

RESOLUTION NO. 2023-12

SUPPLEMENTAL MASTER RESOLUTION

OF

BEAR RIVER WATER CONSERVANCY DISTRICT

AS ISSUER

DATED AS OF

July 26, 2023

Table of Contents

	Page
ARTICLE I	
DEFINITIONS.....	2
ARTICLE II	
ISSUANCE OF SERIES 2023 BONDS.....	5
Section 2.1. <u>Principal Amount, Designation and Series</u>	5
Section 2.2. <u>Advances of Proceeds</u>	5
Section 2.3. <u>Date and Maturities</u>	6
Section 2.4. <u>Optional Redemption and Redemption Prices</u>	7
Section 2.5. <u>Notice of Redemption for Exchange Bonds</u>	7
Section 2.6. <u>Execution and Delivery of the Series 2023 Bonds</u>	8
Section 2.7. <u>Exchange of State Bonds</u>	8
ARTICLE III	
REGISTRATION, PAYMENT, AND FLOW OF FUNDS.....	10
Section 3.1. <u>Execution of and Registration of Series 2023 Bonds; Persons Treated as Owners</u>	10
Section 3.2. <u>Deposit of Bond Proceeds</u>	10
Section 3.3. <u>The Series 2023 Bonds Constitute Special Limited Obligations</u>	11
Section 3.4. <u>Flow of Funds</u>	11
Section 3.5. <u>Investment of Funds</u>	13
ARTICLE IV	
COVENANTS.....	15
Section 4.1. <u>Covenants of Issuer</u>	15
Section 4.2. <u>Additional Indebtedness</u>	18
Section 4.3. <u>Additional Representations</u>	19
ARTICLE V	
MISCELLANEOUS.....	21
Section 5.1. <u>Default and Remedies</u>	21
Section 5.2. <u>Amendments to Master Resolution</u>	21
Section 5.3. <u>Maintenance of Proceedings</u>	22
Section 5.4. <u>Defeasance of Series 2023 Bonds</u>	22
Section 5.5. <u>Sale of Series 2023 Bonds Approved</u>	23
Section 5.6. <u>Bondholders Not Responsible</u>	23
Section 5.7. <u>Notice of Public Hearing and Bonds to be Issued ... Error! Bookmark not defined.</u>	
Section 5.8. <u>Additional Certificates, Documents, and Other Papers</u>	23
Section 5.9. <u>Severability</u>	23
Section 5.10. <u>Resolutions in Conflict</u>	23
<u>EXHIBIT A</u> FORM OF STATE BONDS.....	A-1
<u>EXHIBIT B</u> FORM OF EXCHANGE BONDS.....	B-1
<u>EXHIBIT C</u> RECORD OF PROCEEDINGS.....	C-1

SUPPLEMENTAL MASTER RESOLUTION

WHEREAS, the Bear River Water Conservancy District, (the “Issuer”), desires to issue its Water Revenue Bonds, Series 2023 (the “Series 2023 Bonds”) to (a) finance all or a portion of the costs of construction of improvements to its water system (the “System”), including the construction of three production wells and wellhouses, a pumphouse, and pipeline (collectively, the “Series 2023 Project”) and (b) pay costs of issuance of the Series 2023 Bonds; and

WHEREAS, the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended (the “Act”), provides that the Issuer may issue non-voted revenue bonds as long as revenues generated from the revenue producing facilities of the Issuer are sufficient to pay for operation and maintenance of said facilities and debt service on all outstanding obligations secured by the revenues of said facilities; and

WHEREAS, the Issuer has previously issued its Harper Ward Bond Series 1994 (the “Series 1994 Bonds”), Newman Well Bond, Series 1995 (the “Series 1995 Bonds”), Bear River Water District Ukon Project Bond, Series 1995A (the “Series 1995A Bonds”), Water Bonds, Series 1995B (the “Series 1995B Bonds”), Water Bonds, Series 1999 (the “Series 1999 Bonds”), Water Bonds, Series 2011 (the “Series 2011 Bonds”), Water Bond, Series 2016 (the “Series 2016 Bonds”), and Taxable Water Revenue Bonds, Series 2021 (the “Series 2021 Bonds”) pursuant to a Master Resolution (the “Original Master Resolution” and together with this Supplemental Master Resolution, the “Master Resolution”); and

WHEREAS, the Issuer does not have on hand money to pay the full cost of the Series 2023 Project; and

WHEREAS, the Issuer has been advised that the System will generate sufficient Revenues to pay for operation and maintenance of the System as well as debt service on all proposed obligations secured by the Net Revenues of the System, including the Series 2023 Bonds authorized herein; and

WHEREAS, as required by the Act, on July 26, 2023, the Issuer held a public hearing with respect to the Series 2023 Bonds, after at least fourteen (14) days public notice; and

WHEREAS, the State of Utah Department of Environmental Quality, Drinking Water Board (the “Drinking Water Board”) has offered to purchase at par the Issuer’s Series 2023 Bonds in the total principal amount of \$2,840,000; and

WHEREAS, the Issuer desires to accept the offer of the Drinking Water Board and to confirm the sale of the Series 2023 Bonds to the Drinking Water Board;

NOW, THEREFORE, Be It Resolved by the Board of Directors of the Bear River Water Conservancy District, as follows:

ARTICLE I

DEFINITIONS

As used in this resolution, the following terms shall have the following meanings unless the context otherwise clearly indicates:

“Annual Debt Service” means the annual payment of principal, premium, or penalty, if any, and interest to be paid by the Issuer during any Sinking Fund Year on the Series 2023 Bonds and all Outstanding Bonds or other forms of indebtedness, issued on a parity with the Series 2023 Bonds and which are secured by the Net Revenues of the System.

