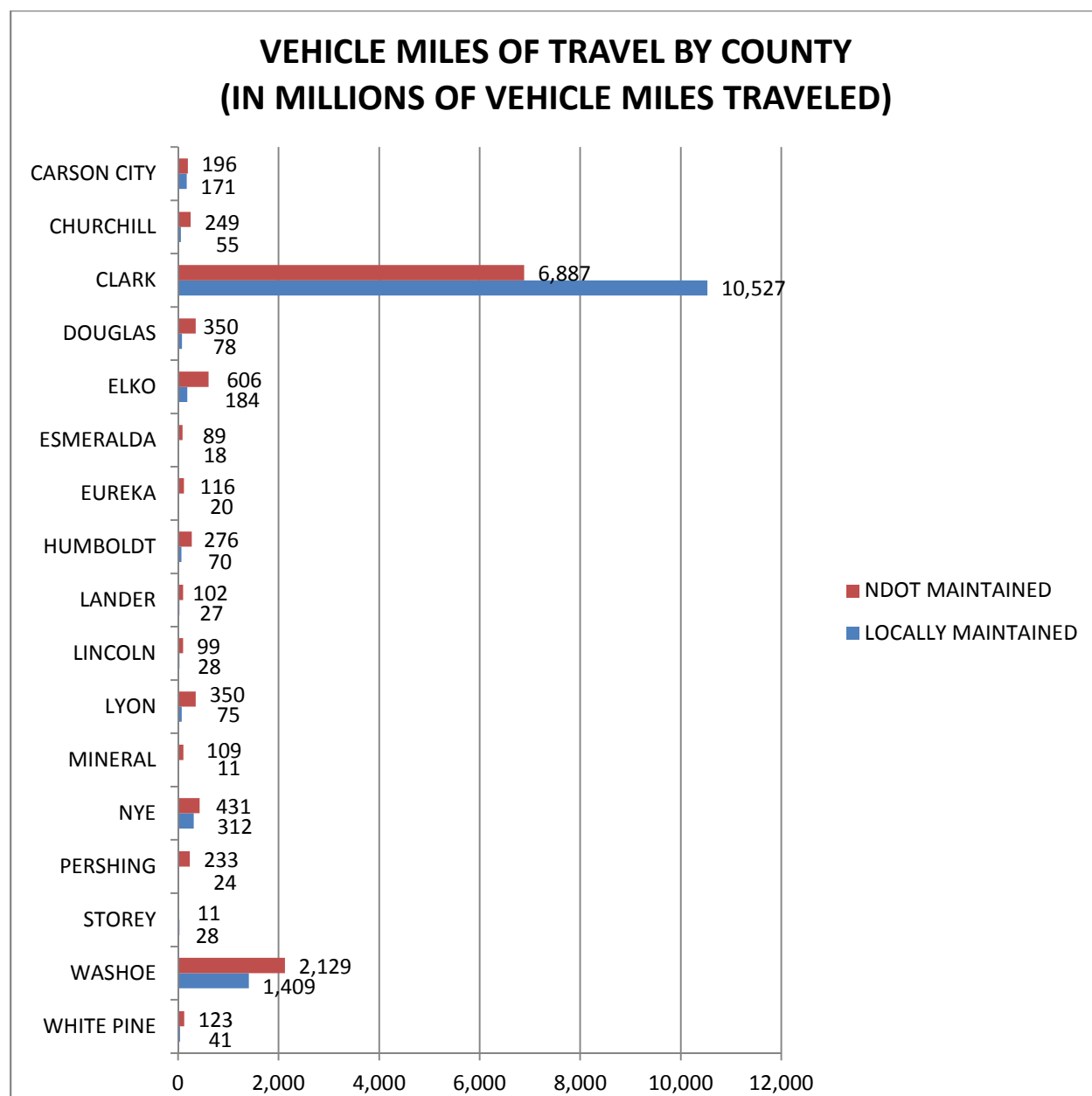
**Table 1**  
**Miles of Improved Roads by County**



Source: NDOT.

Table 2 illustrates the number of vehicle miles traveled in the State by county, within and outside the State-Maintained System, based on the most recent data available (2014).

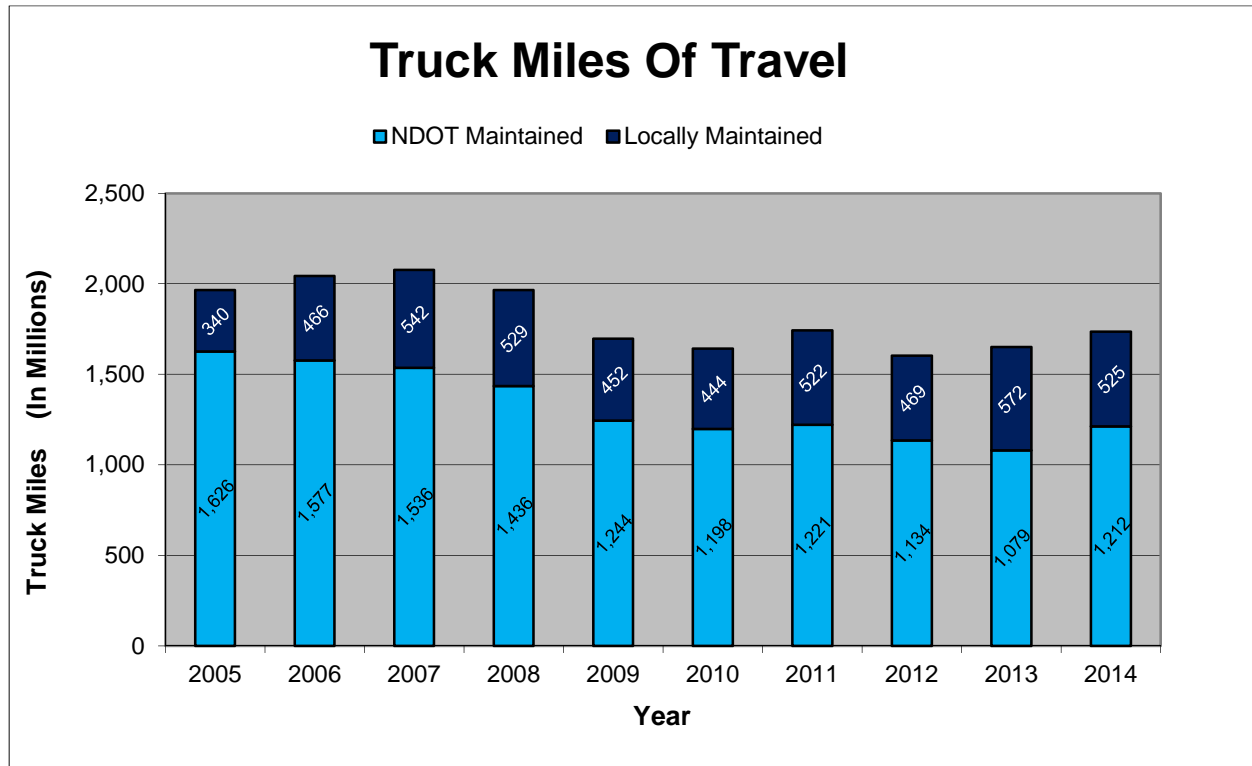
**Table 2**  
**Vehicle Miles of Travel by County**  
**(million miles traveled)**



Source: NDOT.

