June, 2016

DEBT MANAGEMENT PLAN
COUNTY OF ELKO, NEVADA

Introduction

The County of Elko (the "County") has a Capital Improvement Plan (CIP) which is a multi-year planning document that identifies and prioritizes the need for a variety of public improvements and coordinates their financing and construction time frames. More specifically, the CIP is a process that provides order and continuity to the repair, replacement, construction or expansion of the County's capital assets. With revenue limitations in mind, the County's CIP focuses primarily on the County's more immediate needs.

Legislation (described herein) requires local governments to prepare a debt management policy prior to authorizing additional general obligation debt. This document is not intended to review the County's total financial position. Analysis of the County's debt position is important, as growth in the County has resulted in an increased need for capital financing. Resources, as well as needs, should drive the County's debt issuance program. Decisions regarding the use of debt will be based in part on the long term needs of the County and the amount of equity (cash) dedicated in a given fiscal year to capital outlay.

Listed below are excerpts from Nevada law which required local governments to submit a debt management policy:

NRS 350.013 1. Except as otherwise provided in this section, on or before August 1 of each year, the governing body of a municipality which proposes to issue or has outstanding any general obligation debt, other general obligations or special obligations, or which levies or proposes to levy any special elective tax, shall submit to the department of taxation and the commission:

(a) A complete statement of current general obligation debt and special elective taxes, and a report of current debt and special assessments and retirement schedules, in the detail and form established by the Committee on Local Government Finance.

(b) A complete statement, in the detail and form established by the Committee on Local Government Finance, of general obligation debt and special elective taxes contemplated to be submitted to the commission during the fiscal year.

(c) A written statement of the debt management policy of the municipality, which must include, without limitation:

(1) A discussion of its ability to afford existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt.

(2) A discussion of its capacity to incur authorized and proposed future general obligation debt without exceeding the applicable debt limit;

(3) A discussion of its general obligation debt that is payable from property taxes per capita as compared with such debt of other municipalities in this state;

(4) A discussion of its general obligation debt that is payable from property taxes as a percentage of assessed valuation of all taxable property within the boundary of the municipality;

(5) Policy regarding the manner in which the municipality expects to sell its debt;

(6) A discussion of its sources of money projected to be available to pay existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt; and

(7) A discussion of its operational costs and revenue sources, for the ensuing 5 fiscal years, associated with each project included in its plan for capital improvement submitted pursuant to paragraph (d), if those costs and revenues are expected to affect the property tax rates.

State statutes limit the aggregate principal amount of the County's general obligation debt to 10% of the County's total assessed valuation. Based upon the assessed valuation for Fiscal Year 2016 of $1,901,937,199 the County's debt limit for general obligations is $190,193,720 with no amount applied to the debt limit as of July 1, 2016.

The following table illustrates the County's general obligation statutory debt limitation.

STATUTORY DEBT CAPACITY
ELKO COUNTY, NEVADA
July 1, 2016

Statutory Debt Limitation	$190,193,720
Outstanding General Obligation Indebtedness	$ 0
Proposed:	$ 0

Total Outstanding and Proposed Indebtedness	$ 0
Additional Statutory Debt Limitation	$ 190,193,720

SOURCE: Elko County, Nevada

Town of Jackpot Statutory Debt Capacity

State Statutes limit the aggregate principal amount of the Town's general obligation debt to 25% of the Town's total assessed valuation. Based upon the assessed valuation for Fiscal year 2016 of $26,529,538 the Towns debt limit for general obligation is $6,632,385 with no amount applied to the debt limit as of July 1, 2016.

The following table illustrates the Town's general obligation statutory debt limitation.