“Bondholder” or “Registered Owner” means the registered holder of any Series 2023 Bond.

“Dated Date” means the initial delivery date of the Series 2023 Bonds.

“Depository Bank” means a “Qualified Depository” as defined in the State Money Management Act, Title 51, Chapter 7, Utah Code Annotated, 1953, as amended, selected by the Issuer to receive deposits for the Water Revenue Account as herein described, the deposits of which Bank shall be insured by the Federal Deposit Insurance Corporation.

“Drinking Water Board” means the State of Utah Department of Environmental Quality, Drinking Water Board, or any successor agency.

“Escrow Account” means an account to be held in escrow by the Escrow Agent pursuant to the Escrow Agreement, said account to be used for the purpose of depositing the proceeds of the sale of the Series 2023 Bonds and accounting for said proceeds pursuant to the terms of the Escrow Agreement.

“Escrow Agent” means the Utah State Treasurer or its successor, who shall so act pursuant to the terms of the Escrow Agreement.

“Escrow Agreement” means the agreement entered into among the Issuer, the Drinking Water Board, and the Escrow Agent on the date of delivery of the Series 2023 Bonds.

“Exchange Bonds” means the fully registered Series 2023 Bonds issued in substantially the forms set forth in Exhibit B, in exchange for the State Bonds representing the Series 2023 Bonds or in exchange for other Exchange Bonds, in the denomination of \$1,000 or any integral multiple thereof.

“Fully Registered Bond” means any single Fully Registered Bond in the denomination(s) equal to the aggregate principal amount of the applicable Series 2023 Bonds authorized herein.

“Issuer” means the Bear River Water Conservancy District, and its successors.

“Master Resolution” means collectively, this Supplemental Master Resolution and the Original Master Resolution.

“Net Revenues” means the Revenues after provision has been made for the payment therefrom of Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means all expenses reasonably incurred in connection with the operation and maintenance of the System, whether incurred by the Issuer or paid to any other municipality or company pursuant to contract or otherwise, repairs and renewals (other than capital improvements) necessary to keep the System in efficient operating condition, the cost of audits hereinafter required, fees of the Paying Agents on the Bonds, payment of premiums for insurance on the System hereafter required, and, generally, all expenses, exclusive of depreciation, which under generally accepted accounting practices are properly allocable to the operation and maintenance of the System, but only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the System shall be included.

“Outstanding” or “Outstanding Bonds” means any Bond which has been issued and delivered and not cancelled in accordance with the provisions hereof, except any Bond in lieu of or in substitution for which a new Bond shall have been delivered herewith, unless proof satisfactory to the Registrar is presented that such Bond is held by a bona fide holder in due course.

“Parity Bonds” means any bonds of the Issuer issued and Outstanding on parity with the Series 2023 Bonds, including the Series 1994 Bonds, Series 1995 Bonds, Series 1995A Bonds, Series 1995B Bonds, Series 1999 Bonds, Series 2011 Bonds, Series 2016 Bonds, and Series 2021 Bonds.

“Paying Agent” means the person or persons authorized by the Issuer to pay the principal of and interest on the Series 2023 Bonds on behalf of the Issuer. The initial paying agent for the Series 2023 Bonds is the General Manager of the Issuer.

“Registrar” means the person or persons authorized by the Issuer to maintain the registration books with respect to the Series 2023 Bonds on behalf of the Issuer. The initial Registrar for the Series 2023 Bonds is the General Manager of the Issuer.

“Revenues” means all gross income and revenues of any kind, from any source whatsoever, derived from the operation of the System, including, without limitation, all fees, rates, connection charges, impact fees imposed with respect to the Series 2023 Project and other charges, the gross revenues of all improvements, additions, and extensions of the System hereafter constructed or acquired, and all interest earned by and profits derived from the sale of investments made with the income and revenues of the System.

“Series 1994 Bonds” means the Issuer’s Harper Ward Bond, Series 1994.

“Series 1995 Bonds” means the Issuer’s Newman Well Bond, Series 1995.

“Series 1995A Bonds” means the Issuer’s Bear River Water District Ukon Project Bond, Series 1995A.

“Series 1995B Bonds” means the Issuer’s Water Bonds, Series 1995B.

“Series 1999 Bonds” means the Issuer’s Water Bonds, Series 1999.

“Series 2011 Bonds” means the Issuer’s Water Bonds, Series 2011.

“Series 2016 Bonds” means the Issuer’s Water Bond, Series 2016.

“Series 2021 Bonds” means the Issuer’s Taxable Water Revenue Bonds, Series 2021.

“Series 2023 Bonds” or “Bonds” means the Issuer’s Water Revenue Bonds, Series 2023 in the total principal amount of \$2,840,000 authorized herein.

“Series 2023 Project” means construction of improvements to its water system, including, but not limited to construction of two test wells and all related improvements.

“Series 2023 Reserve Account” means, the account described in Section 3.4 below.

“Series 2023 Reserve Account Requirement” means, with respect to the Series 2023 Bonds, an amount equal to \$157,820.00, the maximum Annual Debt Service on the Series 2023 Bonds.

“Sinking Fund Year” means the twelve (12) month period beginning on January 1 of the calendar year and ending on the next succeeding December 31; provided, however, that the first Sinking Fund Year will begin on the delivery date of the Series 2023 Bonds and will end on the next succeeding December 31.