Table 3 illustrates the numbers of truck miles traveled in the State.

**Table 3**  
**Truck Miles of Travel**



Source: NDOT.

## **SUPPORT FOR STATE HIGHWAY SYSTEM**

### **Federal Aid Highway System**

The federal-aid highway system is classified as the National Highway System (the “NHS”) routes and the Surface Transportation Program (the “STP”) roads. The NHS within the State consists of all interstate routes, most principal arterials, the defense strategic highway network, and strategic connectors, including 589 miles of interstate highways (I-15 and I-80) and 1,811 miles of other NHS routes (US 95, US 50, US 395, US 6, US 93, McCarran Boulevard in Reno and Tropicana Avenue in Las Vegas). The STP within the State consists of 2,393 miles of roads that are functionally classified as principal arterials, minor arterials, major collectors, and urban collectors. See “FEDERAL TRANSPORTATION FUNDING” in this Part III for a discussion of various programs of federal assistance for highways in general, and “REVENUES AND EXPENDITURES OF STATE HIGHWAY ACTIVITIES” in this Part III for amounts of federal assistance for the State Highway Fund.

NDOT is partnering with Arizona Department of Transportation to plan an interstate (Interstate 11) link between Las Vegas and Phoenix, with the potential of extending north to Canada and south to Mexico. NDOT and the Regional Transportation Commission of Southern Nevada (RTC) are constructing portions of Interstate 11 near Boulder City known as the Boulder City Bypass. The construction of the Boulder City Bypass is expected to be complete in 2018. In November of 2013, NDOT was made aware of the potential presence of naturally occurring asbestos in the area of the Boulder City Bypass. In order to reduce exposure to naturally occurring asbestos during construction, specific mitigation measures have been developed to minimize the naturally occurring asbestos from becoming airborne during construction.

## Other Improved Roads

There are 604 miles of other improved roads on the State highway system, including local and rural collectors, access frontage and state park roads. Other improved roads that are not part of the NHS or STP are classified mainly as local or rural minor collectors. These roads serve as access roads to the NHS and STP and do not qualify for federal aid but receive support from the State's gas tax distribution. Responsibility for maintaining these roads is divided among NDOT, cities and counties.

## Unimproved Roads

The balance of the roads in the State is classified as unimproved roads. Unimproved roads are local roads and are not regularly maintained. Unimproved roads do not qualify for federal aid, are not maintained by NDOT, and are not entitled to receive gas tax receipts to fund costs of their construction, operation or maintenance.

The following table sets forth the aggregate mileage of highways in the State by responsibility for maintaining and eligibility for federal funding.

**Table 4**  
**State Highway System Mileage**

	<b>NDOT Maintained</b>	<b>Locally Maintained</b>	<b>Statewide Total</b>
<b>Federal Aid</b>			
NHS	2,400	154	2,554
STP	<u>2,393</u>	<u>7,936</u>	<u>10,329</u>
Subtotal	4,793	8,090	12,883
<b>Non-Federal Aid</b>			
Other Improved	604	14,275	14,879
Unimproved	<u>0</u>	<u>15,053</u>	<u>15,053</u>
Subtotal	604	29,328	29,932
<b>Total</b>	5,397	37,418	42,815

Source: NDOT.

## NDOT PLANNING AND CURRENT PROGRAMS

### Statewide Transportation Planning (Annual Work Program)

The Annual Work Program ("AWP") is a compilation of NDOT's short range (two to three years) and long range (four to ten years) elements of various transportation projects and includes projects pursued during each fiscal year. Pursuant to Nevada Revised Statutes ("NRS") Section 408.203, the Director of NDOT is required to submit a comprehensive report of highway construction and maintenance projects for the next ten years to the State Legislative Counsel Bureau, a projects report for the next three years to the Legislative Counsel Bureau in every even-numbered year, and a progress report regarding NDOT's 12-year plan for highway resurfacing to the State Legislature in every odd-numbered year.

### Statewide Transportation Improvement Program

The Statewide Transportation Improvement Program (the "STIP") consists of capital and non-capital transportation projects supported by United States Code Title 23 (Highways) and the Federal Transit Act funding. The STIP is administered by NDOT. Annually, the NDOT develops a STIP, including a four-year list of federally funded and regionally significant non-federally funded transportation projects and programs consistent with the goals and strategies of the statewide transportation plan. Projects in non-attainment areas must conform with the State Implementation Plan prior to being included in a STIP.

The STIP is developed in cooperation with the State's Metropolitan Planning Organizations (the "MPO") and local government agencies. An MPO is designated for each urbanized area with a population of more than 50,000. The Regional Transportation Commission (the "RTC") of Southern Nevada, the RTC of Washoe County, the Carson Area MPO (each designated by the US Census Bureau) and the Tahoe MPO (designated through Congressional actions) are the State's MPOs. The STIP also includes all regionally significant transportation projects in the Transportation Management Areas (the "TMAs") regardless of funding sources. TMAs are urbanized areas with a population of more than 200,000 and are certified at least once every three years.

#### *Highway Safety Improvement Program (the "HSIP")*

The HSIP was established in fiscal year 2006 as a core program with separate funding to significantly reduce traffic fatalities and serious injuries on all public roads. Each year NDOT utilizes a percentage of the Federal Safety Program funding to upgrade and maintain the statewide crash database, develop and implement safety management systems, develop strategic plans, evaluate safety engineering software and receive training in new and effective methods of traffic safety engineering. Up to \$21 million annually is allocated for HSIP programs.

For information regarding the effects of the FAST Act (as defined below) on the HSIP, see "FEDERAL TRANSPORTATION FUNDING – MAP-21 and the FAST Act" in this Part III.

#### *State Highway Preservation*

The NDOT maintains approximately 5,400 miles of highways, which carry approximately 49 percent of the State's traffic and 68 percent of the heavy trucks. NDOT's goal is to continue to maintain the State's interstate system and high volume roads at a high level of serviceability by applying timely overlays and reconstructing inferior segments; continue to maintain the State's non-interstate principal arterials, minor arterials, and other moderate volume roads at a modest to high level of serviceability by applying timely overlays and reconstructing inferior segments; and improve low volume roads and maintain them at a limited, but acceptable, level of serviceability. In Fiscal Year 2015, NDOT spent \$116 million on maintenance and preservation.

#### *Interstate Maintenance Program*

The Interstate Maintenance Program was initiated to ensure that the Interstate Highway System is maintained on an ongoing basis. The purpose of the program is to maintain a reasonably high level of serviceability on the roads, while optimizing available funding and minimizing risks to the traveling public. Unobligated Interstate Construction authorization balances are used to fund these projects.