STATUTORY DEBT CAPACITY
TOWN OF JACKPOT, NEVADA
July 1, 2016

Statutory Debt Limitation	$ 6,632,385
Outstanding General Obligation Indebtedness	$ 00
Additional Statutory Debt Limitation	$ 6,632,385

SOURCE: Elko County, Nevada

General Obligation bonds supported by Ad Valorem Taxes

The County of Elko currently has no outstanding bond issues currently being supported with ad valorem taxes:

Outstanding Medium-Term Bonds Supported by General Fund Revenues

The bonds supported by general fund revenues constitute direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest, subject to Nevada constitutional and statutory limitations regarding the County's operating levy. The ad valorem tax rate available to pay the bonds is limited to the County's operating levy. The County's fiscal year 2016 maximum allowed operating levy is $1.7821. The County's fiscal year 2016 operating levy is .6617.

The principal of and interest on the note supported by general fund revenues will be payable from all funds of the County legally available for the purpose of making such payment, and provision for the payment of principal and interest requirements on the note supported by general fund revenues will be made as provided in NRS 354.450 and 354.460. Nevada statutes provide that no act concerning these notes or their security may be repealed, amended, or modified in such a manner as to impair materially and adversely these bonds or their security until all of the entire notes supported by general fund revenues have been discharged in full or a provision for their payment has been fully made.

TOWN OF JACKPOT, NEVADA

A discussion of its ability to afford existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt (NRS 350.0035 (b)(1)); A discussion of its sources of money projected to be available to pay existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt (NRS 350.0035 (b)(6).

General Obligation Bonds supported by Ad Valorem taxes

The Town of Jackpot no longer has any outstanding bonds issued that would require the support by ad valorem taxes.

General Obligation Bonds Supported by Water Revenues

Security for the Bonds

The general obligation bonds supported with revenues from the Town's Water Enterprise Fund, constitute direct and general obligations of the Town, and the full faith and credit of the Town is pledged to the payment of principal and interest due thereon, subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes.

Pledged Revenues - The Water Bonds are additionally secured by the revenue received by the Town from water charges, water hook-up fees or fees otherwise derived from the works or property of the Town after payment of reasonable and necessary costs of the operation and maintenance expenses of the Town's Water Enterprise Fund (the "Net Pledged Revenues").

The following table illustrates the debt service requirements, and estimated pledged revenues to support the Town's outstanding Water Enterprise Fund supported solely from the pledged revenues.

WATER ENTERPRISE FUND SUPPORTED BONDS /2
Town of Jackpot, Nevada
As of July 1, 2016

	Issued	Original Amount	Amount Outstanding	Retirement Date
Water Bonds	5/15/2012	$1,723,481	$ 1,603,645	05/15/2052
TOTAL			**$ 1,603,645**	

2/ See the table entitled "EXISTING WATER ENTERPRISE FUND SUPPORTED BONDS DEBT SERVICE REQUIREMENTS AND ESTIMATED REVENUES".

SOURCE: Town of Jackpot, Nevada

The following table illustrates the debt service requirements, and estimated pledged revenues to support the Town's outstanding Water Enterprise Fund supported Revenue bonds.

EXISTING WATER ENTERPRISE FUND SUPPORTED BONDS
DEBT SERVICE REQUIREMENTS AND ESTIMATED REVENUES
Town of Jackpot, Nevada
As of July 1, 2016

Fiscal Year Ended June 30	Principal	Interest	Total	Pledged Revenues 1/
2017	30,885	31,791	62,676	$80,400
2018	31,509	31,167	62,676	$80,400
2019	32,145	30,531	62,676	$80,400
2020	32,793	29,883	62,676	$80,400
2021	33,455	29,221	62,676	$80,400
2022	34,131	28,545	62,676	$80,400
2023	34,819	27,857	62,676	$80,400
2024	35,522	27,154	62,676	$80,400
2025	36,239	26,437	62,676	$80,400
2026	36,971	25,705	62,676	$80,400
2027	37,717	24,959	62,676	$80,400
2028	38,478	24,198	62,676	$80,400
2029	39,255	23,421	62,676	$80,400
2030	40,047	22,629	62,676	$80,400
2031	40,856	21,820	62,676	$80,400
2032	41,680	20,996	62,676	$80,400
2033	42,522	20,154	62,676	$80,400
2034	43,380	19,296	62,676	$80,400
2035	44,255	18,421	62,676	$80,400
2036	45,149	17,527	62,676	$80,400
2037	46,060	16,616	62,676	$80,400