“State Bonds” means the fully registered Series 2023 Bonds issued in substantially the form set forth in Exhibit A in the denominations equal to the aggregate principal amount of the Series 2023 Bonds.

“System” means, collectively, the water facilities of the Issuer, as such facilities now exist, and any other properties now or hereafter owned or operated by the Issuer relating to said facilities and as may hereafter be improved and extended, including specifically all properties of every nature owned by the Issuer and used or useful in the operation of said system, including real estate, personal and intangible properties, contracts, franchises, leases, whether lying within or without the boundaries of the Issuer, including the whole and each and every part of the water facilities of the Issuer, including the Series 2023 Project to be acquired and constructed pursuant to this Master Resolution, and all real, personal, and mixed property, of every nature now or hereafter owned by the Issuer and used or useful in the operation of said Systems, together with all improvements, extensions, enlargements, additions, and repairs thereto which may be made while the Series 2023 Bonds remain Outstanding.

ARTICLE II

ISSUANCE OF SERIES 2023 BONDS

Section 2.1. Principal Amount, Designation and Series. The Series 2023 Bonds are hereby authorized for issuance to (a) finance the construction of the Series 2023 Project and (b) pay costs incurred in connection with the issuance of the Series 2023 Bonds.

The Series 2023 Bonds shall be limited to \$2,840,000 and shall be issued (a) if issued as State Bonds, in the form set forth in Exhibit A and (b) if issued as Exchange Bonds, in the form set forth in Exhibit B, in fully registered form. The Series 2023 Bonds shall bear interest on the unpaid principal amount at a rate of one percent (1.00%) per annum from the issue date until paid and shall be payable as specified herein. If issued as Exchange Bonds, the Series 2023 Bonds shall, to the extent possible, be in the denomination of \$1,000 or any integral multiple thereof. The Series 2023 Bonds shall be numbered from one (1) consecutively upward in order of delivery by the Registrar. The Series 2023 Bonds shall be designated as, and shall be distinguished from the bonds of all other series by the title, "Bear River Water Conservancy District Water Revenue Bonds, Series 2023."

The Series 2023 Bonds are issued on parity with the Issuer's Outstanding Prior Bonds, such that the Series 2023 Bonds are secured by a pledge of and lien on the Net Revenues of the System, which pledge is on parity with and equal to the pledge of the Net Revenues securing the Outstanding Prior Bonds.

The Series 2023 Bonds shall be in such form as to permit the Drinking Water Board to make incremental advances on its total loan commitment to the Issuer during the period of acquisition and construction of the Series 2023 Project.

Section 2.2. Advances of Proceeds. On or before fifteen (15) days prior to the first day of each calendar quarter beginning prior to the payment by the Issuer of costs of construction of the Series 2023 Project, or at such other time as shall be specified by the Drinking Water Board, the Issuer shall provide to the Drinking Water Board a certificate setting forth a schedule of the costs of construction that the Issuer estimates will become due and payable by the Issuer during the next calendar quarter. Advances made by the Drinking Water Board on the basis of such certificates shall be deposited in the Escrow Account. All such advances shall be in the amount of \$1,000 or any integral multiple thereof. Upon receipt of evidence of deposit of each advance in the Escrow Account, the General Manager of the Issuer shall give telephonic authorization followed by written confirmation to the Drinking Water Board to stamp or write the date and amount of such advance made by the Drinking Water Board in the appropriate place on the Certificate of Dates of Payment and Amount appearing on the State Bonds. Each advance made by the Drinking Water Board on the State Bonds shall constitute proceeds of the State Bonds and shall be deemed to constitute the full purchase price of the corresponding principal amount of the State Bonds noted on the Certificate of Dates of Payment and Amount appearing on the State Bond(s).

Section 2.3. Date and Maturities. The Series 2023 Bonds shall be dated as of their date of delivery and shall be paid as provided in this Section 2.3. The Series 2023 Bonds shall be initially issued as one fully registered State Bond.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, shall be payable upon presentation of the applicable Series 2023 Bond at the offices of the Paying Agent for endorsement or surrender, or of any successor Paying Agent. Payment of principal payments shall be made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof at his address as it appears on the registration books of the Issuer maintained by the Registrar or at such other address as is furnished to the Registrar in writing by such Registered Owner. All payments shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America.

So long as the Drinking Water Board is the Registered Owner of the Series 2023 Bonds, payments of principal and interest shall be made by check or draft and mailed to the Drinking Water Board as the Registered Owner at the address shown on the registration books maintained by the General Manager.

If any annual installment of principal on the Series 2023 Bonds is not paid when due and payable, the Issuer shall pay interest on the delinquent installment at the rate of eighteen percent (18%) per annum from said due date until paid.