#### *Nevada Bridge Program*

In 2012, President Obama signed into law the Moving Ahead for Progress in the 21st Century Act ("MAP-21"). MAP-21 eliminated the Federal Highway Bridge Program (HBP) funding category. Without a specific funding category for bridges, NDOT has targeted \$10,000,000 annually in funding for the Nevada Bridge Program. Bridge Inspection operations cost about \$2,000,000 annually and MAP-21 requires NDOT to allocate \$2.1 million to replacement and rehabilitation for bridges on locally maintained roads.

On December 4, 2015, President Obama signed into law the Fixing Americas Surface Transportation Act (the "FAST Act"). The FAST Act increases overall funding for the STP, which has been converted to a block grant program known as the Surface Transportation Block Grant Program ("STBGP"). While the FAST Act also expands funding for bridges off of the NHS, NDOT has not yet determined the impact of the FAST Act on the Nevada Bridge Program.

For more information regarding MAP-21 and the FAST Act, see "FEDERAL TRANSPORTATION FUNDING – MAP-21 and the FAST Act" in this Part III.

### *Transportation Enhancement Program*

The Transportation Enhancement Program (the “TEP”) was established by Congress as part of the International Surface Transportation Efficiency Act of 1991 (“ISTEA”) and was continued under the Transportation Equity Act for the 21<sup>st</sup> Century Act (“TEA-21”). In 2005, TEP was included in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (“SAFETEA-LU”). MAP-21 created the Transportation Alternatives program encompassing most activities funded under the TEP. The TEP includes projects such as pedestrian and bicycle facilities, landscaping and other scenic beautification, historic preservation, and rehabilitation and operation of historic transportation structures. FAST Act modifications to the TEP include changing how the TEP will be funded from a percentage of annual apportionments to a set annual amount. The FAST Act also expands eligible recipients for funds to include nonprofits responsible for administration of local transportation safety programs and requires annual reports from state and local planning organizations on the number of project applications and awards.

For more information regarding MAP-21 and the FAST Act, see “FEDERAL TRANSPORTATION FUNDING – MAP-21 and the FAST Act” in this Part III.

### **Pioneer Program**

A modern transportation system is essential to the State’s ability to attract visitors, move people and goods, improve quality of life for its residents, and provide beneficial family-wage jobs. The State is committed to searching for innovative delivery and funding strategies to keep up with the transportation needs of the State’s expanded population. In 2011, the State Transportation Board authorized NDOT to explore innovative financing and construction methods to help solve the State’s growing transportation and congestion problems. In response, NDOT created the Pioneer Program to assess and implement public-private partnerships designed to ensure prompt delivery of needed projects and to provide a more efficient transportation system.

Public-private partnerships allow the state to leverage limited public funds and utilize private capital to finance, design, build, operate, and/or maintain needed transportation improvements that could not otherwise be funded. These partnerships usually include the greater assumption of risk by the private partner, rather than taxpayers, along with specified responsibilities, performance and quality assurances to the taxpayer. While each entity shares in the risks and rewards, the involved government partner maintains control and ownership of the project and sets the standards under which the private partner must build, maintain and possibly operate the facility.

The goals of the Pioneer Program are as follows: (1) keep the State competitive and moving; (2) enhance the State’s standard of living and economic vitality by increasing mobility for commuters, visitors, transit, and economic commerce; (3) reduce congestion on heavily-traveled State transportation corridors; (4) deliver projects faster and with greater cost certainty throughout the state, thus promoting rural economies and job-boosting development; (5) improve safety by unlocking gridlocked roadways; (6) improve air quality by reducing the number of idling vehicles stuck in traffic; (7) enhance express transit, vanpool, and rideshare opportunities in applicable areas; and (8) generate revenue and leverage limited public funds to potentially fund other needed transportation improvements in the State.

### **Project NEON**

Project NEON is a significant project in Las Vegas consisting of improving the capacity, operations and safety of a section of Interstate 15 (I-15) and major street connections from south of the Sahara Avenue/I-15 interchange to the I-15/US 95/I-515 interchange known as the Spaghetti Bowl. NDOT began preliminary studies in 2003 and received federal environmental approval in late 2010. Preliminary engineering advanced thereafter, with NDOT commencing right-of-way acquisition in 2011.

After evaluation of the procurement alternatives for Project NEON, NDOT has elected to procure Project NEON as a Design Build Project to be financed using highway revenue bonds, including the Series 2016 Bonds. The Design Build Contract has been awarded to Kiewit Infrastructure West Co. in the amount of \$559,370,303. The State anticipates issuing approximately \$365 million of Additional Parity Securities (not including the Series 2016



Bonds) through 2018, including approximately \$185 million in 2017, to fund, among other projects, Project NEON. The timing and amount of Additional Parity Securities may change.

## **OVERVIEW OF FUNDING FOR STATE HIGHWAYS**

State highways maintained by NDOT are financed with dedicated highway-user revenue and federal funds. No State General Fund (general tax) revenue is normally used. Under the State's Constitution, the proceeds from the imposition of any license or registration fee and other charges with respect to the operation of any motor vehicle upon any public highway in the State and the proceeds from the imposition of any excise tax on gasoline or other vehicle fuel shall, except costs of administration, be used exclusively for the construction, maintenance, and repair of the public highways of the State. The provisions of that section of the State Constitution do not apply to the proceeds of any tax imposed upon motor vehicles by the State Legislature in lieu of an ad valorem tax.

### **State Highway Fund**

The State Highway Fund was created by State law as a special revenue fund to account for the receipt and expenditure of dedicated highway-user revenues. State law requires that, subject to certain exceptions, the proceeds from the imposition of any (1) license or registration fee and other charges with respect to the operation of any motor vehicle upon any public highway or city, town or county road in the State and (2) excise tax on gasoline or other motor vehicle fuel must be deposited in the State Highway Fund. Amounts in the State Highway Fund must be used, except for costs of administering the collection thereof, exclusively for the administration, construction, reconstruction, improvement and maintenance of the highways provided for under State law. Cost of administration for the collection of the excise tax on gasoline or other motor vehicle fuel may not exceed 1% of the proceeds collected. Costs of administration for the collection of license or registration fees for motor vehicles may not exceed 22% of the proceeds collected. The cap on costs of administration was modified with the passage of Senate Bill 502 during the 2015 legislative session. This bill temporarily modifies the cap to 27% during the implementation, upgrade, and maintenance of a new information technology platform used by the Department of Motor Vehicles ("DMV") through fiscal year 2020. The impact of this change is estimated to be approximately \$13 million per fiscal year in terms of revenues available for NDOT use. Amounts received by the State from the federal government for acquiring, constructing, repairing or improving any highway in the State are also deposited in the State Highway Fund.

### **Transportation Funding in General**

Funding for highways within the State is derived from a number of sources, including federal, state and local sources. State and federal highway funds are derived from motor vehicle license and registration fees, drivers' license fees, and motor vehicle fuel taxes, which are deposited in the State Highway Fund. NDOT is the major recipient of amounts in the State Highway Fund. See Appendix A to this Part III for historical financial information about the State Highway Fund. The bonds described in this Official Statement are payable out of Gross Pledged Revenues that are accounted for in the State Highway Fund. See "DESCRIPTION OF THE SERIES 2016 BONDS — Security for the Series 2016 Bonds — *Gross Pledged Revenues*" in Part I of this Official Statement.