Fiscal Year Ended June 30	Principal	Interest	Total	Pledged Revenues 1/

2038	46,990	15,686	62,676	$80,400
2039	47,938	14,738	62,676	$80,400
2040	48,906	13,770	62,676	$80,400
2041	49,893	12,783	62,676	$80,400
2042	50,900	11,776	62,676	$80,400
2043	51,927	10,749	62,676	$80,400
2044	52,975	9,701	62,676	$80,400
2045	54,045	8,631	62,676	$80,400
2046	55,136	7,540	62,676	$80,400
2047	56,248	6,428	62,676	$80,400
2048	57,384	5,292	62,676	$80,400
2049	58,542	4,134	62,676	$80,400
2050	59,724	2,952	62,676	$80,400
2051	60,929	1,747	62,676	$80,400
2052	54,241	522	54,763	$80,400
TOTAL	**$1,603,644**	**$644,682**	**$2,248,327**	

1/ Represents budgeted 2012 pledged water revenues
SOURCE: Town of Jackpot, Nevada

Existing Tax Override

The County received voter approval in 1988 for a perpetual tax override in the amount of $0.0200 to fund the Senior Citizens Center. The following table illustrates the proceeds generated by the existing voter-approved tax override for 1990, and the estimated revenues for FY 2016

TAX RATE OVERRIDE REVENUE

Fiscal Year Ended June 30	*Assessed Valuation	Proceeds of Override
1990	$534,814,009	$106,963
2016	$1,901,937,199	$369,575**

*Including Net Proceeds of Minerals
** 3% Tax Cap applied to 2015 estimates

SOURCE: Elko County, Nevada

A discussion of general obligation debt that is payable from property taxes per capita as compared with such debt of other municipalities in this state (NRS 350.013 (c)(3)). A discussion of its' general obligation debt that is payable from property taxes as a percentage of assessed valuation of all taxable property within the boundaries of the municipality (NRS 350.013 (c)(4)).

County	Total General Obligation Debt /1	Population/2	Assessed Value Fiscal Year 2013/2014 /1	General Obligation Debt per Capita	General Obligation Debt as a % of Assessed Valuation
Clark County	1,749,421,851	2,069,450	62,904,942,089	$845	.0002%
Carson City	148,560,217	53,969	1,286,890,682	$2,753	.015%
Elko County	0	53,358	1,838,648,027	$0	0%
Lander County	0	6,560	1,202,751,794	0	0%
Nye County	23,076,479	45,456	1,344,708,603	$507	1.716%
Washoe County	126,118,800	436,797	13,286,283,600	$288	.94%

1/ Indebtedness Report as of June 30, 2015 SOURCE: Department of Taxation
2/ Final Revenue Projections. 2015/2016 SOURCE: Department of Taxation-Section D

Policy Statement Debt Sales

There are two ways bonds can be sold: competitive (public) or negotiated sale. NRS 350.105 to 350.195 sets forth the circumstances under which a local government will sell its bonds at competitive or negotiated sale. The County will follow the statutory requirements in determining the method of sale for its bonds. The Government Finance Officers Association also urges competitive sales should be used to market debt whenever feasible.

Competitive and negotiated sale provide for one or more pricing, depending upon market conditions or other factors. Either method can provide for changing sale dates, issue size, maturity amounts, term, bond features, etc.

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Competitive Sale With a competitive sale, any interested underwriter(s) is invited to submit a proposal to purchase an issue of bonds. The bonds are awarded to the underwriter(s) presenting the best bid according to stipulated criteria set forth in the notice of sale. The best bid is usually determined based on the lowest overall interest rate. Competitive sales should be used for all issues unless circumstances dictate otherwise.