Interest shall begin to accrue on the dated date of the Bond at the rate of one percent (1.00%) per annum and shall be payable on payable annually on each January 1. The Issuer shall make interest-only payments on each January 1 prior to the date of the first principal payment. The Issuer shall make the principal payments stated for each year. The first principal payment on the Series 2023 Bonds shall be due on January 1, 2026, and continuing on each January 1 thereafter until the Principal Amount shall be paid in full, as follows:

<u>Jan 1</u>	<u>Principal Maturing</u>
2024	\$0 (interest only payment)
2025	\$0 (interest only payment)
2026	\$ 129,000
2027	\$ 130,000
2028	\$ 132,000
2029	\$ 133,000
2030	\$ 134,000
2031	\$ 136,000
2032	\$ 137,000
2033	\$ 138,000
2034	\$ 140,000
2035	\$ 141,000
2036	\$ 142,000
2037	\$ 144,000

2038	\$ 145,000
2039	\$ 147,000
2040	\$ 148,000
2041	\$ 150,000
2042	\$ 151,000
2043	\$ 153,000
2044	\$ 154,000
2045	\$ 156,000

If less than \$2,840,000 is advanced on the Series 2023 Bonds, the repayment period shall be shortened and the number of annual principal installments shall be reduced in inverse order of payment (and the amount of the final remaining principal payment shall be reduced, if required) to correspond to the principal amount of the Series 2023 Bonds.

Section 2.4. Optional Redemption and Redemption Prices. Each principal payment of the Series 2023 Bonds is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer in the inverse order of maturities, upon notice as provided in Section 2.6 hereof with respect to Exchange Bonds, and upon at least thirty (30) days' prior written notice of the amount of prepayment and the date scheduled for prepayment to the Drinking Water Board with respect to the Series 2023 Bonds, and at a redemption price equal to one hundred percent (100%) of the principal amount to be prepaid or redeemed.

Section 2.5. Notice of Redemption for Exchange Bonds.

(a) In the event any of the Exchange Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 2.5. Notice of such redemption shall be mailed by first class mail, postage prepaid, to all Registered Owners of Exchange Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least thirty (30) days but not more than forty-five (45) days prior to the date fixed for redemption. Such notice shall state the following information:

- (i) the complete official name of the Exchange Bonds, including series, to be redeemed, the identification numbers of the Exchange Bonds being redeemed;
- (ii) any other descriptive information needed to identify accurately the Exchange Bonds being redeemed, including, but not limited to, the original issue date of such Exchange Bonds;
- (iii) in the case of partial redemption of any Exchange Bonds, the respective principal amounts thereof to be redeemed;
- (iv) the date of mailing of redemption notices and the redemption date;
- (v) the redemption price;

(vi) that on the redemption date the redemption price will become due and payable upon each such Exchange Bond or portion thereof called for redemption; and

(vii) the place where such Exchange Bonds are to be surrendered for payment of the redemption price, designating the name and address of the redemption agent with the name of a contact person and telephone number.

(b) Upon the payment of the redemption price of Exchange Bonds being redeemed, each check or other transfer of funds issued for such purpose shall identify the Exchange Bonds being redeemed with the proceeds of such check or other transfer.

A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Exchange Bonds or portions thereof redeemed but who failed to deliver Series 2023 Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Registered Owner of such Series 2023 Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Registered Owners shall not affect the validity of the proceedings for the redemption of the Series 2023 Bonds.

In case any Exchange Bond is to be redeemed in part only, the notice of redemption which relates to such Exchange Bond shall state also that on or after the redemption date, upon surrender of such Series 2023 Bond, a new Series 2023 Bond in principal amount equal to the unredeemed portion of such Series 2023 Bond will be issued.

Section 2.6. Execution and Delivery of the Series 2023 Bonds. The Chairman is hereby authorized to execute by manual or facsimile signature the Series 2023 Bonds and the General Manager to countersign by manual or facsimile signature the Series 2023 Bonds and to have imprinted, engraved, lithographed, stamped, or otherwise placed on the Series 2023 Bonds the official seal of the Issuer. The General Manager is hereby authorized to deliver to the Drinking Water Board the Series 2023 Bonds upon payment to the Issuer of the proceeds.

Section 2.7. Exchange of State Bonds. As long as the Drinking Water Board is the sole Registered Owner of the Series 2023 Bonds, the Series 2023 Bonds shall be issued only as State Bonds in the form prescribed in Exhibit A. It is recognized that the Drinking Water Board may sell or otherwise transfer the Series 2023 Bonds pursuant to the provisions of the State Financing Consolidation Act, Title 63B, Chapter 1b, Utah Code Annotated 1953, as amended, or otherwise. In the event the Drinking Water Board determines to sell or otherwise transfer all or a portion of the Series 2023 Bonds pursuant to the State Financing Consolidation Act, or otherwise, the Series 2023 Bonds shall be exchanged at the office of the Paying Agent for a like aggregate principal amount of Exchange Bonds in accordance with the provisions of this Section 2.7 and Section 3.1 hereof. Exchange Bonds may thereafter be exchanged from time to time for other Exchange Bonds in accordance with Section 3.1 hereof. Any Series 2023 Bond, or any portion thereof, which is sold or otherwise transferred or liquidated by the Drinking Water Board pursuant to the State Financing Consolidation Act, or otherwise, shall be in the form of an Exchange Bond prescribed in Exhibit B, and shall be executed pursuant to authorization contained in Section 2.6 hereof. Each principal payment on the Series 2023 Bonds not previously paid or canceled shall be represented

by an equivalent principal amount of Exchange Bonds, in authorized denominations, and of like maturity. The Issuer and its officers shall execute and deliver such documents and perform such acts as may reasonably be required by the Issuer to accomplish the exchange of the Series 2023 Bonds for Exchange Bonds, provided that the Drinking Water Board shall pay or cause to be paid all costs and other charges incident to such exchange and the Issuer shall have no obligation to pay any such costs or charges.