### **Federal Highway Funding in General**

A significant amount of funding for State highway purposes is received from the federal government. Federal highway funds are derived from fuel tax and highway-user fees and are allocated by Congress to the states under federal transportation statutes enacted from time to time and annual appropriations bills. Federal funds are available only for reimbursement of expenditures on approved projects and are normally paid to the State weekly. Federal aid is not available for routine maintenance, administration, or other non-project related costs. To be eligible for federal funds, the State must, among other requirements, pay five to twenty-five percent of the project's costs. Federal funds received by the State for highway projects are required to be deposited in the State Highway Fund and a portion of such funds are included in Gross Pledged Revenues available to be transferred to the Bond Fund. See "DESCRIPTION OF THE SERIES 2016 BONDS — Security for the Series 2016 Bonds — Gross Pledged Revenues" and "PARITY SECURITIES, GROSS PLEDGED REVENUES AND DEBT SERVICE REQUIREMENTS – Debt Service Requirements" in Part I of this Official Statement.

Federal funding for State surface transportation programs is currently authorized by the FAST Act, which provides authorization for federal funding of the surface transportation programs through September 30, 2020. See “FEDERAL TRANSPORTATION FUNDING — MAP-21 and the FAST Act”. No assurances can be made that the level of future federal funding will be maintained at levels of historical federal funding, or that the State will be eligible to receive all of those funds that have been appropriated by Congress and are available for the State. Federal highway funds that have been allocated to states but have not been obligated by a state, and which are subject to lapse in the current federal fiscal year, are available for redistribution to other states. NDOT has consistently obligated all of the Federal Highway Funds that have been allocated to it in each federal fiscal year, and become eligible for and received additional federal funds through this reallocation process. See “DESCRIPTION OF THE SERIES 2016 BONDS — Security for the Series 2016 Bonds — *Gross Pledged Revenues*” in Part I of this Official Statement.

### **State Transportation Funding in General**

Under State law, the proceeds from the imposition of any license or registration fee and other charges with respect to the operation of any motor vehicle upon any public highway in the State and the proceeds from the imposition of any excise tax on gasoline or other vehicle fuel shall, except costs of administration, be deposited in the State Highway Fund and be used exclusively for the construction, maintenance, and repair of the public highways of the State. For summaries of the various fuel taxes and other fees and charges that are collected and deposited in the State Highway Fund, see “STATE FUNDING — Fuel Taxes” and “STATE FUNDING — Other Taxes and Fees” in this Part III.

### **State Make-Up for Reduction in Federal Fuel Tax**

Under current State law, if the tax collected by the federal government relating to motor vehicle fuel is reduced or discontinued in whole or in part, the State’s motor vehicle fuel tax will increase in an amount equal to the amount by which the federal tax is reduced.

## **STATE FUNDING**

### **Fuel Taxes**

The primary source of funds to pay the Parity Securities, including the Series 2016 Bonds, is State excise taxes on motor vehicle fuel and special fuel (defined as any combustible gas or liquid used for the generation of power for the propulsion of motor vehicles) credited or transferred to the State Highway Fund (collectively, the “Fuel Taxes”) pursuant to various State statutes imposing such taxes (the “Fuel Tax Act”). The State Board of Finance has determined in the Bond Resolution that the net proceeds of the Fuel Taxes are sufficient to pay debt service on the Series 2016 Bonds.

The State’s Fuel Taxes are imposed pursuant to various sections of State law. A portion of the receipts from the Fuel Taxes are earmarked for NDOT purposes, and certain receipts are earmarked for apportionment to the counties and for other purposes. The Statewide (State and county mandatory) tax on gasoline is 24.75 cents per gallon (not including the 0.055 cents per gallon tax on imported gasoline). Receipts from these Fuel Taxes are allocated as follows:

- (1) 17.65 cents per gallon is deposited to the State Highway Fund for NDOT purposes;
- (2) 6.35 cents per gallon is allocated to the counties; and
- (3) 0.75 cents is deposited in the Cleaning Up Petroleum Discharges Fund.

In addition to the foregoing, the State imposes a 0.055 cents per gallon inspection fee for imported gasoline, which is deposited in the General Fund.

The State imposes a diesel fuel tax of 27.0 cents per gallon (not including the 0.75 cents allocated for petroleum clean-up). Fuel taxes are also imposed on compressed natural gas, liquefied petroleum gas and water-phased hydrocarbon fuel for motor vehicles, but nearly all of the State's Fuel Tax proceeds are derived from the taxes on gasoline and diesel fuel. The following table sets forth the tax distribution for diesel fuel and for propane gas and methane gas used as motor fuels.

**Table 5**  
**Special Fuel Tax Distribution**  
(Cents per Gallon)

<b>Fuel</b>	<b>State Highway Fund</b>	<b>Petroleum Clean-up</b>
Diesel	27.0	0.75
Propane	22.0	
Methane	21.0	

Source: NDOT.

State law specifies that additional Fuel Taxes will be imposed to the extent federal taxes on these motor vehicle fuels are reduced or discontinued in whole or in part. See "OVERVIEW OF FUNDING FOR STATE HIGHWAYS — State Make-Up for Reduction in Federal Fuel Tax" in this Part III.

Counties are permitted by State law to impose an additional fuel tax up to a maximum of 9.0 cents per gallon. These amounts are permitted to be indexed for inflation. This discretionary tax has been imposed at the rate of 9.0 cents per gallon by the counties of Carson City, Churchill, Clark, Eureka, Elko, Humboldt, Lander, Lyon, Mineral, Pershing, Washoe and White Pine; and at the rate of 4.0 cents per gallon by the counties of Douglas, Esmeralda, Lincoln, Nye and Storey. The 2015 State Legislature approved AB 191 allowing counties to index fuel tax to inflation. In November of 2016, voters in each county, except Washoe, will decide whether to impose indexing in their county. If approved, NDOT will receive additional revenue to fund highway projects in the counties where the revenue is generated.

Dealers are required by State law to collect the Fuel Taxes and report and pay at the end of the calendar month the tax liability incurred on fuel sales during the preceding calendar month.

The following table sets forth the State fuel tax revenues by source for the fiscal years ending June 30, 2011 through 2015.

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**Table 6**  
**State Gasoline Tax Revenue**  
**(Administered by the Department of Motor Vehicles)**  
(Millions of Dollars)

<b>Fiscal Year</b>	<b>State Gas Tax (to Highway Fund)</b>	<b>Mandatory County Gas Tax</b>	<b>Optional County Gas Tax</b>	<b>County Index on Motor Fuel Tax</b>	<b>Jet Fuel Tax</b>	<b>Petroleum Clean Up Fees</b>	<b>Other<sup>(1)</sup></b>	<b>Total<sup>(2)</sup></b>
2011	\$186.2	\$66.9	\$92.6	\$18.1	\$11.4	\$12.3	\$5.0	\$392.3
2012	185.2	66.6	92.0	19.7	11.5	12.7	4.8	392.5
2013	185.7	66.8	92.5	25.6	15.1	12.7	4.7	403.0
2014	187.8	67.5	94.0	44.1	14.2	12.9	4.3	424.9
2015	193.4	69.5	96.6	89.9	14.4	13.0	5.3	482.2

<sup>(1)</sup> Includes Petroleum Inspection Fees, Aviation Fuel Tax, and other Gasoline Tax distributions.