Negotiated Sale_ A securities sale through an exclusive arrangement between the issuer and an underwriter or underwriting syndicate. At the end of successful negotiations, the issue is awarded to the underwriters.

Negotiated underwriting may be considered based upon one or more of the following criteria:

- Extremely large issue size
- Complex financing structure (i.e., variable rate financing, new derivatives and certain revenue issues, etc.) which provides a desirable benefit to the County.
- Comparatively lesser credit rating.
- Other factors which lead the County to conclude that a competitive sale would not be effective.

Operational Costs and Revenue Sources The funding and financing necessary to support the existing and proposed Elko County and Jackpot Town general obligation debt come from ad valorem taxes and new sources.

The operational costs and revenue sources associated with each project are determined based upon estimates of additional personnel, maintenance, supplies and utilities costs. The operational funding sources include the funding sources noted above that are available for capital improvements. In many cases, there is no additional operational cost for a capital improvement project since the new improvement is merely replacing an older one.

Debt Service Fund Balance _ A debt service fund balance provides a ready reserve to meet current debt service payments should moneys not be available from current revenues. It is the County's policy to strive for a debt service fund balance equal to one year of principal and interest .

Refundings A refunding is generally the underwriting of a new bond issue whose proceeds are used to redeem an outstanding issue. Key definitions are described as follows:

Advance Refunding _ A method of providing for payment of debt service on a bond until the first call date or designated call date form available funds. Advance refundings are done by issuing a new bond or using available funds and investing the proceeds in an escrow account in a portfolio of U.S. government securities structure to provide enough cash flow to pay debt service on the refunded bonds.

Current Refunding _ The duration of the escrow is 90 days or less.

Gross Savings _ Difference between debt service on refunding bonds and refunded bonds less any contribution from a reserve or debt service fund.

Present Value Savings _ Present value of gross savings discounted at the refunding bond yield to the closing date plus accrued interest less any contribution from a reserve or debt service fund.

Prior to beginning a refunding bond issue, the county will review an estimate of the savings achievable from the refunding. The County may also review a pro forma schedule estimating the savings assuming that the refunding is done at various points in the future.

The County will generally consider refunding outstanding bonds if one or more of the following conditions exits:

1. Present value savings are at least 3% of the par amount of the refunding bonds.
2. The bonds to be refunded have restrictive or outdated covenants.
3. Restructuring debt is deemed to be desirable.

The County may pursue a refunding not meeting the above criteria if:

1. Present value savings exceed the costs of issuing the bonds.
2. Current savings are acceptable when compared to savings that could be achieved by waiting for more favorable interest rates and/or call premiums.

Debt Structuring

Maturity Structures _ The term of County debt issues should not extend beyond the useful life of the project or equipment financed. The repayment of principal on tax supported debt should generally not extend beyond 20 years unless there are compelling factors which make it necessary to extend the term beyond this point. Debt issues by the County should be structured to provide for generally level debt service. Deferring the repayment of principal should be avoided except in select instances where it will take a period of time before project revenues are sufficient to pay debt service.

Bond Insurance _Bond insurance is an insurance policy purchased by an issuer or an underwriter for either an entire issue or specific maturities, which guarantees the payment of principal and interest. This security provides a higher credit rating and thus a lower borrowing cost for an issuer.

Bond insurance can be purchased directly by the County prior to the bonds sale (direct purchase) or at the underwriter's option and expense (bidder's option). The County will attempt to qualify its bond issues for insurance with bond insurance companies rated AAA by Moody's Investors Service and Standard & Poor's Corporation.

The decision to purchase insurance directly versus bidder's option is based on:

- A volatile market.
- Current investor demand for insured bond.
- Level of insurance premiums.
- Ability of the County to purchase bond insurance from bond proceeds.

The name and address of the County's chief financial officer is as follows:

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