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ARTICLE III

REGISTRATION, PAYMENT, AND FLOW OF FUNDS

Section 3.1. Execution of and Registration of Series 2023 Bonds; Persons Treated as Owners. The Series 2023 Bonds shall be signed by the Issuer and the Issuer shall cause books for the registration and for the transfer of the Series 2023 Bonds to be kept by the General Manager who is hereby appointed the Registrar of the Issuer with respect to the Series 2023 Bonds. Any Series 2023 Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2023 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any Series 2023 Bond duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same maturity and series for a like aggregate principal amount as the Series 2023 Bond surrendered for transfer. Series 2023 Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Series 2023 Bonds of the same series or other authorized denominations and the same maturity. The execution by the Issuer of any Series 2023 Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Registrar shall thereby be authorized to deliver such Series 2023 Bond. The Registrar shall not be required to transfer or exchange any Exchange Bond at any time following the mailing of notice calling such Series 2023 Bond for redemption.

Series 2023 Bonds surrendered for payment, redemption, or exchange, shall be promptly canceled and destroyed by the Issuer.

The Issuer, the Registrar, and the Paying Agent may treat and consider the person in whose name each Series 2023 Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and for all other purposes whatsoever, and neither the Issuer, nor the Registrar, nor the Paying Agent shall be affected by any notice to the contrary. Payment of any Series 2023 Bond shall be made only to or upon order of the Registered Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2023 Bond to the extent of the sum or sums so paid.

The Issuer may require the payment by the Registered Owner requesting exchange or transfer of Series 2023 Bonds of any tax or other governmental charge and any service charge which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Series 2023 Bond shall be delivered.

Section 3.2. Deposit of Bond Proceeds. The proceeds from the sale of the Series 2023 Bonds shall be deposited upon delivery in the Escrow Account and shall be disbursed pursuant to the provisions of the Escrow Agreement. All monies deposited in the Escrow Account shall be

used solely for the purpose of defraying all or a portion of the costs of the Series 2023 Project including the payment of costs of issuance of the Series 2023 Bonds. Any unexpended balance remaining in the Escrow Account after completion of the Series 2023 Project shall be paid immediately into the Bond Account established in Section 3.4 hereunder, and shall be used only for the prepayment of the Series 2023 Bonds. Principal last to become due shall be prepaid first, and in the event less than all of the principal amount of the Series 2023 Bonds maturing on the last due date are to be redeemed, the Issuer shall select those portions of the Series 2023 Bond to be prepaid. Proceeds from the sale of the Series 2023 Bonds on deposit in the Escrow Account, may at the discretion of the Issuer, be invested by the Escrow Agent as provided in the Escrow Agreement. Following the transfer of unexpended funds from the Escrow Account to the Bond Fund, the Escrow Account will be closed.

Section 3.3. The Series 2023 Bonds Constitute Special Limited Obligations. Notwithstanding anything in this Master Resolution elsewhere contained, the principal of and interest on the Series 2023 Bonds shall be payable out of one hundred percent (100%) of the Net Revenues, and in no event shall the Series 2023 Bonds be deemed or construed to be a general indebtedness of the Issuer or payable from any funds of the Issuer other than those derived from the operation of the System or from proceeds of the Series 2023 Bonds.

The Issuer may, in its sole discretion, but without obligation and subject to the Constitution, laws, and budgetary requirements of the State of Utah, make available properly budgeted and legally available funds to defray any insufficiency of Net Revenues to pay the Series 2023 Bonds; provided however, the Issuer has not covenanted and cannot covenant to make said funds available and has not pledged any of such funds for such purpose.

Section 3.4. Flow of Funds. From and after the delivery date of the Series 2023 Bonds and any other Parity Bonds of the Issuer, and until all Series 2023 Bonds have been fully paid, the Revenues shall be set aside into a Revenue Fund referred to herein as “Revenue Fund” established under the Original Master Resolution. The Issuer will thereafter make accounting allocations of the funds deposited in said Revenue Fund for the following purposes and in the following priority:

(a) From the amounts in the Revenue Fund there shall first be paid all Operation and Maintenance Expenses of the System. For this purpose the Issuer shall establish on its books an account known as the “Expense Account” to which shall be allocated monthly, on or before the tenth day of each month, such portion of the Revenue Fund as is estimated to be required for Operation and Maintenance Expenses of the System for the following month. There shall be allocated to the Expense Account from time to time during the month such additional amounts as may be required to make payments of Operation and Maintenance Expenses for which the amounts theretofore allocated to the Expense Account are insufficient. At the end of each Sinking Fund Year all amounts in the Expense Account in excess of that required to pay Operation and Maintenance Expenses then due shall be transferred to the Bond Fund established as hereinafter provided.

(b) All amounts in the Revenue Fund not allocated to the Expense Account or applied to the payment and funding obligations of the Issuer (the Net Revenues) shall next be allocated to a sinking fund (the “Sinking Fund”) as follows:

(i) Of the amounts allocated to the Sinking Fund there shall be allocated to a subaccount established on the books of the Issuer known as the “Bond Account” such amounts as will assure, to the extent of availability of Net Revenues from the System, the prompt payment of the principal and interest on the Parity Bonds and Series 2023 Bonds as shall become due. (1) The monthly amount to be set aside with respect to the Parity Bonds shall be the amount required by the Original Master Resolution. (2) The monthly amount to be set aside with respect to the Series 2023 Bonds shall be set aside on or before the tenth day of each month following delivery of the Series 2023 Bonds to the Bond Account such amounts as will assure, to the extent of the availability of Net Revenues from the System, the prompt payment of the principal and interest on the Series 2023 Bonds as shall become due, and any Parity Bonds. The amount to be so set aside with respect to the Series 2023 Bonds shall, as nearly as may be practicable, be set aside and allocated to the Bond Account, following delivery of said Series 2023 Bonds, and shall equal one-twelfth (1/12) (in the case of the first Sinking Fund Year, the fraction, the numerator of which is one and the denominator is the number of months remaining prior to the first principal payment date) of the amount of the principal and interest on the payment next due on the Series 2023 Bonds to the end that there will be sufficient funds allocated to the Bond Account to pay the principal on the Series 2023 Bonds and any Parity Bonds as and when the same become due. Amounts allocated to the Bond Account shall be used solely for the purpose of paying principal and interest on the Series 2023 Bonds and any Parity Bonds and shall not be reallocated, transferred or paid out for any other purpose.