<sup>(2)</sup> Totals may not add up due to rounding.

Source: NDOT and DMV.

Factors over which the State has no control which might adversely affect Fuel Tax receipts include, but are not limited to, reduction in supplies of motor vehicle fuels, government restrictions on the sale or use of motor vehicle fuels, voluntary conservation, increased cost, reduced fuel consumption of certain vehicles, utilization of vehicles not propelled by such fuels (including, but limited to, electric vehicles), restrictions on the use of motor vehicles because of environmental concerns and societal changes regarding car ownership and use.

### **Other Taxes and Fees**

The State Highway Fund receives revenues from a number of other State sources, which are summarized below. These revenues are not included in Gross Pledged Revenues, but are generally available for NDOT purposes.

#### *Governmental Services Tax*

A governmental services tax is imposed on motorists for the privilege of operating any vehicle on the public highways of the State. Such tax is imposed in lieu of all taxes based on value and levied for state or local purpose on such vehicles. The annual amount of the basic governmental services tax throughout the State is 4.0 cents on each \$1 of valuation of the vehicle as determined by the DMV. An optional supplemental rate of 1% of a vehicle's depreciated assessed valuation is taxed in Clark, Churchill, and White Pine counties.

The distribution of the governmental services tax is dependent on where the taxes are paid or collected. For vehicles registered at a DMV office, 94% is distributed to local governments and 6% to the State Highway Fund as a collection commission. For vehicles registered at a County Assessor's office, 99% is distributed to local governments and the State Highway Fund receives 1%. Local governments use the funds primarily for schools and current debt service. Supplemental Government Services Tax is an additional fee for vehicles in Clark, Churchill and White Pine counties. The funds are returned to those counties to be used for road construction and other governmental functions of such county.

As a result of passage of SB483 by the 2015 State Legislature, the State Highway Fund will be receiving an additional tax on the registration of vehicles. This tax is expected to bring an additional \$30 million into the State Highway Fund in Fiscal Year 2017 and an additional \$61 million per year thereafter.

### *Driver's License Fees*

Driver's licenses issued by the State are renewable every four years. The current rates for obtaining a driver's license are as follows: \$23.50 for operating passenger cars; \$18.50 for persons 65 years old or older; \$5.50 for a motorcycle endorsement; and \$108.00 for operating commercial vehicles.

### *Title Fees*

The State charges a one-time title fee of \$29.25 for all vehicles (new title).

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### *Vehicle Registration*

The following table shows the current annual registration rates for vehicles by type and weight.

**Table 7**  
**Vehicle Registration Rates**

Type of Vehicle	Registration Cost
Automobiles, RV's and Motor Homes	\$33
Motorcycles	\$39
Travel Trailers	\$27
Trucks, Truck Tractors, or Buses less than 6,000 lbs. DGVW*	\$33
Trucks, Truck Tractors, or Buses between 6,000 and 8,499 lbs. DGVW*	\$38
Trucks, Truck Tractors, or Buses between 8,500 and 10,000 lbs. DGVW*	\$48
Per 1,000 lbs. for units between 10,001 and 26,000 lbs. DGVW*	\$12
Per 1,000 lbs. for motor-carrier units between 26,001 and 80,000 lbs. DGVW* (maximum fee is \$1,360). Interstate motor-carriers prorate this fee and pay only on the percentage of miles driven in the State.	\$17

\* Declared Gross Vehicle Weight.

Source: NDOT.

### *Permit Fees*

The following table shows the current annual permit fee for various types of vehicles by weight.

**Table 8**  
**Vehicle Permit Fees**

Vehicle Type/Size of Load	Permit Fees
Per 1,000 lbs. exceeding 80,000 lbs. for reducible-load units between 80,000 and 129,000 lbs. DGVW* (maximum fee is \$2,940)	\$60
For overlength vehicles (longer than 70 feet) carrying reducible loads not exceeding 80,000 lbs. DGVW*	\$10
For non-reducible loads carried on over legal-size or weight vehicles.	\$60

\* Declared Gross Vehicle Weight.

Source: NDOT.

**Table 9**  
**State Motor Vehicle Fund Taxes, Licenses, and Fees Revenue**  
 (Administered by the Department of Motor Vehicles)  
 (Millions of Dollars)

<b>Fiscal Year</b>	<b>State Motor Vehicle Taxes (to Highway Fund)</b>	<b>County Taxes Licenses and Fees</b>	<b>Sales Tax Collections</b>	<b>General Fund Allocation</b>	<b>Other Revenue<sup>(1)</sup></b>	<b>Total<sup>(2)</sup></b>
2011	\$232.7	\$267.6	\$24.1	\$61.5	\$ 63.5	\$649.4
2012	236.6	261.2	25.3	62.4	75.2	660.6
2013	238.5	266.8	27.7	63.5	47.7	644.1
2014	246.0	287.0	29.5	62.3	93.8	718.5
2015	257.8	314.6	35.4	62.9	106.1	776.8

<sup>(1)</sup> Other revenue includes special fuel inflation index and DMV fees and commissions.

<sup>(2)</sup> Totals may not add up due to rounding.

Source: NDOT.

**Table 10**  
**State Motor Vehicle Taxes Deposited to State Highway Fund Derived from the Motor Vehicle Fund**  
 (Millions of Dollars)

<b>Fiscal Year</b>	<b>Special Fuel Taxes<sup>(1)</sup></b>	<b>Motor-Carrier Fees</b>	<b>Registration Fees</b>	<b>Driver's License Fees</b>	<b>Total<sup>(2)</sup></b>
2011	\$78.5	\$37.6	\$98.0	\$18.6	\$232.7
2012	79.2	38.5	99.8	19.0	236.6
2013	80.9	36.7	102.1	18.7	238.5
2014	79.1	39.0	104.7	23.1	246.0
2015	81.1	40.2	110.3	26.2	257.8

<sup>(1)</sup> Special fuel includes diesel fuel, propane, natural gas, and water-phased hydrocarbon emulsions.

<sup>(2)</sup> Totals may not add up due to rounding.

Source: NDOT.

#### *Additional Excise Tax*

The 2015 State Legislature approved AB 175 imposing an excise tax on the use of a digital network or software application to connect a passenger with a driver. The first \$5 million collected each biennium will be credited to the State Highway Fund.

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### Revenue Source Derived From Counties

Prior to the adoption of Assembly Bill 595 ("A.B. 595") during the 2007 Legislative Session, counties were permitted to impose, in addition to other permissible property taxes, an ad valorem tax on all taxable property in the county at a rate not to exceed 5.0 cents per \$100 of the assessed valuation of the county. A.B. 595 requires, within counties with a population of 100,000 or more, that proceeds of this tax be distributed among the county, cities and towns based on a specified formula, with a portion of this tax allocated to and deposited in the State Highway Fund. This provides a dedicated source of funding for the State Highway Fund which was not available prior to FY 2009. A.B. 595 allocates the proceeds of the tax among the county, cities and towns and the State Highway Fund as follows:

<u>Fiscal Year</u>	<u>Portion Retained by County, Cities, and Towns</u>	<u>Portion Deposited in State Highway Fund for Projects within the County</u>
2009	88%	12%
2010	76	24
2011	64	36
2012	52	48
2013 and thereafter	40	60

Source: NDOT.