In the event there are insufficient Net Revenues available to meet all payment obligations on the Series 2023 Bonds and any Parity Bonds as required by this Section 3.4(b)(i), then available Net Revenues in the Bond Account shall be allocated pro rata to the Outstanding Series 2023 Bonds and any Parity Bonds based on the principal and interest amounts, if any, next coming due on such Series 2023 Bonds and Parity Bonds.

(ii) Of the amounts allocated to the Sinking Fund after there shall have been allocated the amounts required to be allocated under Section 3.4(b)(i), there shall be allocated annually the following amounts: (1) into the Reserve Account established with respect to the Parity Bonds any amounts due under the Original Master Resolution and (2) on or before January 1 of each year following delivery of the Series 2023 Bonds to an account known as the “Series 2023 Reserve Account” established on the books of the Issuer, the sum of \$31,564 plus such additional amount as may be required to meet any annual installment to the Series 2023 Reserve Account not therefore made in whole or in part, such allocations shall continue until there shall have been accumulated in the Series 2023 Reserve Account an amount equal to the Series 2023 Reserve Account Requirement. Amounts allocated to the Series 2023 Reserve Account shall be used to pay the principal falling due on the Series 2023 Bonds at any time when there are not sufficient funds in the Bond Account to pay the same, but pending such use may be invested as hereafter provided. When the Series 2023 Reserve Account has been accumulated to the Series 2023 Reserve Account Requirement, no further

allocations to said Series 2023 Reserve Account need be made unless payments from said Series 2023 Reserve Account have reduced the same below the Series 2023 Reserve Account Requirement, in which event allocations shall be resumed until such deficiency has been remedied.

In the Event there are insufficient Net Revenues available to meet all funding obligations as required by this Section 3.4(b)(ii), then available Net Revenues shall be allocated pro rata based on the amounts required to be deposited in the various reserve accounts established with respect to the Series 2023 Bonds.

(iii) From the amounts on deposit in the Revenue Fund after the payment of the amounts required by the above subsections and in accordance with its covenant to establish a Capital Facilities Replacement Fund for the Parity Bonds (the "Replacement Fund") as provided in Section 4.1(r) hereof, the Issuer will deposit annually (prior to the end of each Sinking Fund Year) into the Issuer's Replacement Fund an amount equal to five percent (5%) of the Issuer's annual operating budget for the System, including debt service and depreciation, for the Issuer's then current fiscal year. The Issuer shall continue to fund the Replacement Fund until the Series 2023 Bonds have been paid in full (or provision is made for such payment) as provided in this Master Resolution.

(iv) All remaining Net Revenues, if any, in the Sinking Fund after all of the payments required to be made under Section 3.4(b)(i), Section 3.4(b)(ii) and Section 3.4(b)(iii) have been made, may be used by the Issuer (A) to prepay or redeem the Series 2023 Bonds, in whole or in part, (B) to make extensions, improvements, additions, repairs, and replacements to the System, or (C) to be applied to any other lawful purpose as determined by the Issuer.

(c) If at any time, the Net Revenues derived by the Issuer from the operation of the System shall be insufficient to make any payment to any of the above funds or accounts on the date or dates specified, the Issuer shall make good the amount of such deficiency by making additional payments out of the first available Net Revenues thereafter derived by the Issuer from the operation of the System.

Section 3.5. Investment of Funds. Any funds allocated to the Bond Account or the Series 2023 Reserve Account may, at the discretion of the Issuer, be invested in accordance with the State Money Management Act. All income derived from the investment of the moneys of the Bond Account and the Replacement Fund shall be maintained in said respective accounts, and funds disbursed along with the other moneys on deposit therein as herein provided. All income derived from the investment of the Series 2023 Reserve Account shall at the end of each Sinking Fund Year be transferred by the Issuer to the Bond Account so long as the Series 2023 Reserve Account after said transfer has funds equaling the Series 2023 Reserve Account Requirement. Should the Series 2023 Reserve Account have on deposit less than the Series 2023 Reserve Account Requirement, then said income shall be maintained in the Series 2023 Reserve Account until total deposits in the Series 2023 Reserve Account equals the Series 2023 Reserve Account Requirement. There shall not be required to be in the Bond Account and the Series 2023 Reserve Account at any time more than the total amount required to pay the total principal outstanding of

the Outstanding Bonds and the Series 2023 Bonds. Whenever the money in the Bond Account and the Series 2023 Reserve Account equal the total outstanding principal amount and accrued interest, if any, of the Outstanding Bonds and the Series 2023 Bonds, the money in said Accounts shall be used to prepay all of the Series 2023 Bonds.

[Continued on Next Page]

ARTICLE IV
COVENANTS

Section 4.1. Covenants of Issuer.

(a) The Issuer covenants that it shall fund and maintain as provided herein all funds and accounts referenced herein until the Series 2023 Bonds have been paid in full.

(b) The rates for all water service supplied by the System to the Issuer and its inhabitants and to all customers within or without the boundaries of the Issuer shall be sufficient for the retirement and/or redemption of the Series 2023 Bonds, provided such rates must be reasonable rates for the type, kind, and character of the service rendered. There shall be no free service and there shall be charged against all users of the System, including the Issuer, such rates and amounts as shall be adequate to meet the debt service payments on the Series 2023 Bonds, the Outstanding Prior Bonds, and any Parity Bonds when due. The rates charged for water services provided by the System shall be sufficient to produce Net Revenues that are equal to at least one hundred and twenty-five percent (125%) of Annual Debt Service. All Revenues, including those received from the Issuer, shall be subject to distribution for the payment of the Operation and Maintenances Expenses of the System and the payment of the Series 2023 Bonds, the Outstanding Prior Bonds, and any Parity Bonds, as herein provided.

(c) Each Bondholder shall have a right, in addition to all other rights afforded it by the laws of Utah, to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the Issuer to charge and collect reasonable rates for services supplied by the System sufficient to meet all requirements of this Master Resolution.

(d) The Issuer will maintain the System in good condition and operate the same in an efficient manner and at reasonable cost.

(e) So long as any Series 2023 Bonds remain Outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each Bondholder or any duly authorized agent or agents of such holder shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System and all properties constituting the System. Except as otherwise provided herein, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Sinking Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the System, and that such audit will be available for inspection by the Bondholder; provided, however, during such periods of time as the Drinking Water Board is the Registered Owner of the State Bonds, each such audit will be supplied to the Drinking Water Board as soon as completed without prior request therefor by the Drinking Water Board. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

(i) A statement in detail of the income and expenditures of the System for such Sinking Fund Year;

(ii) A balance sheet as of the end of such Sinking Fund Year;

(iii) The accountant's comments regarding the manner in which the Issuer has carried out the requirements of this Master Resolution, and the accountant's recommendations for any change or improvement in the operation of the System;

(iv) A list of the insurance policies in force at the end of the Sinking Fund Year, setting out as to each policy, the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy;

(v) An analysis of all funds and accounts created in this Master Resolution, setting out all deposits and disbursements made during the Sinking Fund Year and the amount in each fund or account at the end of the Sinking Fund Year;

(vi) The number of water connections within the boundaries of the Issuer, and applications for water service on hand at the end of the Sinking Fund Year;

(vii) The total billings for such Sinking Fund Year;

(viii) All schedules of rates and charges imposed for water service during the Sinking Fund Year.

The Bondholder may, upon written request from the Issuer setting forth the reasons why a certified audit is not necessary or is impractical, waive the audit requirements for any particular Sinking Fund Year set forth in this Section 4.1(e), provided, however, that such waiver shall not apply to the reporting requirements of the Issuer set forth in Section 4.1(e) herein.

(f) In addition to the reporting requirements set forth in Section 4.1(e) above, the Issuer shall submit to the Drinking Water Board within one hundred eighty (180) days following the close of each Sinking Fund Year, a summary report substantially in the form as provided by the Drinking Water Board to the Issuer upon purchase of the Series 2023 Bonds.

All expenses incurred in compiling the information required by this section shall be regarded and paid as an Operation and Maintenance Expense. If a Bondholder is other than the Drinking Water Board, the Issuer agrees to furnish a copy of such information to such Bondholder at its request after the close of each Sinking Fund Year. Any Bondholder shall have the right to discuss with the accountant compiling such information the contents thereof and to ask for such additional information as it may reasonably require.

(g) The Bondholder shall have the right at all reasonable times to inspect the System, and all records, accounts and data of the Issuer relating thereto, and upon request, the Issuer will furnish to it financial statements and other information relating to the Issuer and the System as it may from time to time reasonably require.

(h) The Issuer, in its operation of the System, will carry insurance, including, but not limited to, workmen's compensation insurance and public liability insurance, in such amounts and to such extent as is normally carried by others operating public utilities of the same type. The cost of such insurance shall be considered an Operation and Maintenance Expense of the System. In the event of loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged. Any remainder shall be paid into the Sinking Fund.

(i) The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until all Series 2023 Bonds have been paid in full, except that the Issuer may sell any portion of said property which shall have been replaced by other property of at least equal value, or which shall cease to be necessary for the efficient operation of the System, provided, however, that in the event of any sale as aforesaid, the proceeds of such sale shall be paid into the Sinking Fund.

(j) Any bill not paid within thirty (30) days from the date it is mailed to the customer shall be deemed delinquent. The Issuer hereby agrees that if any water bill remains delinquent for more than sixty (60) days, it will initiate proceedings to cause all water service to the water user concerned to be cut off immediately.

(k) The Issuer shall complete the acquisition and construction of the Series 2023 Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

(l) The Issuer will from time to time duly pay and discharge or cause to be paid all taxes, assessments and other governmental charges, if any, lawfully imposed upon the System or any part thereof or upon the Revenues, as well as any lawful claims for labor, materials or supplies which if unpaid might by law become a lien or charge upon the System or the Revenues or any part thereof or which might impair the security of the Bonds, except when the Issuer in good faith contests its liability to pay the same.

(m) The Issuer will not grant a franchise for the operation of any competing water system within its corporate limits, as long as the Series 2023 Bonds authorized herein remain Outstanding.