Actual revenues received by the NDOT related to ad valorem tax on property are as follows:

<u>Fiscal Year</u>	<u>Washoe Co.</u>	<u>Clark Co.</u>	<u>Total</u>
2009	\$ 885,000	\$ 3,882,000	\$ 4,767,000
2010	1,745,000	10,090,000	11,835,000
2011	2,368,000	10,953,000	13,321,000
2012	2,888,000	10,651,000	13,539,000
2013	3,424,000	16,057,000	19,481,000
2014	3,632,000	15,379,000	19,011,000
2015	3,693,000	16,449,000	20,142,000
	<u>\$18,635,000</u>	<u>\$83,461,000</u>	<u>\$102,096,000</u>

Source: NDOT.

Proceeds of this tax from a county deposited in the State Highway Fund must be used exclusively for projects within that county, and may not be used to reduce or supplant the amount or percentage of money that would otherwise be available from the State Highway Fund for projects in that county. Receipts from this tax are not included in Gross Pledged Revenues.

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## **FEDERAL TRANSPORTATION FUNDING**

Fuel taxes and other highway-user revenues collected by the federal government are placed in the Federal Highway Trust Fund. Congress allocates these funds to the states pursuant to provisions in multi-year highway funding authorization acts. The State receives approximately \$1.00 in federal highway funds (as a combination of both apportioned funds and earmarked funds) for every dollar contributed to the Federal Highway Trust Fund. In recent years, fuel taxes and other highway user revenues have not been sufficient to provide funding to states at authorized levels and Congress has appropriated other funds to cover the shortfall.

### **MAP-21 and the FAST Act**

#### *MAP-21*

On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (“MAP-21”). At the time of its enactment, MAP-21 was the first long-term highway authorization enacted since 2005. MAP-21 established authorization for federal funding of surface transportation programs and allocation of such funding among the states and territories for the federal fiscal years ending September 30, 2013 and 2014.

Funding levels under MAP-21 were generally maintained at FY 2012 levels, with minor adjustments for inflation. MAP-21 also extended the imposition of fuel taxes and other highway-user taxes, generally at the rates that were in place when the legislation was enacted, through September 30, 2016.

More information regarding MAP-21 can be found at: <http://www.fhwa.dot.gov/map21/summaryinfo.cfm>. Information on this website is not incorporated by reference in this Official Statement.

#### *FAST Act*

The FAST Act provides \$305 billion of transportation funding through September 30, 2020, extends fuel taxes and other highway user taxes through September 30, 2022 and provides additional funding for the Highway Trust Fund to address shortfalls in the Highway Trust Fund. The FAST Act will provide every state a 5.1 percent increase in formula funds in Federal Fiscal Year 2016. This is followed by annual increases ranging from 2.1 percent in Federal Fiscal Year 2017 to 2.4 percent in Federal Fiscal Year 2020, increases that are anticipated to approximately offset the effect of projected inflation during such years. The FAST Act allocates \$1.9 billion to the State for transportation projects over five years, or roughly \$385 million annually. For the five year period, this is a \$170 million total increase above prior funding levels to the State.

The FAST Act retains the highway program structure created pursuant to MAP-21 with some major additions or changes.

#### *National Highway Performance Program (NHPP)*

The FAST Act will add two permissible uses for NHPP funds: to pay subsidy and administrative costs for Transportation Infrastructure Finance and Innovation Act (TIFIA) program projects and for improvements to bridges that are not on the NHS.

#### *Surface Transportation*

The FAST Act rewrites the list of uses eligible for STP funds and increases the ways that STP funds can be used for local roads and rural minor collectors. The STBGP still requires that a fraction of program funds be distributed within each state on the basis of population, and the fraction subject to this requirement grows from 50 percent in 2015 under the existing STP program to 55 percent in FY 2020 and FY 2021. See “NDOT PLANNING AND CURRENT PROGRAMS – Statewide Transportation Improvement Program – Nevada Bridge Program” for information relating to FAST Act changes to the STP.

### *Congestion Mitigation & Air Quality (CMAQ) Program*

The CMAQ program provides a flexible funding source to state and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. The FAST Act makes only a few changes to the CMAQ program: CMAQ funds can be used not only for attainment of ambient air quality standards, but also to maintain standards in an attainment area; the diesel retrofit program is expanded to include port-related off-road equipment and vehicles; and it provides for certain exemptions for low-population-density states. The CMAQ program receives the same share of formula funds as applied under MAP-21.

### *Highway Safety Improvement Program (HSIP)*

The FAST Act ends the ability of states to shift funds designated for infrastructure safety projects to behavioral or educational activities, which is supposed to ensure resources remain in construction-related programs. The FAST Act also designates several new safety improvements eligible for funding, including vehicle-to-infrastructure communication and roadway improvements that provide separation between pedestrians and motor vehicles.

### *Transportation Alternatives*

See “NDOT PLANNING AND CURRENT PROGRAMS – Statewide Transportation Improvement Program – *Transportation Enhancement Program*” for information relating to FAST Act changes to the Transportation Alternatives Program.

The FAST Act’s two new initiatives are the National Freight Program, which funds freight-related highway improvements, and the Nationally Significant Freight and Highway Projects Program, which funds projects intended to improve the movement of both freight and people, increase competitiveness, reduce bottlenecks, and improve intermodal connectivity.

More information regarding the FAST Act can be found at: <https://www.transportation.gov/fastact>. Information on this website is not incorporated by reference in this Official Statement.

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**Table 11**  
**Highway Fund Federal-Aid Revenue for Highways by Phase**  
(Millions of Dollars)

<b>Fiscal Year</b>	<b>Planning and Research</b>	<b>Right of Way</b>	<b>Preliminary Engineering</b>	<b>Construction and Engineering</b>	<b>Transit and Rail</b>	<b>Miscellaneous Federal Funding</b>	<b>Total Federal Aid for Highways</b>
2011	\$ 8.4	\$14.1	\$21.1	\$322.1	\$ 8.0	\$0.5	\$374.2
2012	9.2	18.7	34.1	393.7	10.7	0.1	466.7
2013	12.8	29.4	19.2	281.3	8.1	0.0	350.8
2014	14.2	32.6	21.1	256.8	5.9	0.1	330.8
2015	10.3	59.6	17.0	214.4	7.4	0.0	308.7

Note: Federal-Aid revenue is received on a reimbursement basis and typically is from prior year apportionments. Consequently, the Federal-aid revenue shown will not match the Federal-aid apportionments, shown in Table 12, in a given year. Totals may not add up due to rounding.

Source: NDOT.

**Table 12**  
**Highway Fund Federal-Aid Apportionments**  
(Millions of Dollars)

**Under SAFETEA-LU**

<b>Fiscal Year</b>	<b>Interstate Maintenance</b>	<b>National Highway System</b>	<b>Congestion/Air Quality</b>	<b>Surface Transportation Program</b>	<b>Other<sup>(1)</sup></b>	<b>ARRA</b>	<b>Total<sup>(2)</sup></b>
2009	\$50.0	\$72.9	\$18.3	\$ 47.6	\$96.8	\$201.0	\$486.6
2010	77.1	84.3	35.8	111.2	84.0		392.4
2011	82.2	93.6	28.4	82.5	43.2		329.9
2012	79.8	88.6	32.8	82.1	46.8		330.2

**Under MAP-21<sup>(3)</sup>**

<b>Fiscal Year</b>	<b>National Highway Performance Program</b>	<b>Congestion/Air Quality</b>	<b>Surface Transportation Program</b>	<b>Other<sup>(1)</sup></b>	<b>Total<sup>(2)</sup></b>
2013	\$182.0	\$31.3	\$86.4	\$44.4	\$344.0
2014	187.2	41.4	88.7	37.7	355.0
2015	187.2	42.6	88.7	44.5	363.0

<sup>(1)</sup> Other includes Planning, Bridge Replacement, Advance Right of Way, High Priority, Forest Highway Funds, and Earmarked Funds, if any.

<sup>(2)</sup> Totals may not add up due to rounding.

<sup>(3)</sup> MAP-21 reallocated/combined program funds, therefore, cannot be compared to SAFETEA-LU programs. Amounts include a 0.2% across-the-board rescission.

Source: NDOT.

### Federal Aid to Pay the Bonds

Federal law pertaining to highway systems (23 United States Code Annotated Section 122) permits the United States Secretary of Transportation to reimburse the State for the retirement of a portion of the principal of,

interest on, costs of issuance, costs of insurance and any other costs incidental to the sale of the Series 2016 Bonds if bond proceeds are used for an “eligible project.” Reimbursement for the Series 2016 Bonds may be sought by the State from the federal government to the extent the Series 2016 Bond proceeds are used for an eligible project. Any funds received as reimbursement will be Gross Pledged Revenues and credited to the State Highway Fund and, if necessary, transferred to the Bond Fund and applied as described under the heading “DESCRIPTION OF THE SERIES 2016 BONDS — Security for the Series 2016 Bonds — *Priority of Application of Gross Pledged Revenues*” in Part I of this Official Statement. No assurance can be given that federal reimbursement will occur because reimbursement is dependent upon both the appropriation of funds by Congress and the completion of the eligible project in accordance with federal requirements. Information about federal aid included in Gross Pledged Revenues in the last five fiscal years is included under the heading “PARITY SECURITIES, GROSS PLEDGED REVENUES AND DEBT SERVICE REQUIREMENTS – Existing Parity Securities” in Part I of this Official Statement.

Federal law provides that the eligibility of the Series 2016 Bonds for reimbursement shall not constitute a commitment, guarantee or obligation on the part of the United States to provide for payment of debt service on the Series 2016 Bonds or create any right of a bondholder or other third party against the United States for payment of the Series 2016 Bonds.

### REVENUES AND EXPENDITURES OF STATE HIGHWAY ACTIVITIES

The following tables set forth revenues of and expenditures from the State Highway activities.

**Table 13**  
**Total State Highway Revenue<sup>(1)</sup>**  
 (Administered by NDOT)  
 (Millions of Dollars)

<b>Fiscal Year</b>	<b>Federal-Aid Revenue<sup>(2)</sup></b>	<b>State Gas and Motor Vehicle Revenue</b>	<b>Other Sources<sup>(3)</sup></b>	<b>Bond Proceeds</b>	<b>Total<sup>(4)</sup></b>
2011	\$374.2	\$418.8	\$291.2	--	\$1,084.2
2012	466.7	421.7	150.7	--	1,039.1
2013	350.8	424.1	134.1	--	909.0
2014	330.8	433.8	119.9	100.0	984.5
2015	308.7	451.1	101.3	--	861.2

(1) Total revenue is net of collection costs of the Highway Fund.

(2) The Federal-Aid Revenue shown includes monies for highways, transit, aviation, and other programs.

(3) “Other Sources” includes interest income, cooperative construction reimbursement, DMV and Department of Public Safety authorized revenue, A.B. 595 revenue, and miscellaneous sales and reimbursements.

(4) Totals may not add up due to rounding.

Source: NDOT.

**Table 14**  
**State Highway Expenditures and Disbursements**  
(Millions of Dollars)

<b>Fiscal Year</b>	<b>Transfers to other Agencies</b>	<b>DMV Expenditures</b>	<b>DPS<sup>(1)</sup> Expenditures</b>	<b>Bond Principal and Interest</b>	<b>NDOT Expenditures</b>	<b>Total</b>
2011	\$4.4	\$90.2	\$77.0	\$84.2	\$807.2	\$1,063.1
2012	4.3	89.7	76.1	80.5	924.8	1,175.4
2013	4.2	85.5	76.5	79.8	661.0	906.9
2014	5.4	90.9	78.7	70.1	533.3	778.4
2015	8.3	90.4	74.9	67.8	628.9	870.3

<sup>(1)</sup> DPS stands for Department of Public Safety (includes Nevada Highway Patrol). Totals may not add up due to rounding.

Source: NDOT.

**Table 15**  
**NDOT Expenditures by Activity**  
(Millions of Dollars)

<b>Fiscal Year</b>	<b>Administrative and Support Services</b>	<b>Maintenance and Equipment</b>	<b>Construction and Engineering</b>	<b>Total NDOT Expenditures*</b>
2011	\$44.2	\$111.7	\$651.4	\$807.2
2012	43.8	132.9	748.1	924.8
2013	40.5	113.8	506.7	661.0
2014	50.7	115.0	367.5	533.3
2015	47.5	109.2	472.2	628.9

\* Totals may not add up due to rounding.

Source: NDOT.

**Table 16**  
**NDOT Expenditures by Appropriation**  
(Millions of Dollars)

<b>Fiscal Year</b>	<b>Salaries</b>	<b>Travel</b>	<b>Operating</b>	<b>Equipment</b>	<b>Capital Improvements</b>	<b>Total*</b>
2011	\$125.8	\$2.1	\$59.8	\$3.2	\$616.3	\$807.2
2012	120.4	2.2	61.9	3.7	736.7	924.8
2013	123.8	1.9	60.8	4.9	469.7	661.0
2014	123.3	1.9	61.0	4.6	342.5	533.3
2015	119.2	1.8	59.9	6.5	441.4	628.9

\* Totals may not add up due to rounding.

Source: NDOT.

## REVENUES PLEDGED TO SECURE SERIES 2016 BONDS AND PARITY SECURITIES

The State Constitution (Article 9, Section 5) provides that the proceeds from the imposition of any excise tax on gasoline or other motor vehicle fuel shall, except costs of administration, be used exclusively for the construction, maintenance, and repair of the public highways of the State. The State has determined that the use of Fuel Taxes to pay the Parity Securities is permitted by this provision.

The foregoing constitutional provision further provides that, excluding administrative costs, revenues received from taxes levied on any gasoline or other vehicle fuel, license or registration fee shall be used exclusively for the construction of, maintenance, and repair of the public highways of the State. Accordingly, the majority of the State Highway Fund, which derives its funds from Article 9, Section 5 numerated sources, finances the activities of NDOT. However, the DMV and the Department of Public Safety are also partially funded by appropriations from the State Highway Fund. Other appropriations or transfers from the Highway Fund for administrative services provided to NDOT include the Department of Administration, the Attorney General's Office, the Public Works Board, and the Transportation Services Authority.

The Bond Resolution provides that State laws concerning the Fuel Taxes or the Gross Pledged Revenues may not be repealed or amended or otherwise directly or indirectly modified in such manner as to impair adversely the Series 2016 Bonds or any other Outstanding State securities until all such securities have been discharged in full or provision for their payment and redemption has been fully made.

### **Gross Pledged Revenues**

The Bond Resolution provides that the Series 2016 Bonds shall be payable from any federal aid eligible for the payment of the principal of and interest on the Series 2016 Bonds and from the proceeds of the motor vehicle fuel taxes imposed and collected pursuant to the Fuel Tax Act and credited to the State Highway Fund for the payment of principal of and interest on the Series 2016 Bonds (the "Gross Pledged Revenues"). Gross Pledged Revenues includes the fuel taxes and special fuel taxes described under the headings "STATE FUNDING — Fuel Taxes", "STATE FUNDING — Other Taxes and Fees" and a portion of the federal aid discussed under "FEDERAL TRANSPORTATION FUNDING — Federal Aid to Pay the Bonds" in this Part III. Historic amounts of federal aid eligible for debt service are included under "PARITY SECURITIES, GROSS PLEDGED REVENUES AND DEBT SERVICE REQUIREMENTS – Debt Service Requirements" in Part I. Gross Pledged Revenues does not include the Direct Distributions and Other Exclusions described below.

### **Direct Distributions and Other Exclusions**

The Bond Resolution excludes from Gross Pledged Revenues certain fuel tax proceeds not collected because of exempt sales and other exempt transactions; any tax proceeds not collected because of the dealers' collection and handling fee; tax proceeds for making refunds; motor vehicle fuel tax proceeds paid on fuel used in watercraft for recreational purposes; tax proceeds imposed and collected and required to be distributed to the counties in the State; tax proceeds derived from motor vehicle fuel used in aircraft; and fuel taxes in an amount required to pay the costs of administration for the collection of any excise tax on gasoline or other motor vehicle fuel, subject to the limitation of not exceeding 1% of the total proceeds so collected (such exclusions being herein the "Direct Distributions and Other Exclusions").

### **Highway Improvement Revenue Bonds**

Pursuant to NRS 408.273 (the "Project Act"); chapter 365 and chapter 366 of the NRS (collectively, the "Fuel Tax Act") and the Bond Resolution adopted by State Board of Finance, the State, acting by and through the State Board of Finance, is authorized to issue highway improvement revenue bonds known as "Highway Improvement Revenue Bonds." As such, pursuant to the Project Act and the request submitted by the State Transportation Board, the State Board of Finance is authorized to issue revenue bonds to provide funds to pay for the cost of construction, maintenance and repair of public highways of the State. The State has issued \$606 million in bonds since 2006 primarily for the construction of six "Super Projects": US-95 widening in Las Vegas, I-515/Beltway Interchange in Henderson, Hoover Dam Bypass, I-580 Reno to Carson Freeway, Carson City Freeway, and Project NEON. Currently, the State has approximately \$441 million of highway revenue bonds (referred to herein as Existing Parity Securities) outstanding. The State anticipates issuing approximately \$365 million of Additional Parity Securities (not including the Series 2016 Bonds) through 2018, including approximately \$185 million in 2017. The timing and amount of Additional Parity Securities may change. See "DESCRIPTION OF THE SERIES 2016 BONDS – Security for the Series 2016 Bonds – Existing Parity Securities" and "— Additional Parity Securities" and "PARITY SECURITIES, GROSS PLEDGED REVENUES AND DEBT SERVICE REQUIREMENTS – Existing Parity Securities."

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## APPENDIX A

### State of Nevada History of State Highway Fund Revenues, Expenditures and Changes in Fund Balances (000's omitted)

	2011	2012	2013	2014	2015
<b>Revenues:</b>					
Intergovernmental	\$564,571	\$527,123	\$375,228	\$337,794	\$315,819
Other taxes <sup>(1)</sup>	218,898	197,412	206,233	237,925	227,372
Licenses, fees and permits	171,406	181,307	183,328	194,200	206,476
Sales and charges for services	13,184	13,934	13,860	15,446	15,891
Interest and investment income	854	3,034	650	(1,975)	3,208
Other	13,074	21,911	33,618	16,364	14,497
<b>Total revenues</b>	<b>981,987</b>	<b>944,721</b>	<b>812,917</b>	<b>799,754</b>	<b>783,263</b>
<b>Expenditures:</b>					
Current:					
General government	-	-	-		
Law, justice and public safety	151,334	151,312	149,803	159,597	158,936
Transportation	751,647	846,335	578,231	452,820	635,049
<b>Intergovernmental</b>	<b>58,721</b>	<b>80,450</b>	<b>87,244</b>	<b>78,361</b>	
<b>Debt Service:</b> <sup>(2)</sup>					
Principal	104	53	-	-	
Interest	7	2	2	2	
<b>Total expenditures</b>	<b>961,813</b>	<b>1,078,152</b>	<b>815,280</b>	<b>690,780</b>	<b>793,985</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>20,174</b>	<b>(133,431)</b>	<b>(2,363)</b>	<b>108,974</b>	<b>(10,722)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from sale of bonds	-	-	-	100,019	
Proceeds from sale of capital assets	-	-	-	61	61
Operating transfers in	6,473	6,470	4,806	3972	3,809
Operating transfers out	(9,066)	(7,161)	(7,494)	(8,276)	(12,974)
<b>Total other financing sources (uses)</b>	<b>(2,593)</b>	<b>(691)</b>	<b>(2,688)</b>	<b>95,776</b>	<b>(9,104)</b>
<b>Excess deficiency of revenues and other financing sources over expenditures and other financing uses</b>	<b>17,581</b>	<b>(134,122)</b>	<b>(5,051)</b>	<b>204,750</b>	<b>(19,826)</b>
<b>Fund balances, July 1</b>	<b>270,599</b>	<b>288,180</b>	<b>154,058</b>	<b>149,007</b>	<b>353,757</b>
<b>Fund balances, June 30</b>	<b>\$288,180</b>	<b>\$154,058</b>	<b>\$149,007</b>	<b>\$353,757</b>	<b>\$333,931</b>

<sup>(1)</sup> This line item includes the Fuel Taxes reported in the table under "STATE FUNDING - Fuel Taxes" in this Part III.

<sup>(2)</sup> This does not refer to debt service on the Parity Securities, but to debt service payments on other Highway Fund obligations.

Source: NDOT.