(n) The Issuer, in order to assure the efficient management and operation of the System and to assure the Bondholders from time to time that the System will be operated on sound business principles, will employ competent and experienced management for the System, will use its best efforts to see that the System is at all times operated and maintained in first-class repair and condition and in such manner that the operating efficiency thereof shall be of the highest character, and will use its best efforts to see that Operation and Maintenance Expenses are at no time in excess of the Revenues reasonably available for the payment thereof.

(o) All payments falling due on the Series 2023 Bonds shall be made to the Bondholder thereof at par and all charges made by the Depository Bank for its services shall be paid by the Issuer.

(p) The Issuer certifies that it has complied with the requirements of the resolutions authorizing the Outstanding Bonds with respect to the issuance of additional debt on a parity with the Outstanding Bonds.

(q) The Issuer agrees, in accepting the proceeds of the Series 2023 Bonds, to comply with all applicable state and federal regulations related to the Utah State Revolving Fund administered by the Drinking Water Board. These requirements include, but are not limited to, Title XVI of the Safe Drinking Water Act of 1996, OMB Circular A-133, the Utah Federal State Revolving Fund (SRF) Program (R309-705 of the Utah Administrative Code), the Local Government Bonding Act, the Utah Money Management Act, the Utah Procurement Code, and the State of Utah Legal Compliance Audit Guide.

(r) The Issuer has previously established a Capital Facilities Replacement Fund (the “Replacement Fund”) to be held by the Issuer and shall deposit annually therein an amount equal to at least 5% of the Issuer’s annual operating budget for the System, including debt service and depreciation, as more fully described in Section 3.4(b)(iii) hereof and therefore is not required to establish a new Replacement Fund. The Replacement Fund shall never serve as security for or a source of payment of principal of or interest on the Series 2023 Bonds. The Issuer shall retain and continue to make deposits into the Replacement Fund as long as the Series 2023 Bonds are Outstanding. The Issuer shall limit the use of moneys on deposit in the Replacement Fund to the acquisition and construction of (a) replacements of obsolete System equipment or facilities, (b) extensions or additions to the Issuer’s System, and (c) other capital improvements necessary to keep the System in good working condition. No disbursements shall be made from the Replacement Fund unless and until the Issuer has given at least 30 days’ advance written notice to the Drinking Water Board specifying the amount of the proposed disbursement and the purpose for which the disbursement will be made. The Issuer shall not, however, be required to obtain the consent of the Drinking Water Board prior to making any disbursements from the Replacement Fund.

Section 4.2. Additional Indebtedness. No additional indebtedness, bonds, or notes of the Issuer payable on a priority superior to the Series 2023 Bonds out of the Net Revenues from the System shall be created or incurred by the Issuer without the prior written consent of all holders of the Series 2023 Bonds. Furthermore, the Series 2023 Bonds shall not be entitled to any priority one over the other in application of the Net Revenues of the System, regardless of the time or times of their issuance, it being the intention of the Issuer that there shall be no priority among the Bonds authorized to be issued pursuant to this Master Resolution regardless of the fact that they may be actually issued and delivered at different times. It is expressly agreed and covenanted that the Issuer will not hereafter issue any bonds or obligations payable from the Net Revenues of the System, or any part thereof, or which constitutes a lien on such Net Revenues or on the System until all Series 2023 Bonds have been paid in full unless such additional bonds are issued in such manner that they are in all respects subordinate to the Series 2023 Bonds.

The provisions of the foregoing paragraph are subject to the following two exceptions:

(a) The Series 2023 Bonds or any part thereof may be refunded. The refunding bonds so issued shall enjoy a lien on the Net Revenues on a parity with the Series 2023 Bonds. Refunding bonds may be secured in such manner and may be payable from such sources and be subject to

other terms and provisions that may be provided in the resolution authorizing their issuance. Refunding bonds may be exchanged with the consent of the Bondholder for not less than a like principal amount of the Series 2023 Bonds authorized to be refunded, may be sold or may be exchanged in part or sold in part. If sold, the proceeds of the sale not required for the payment of expenses shall be used to refund that portion of the Series 2023 Bonds refunded.

(b) Additional bonds may be issued on a parity with the Series 2023 Bonds herein authorized if all of the following conditions are met at the time of the issuance of such additional bonds (herein referred to as “Parity Bonds”):

(i) The Net Revenues of the System in the fiscal year preceding the year in which the Parity Bonds are to be issued were at least 125% of the average Annual Debt Service on all of the Series 2023 Bonds and Parity Bonds then Outstanding and the Parity Bonds so proposed to be issued; provided, this limitation may be waived or modified by the written consent of the registered owners and holders of 100% of the principal amount of the Series 2023 Bonds and Parity Bonds then Outstanding.

(ii) All payments required by this Master Resolution to be made into the Sinking Fund must have been made in full and there must be in each reserve fund the full amount required by this Master Resolution to be accumulated therein.

(iii) The Parity Bonds must be payable as to principal on January 1 of each year in which principal falls due.

(iv) The proceedings authorizing such Parity Bonds must raise the amount to which the Reserve Fund (or other reserve account established with respect to said Parity Bonds) shall be accumulated to an amount no less than the highest future Annual Debt Service of all bonds and Parity Bonds then Outstanding and the Parity Bonds so proposed to be issued and must require the accumulation of such amount in the Reserve Fund to be accomplished within six (6) years after delivery of such Parity Bonds.

(v) The proceeds of the Parity Bonds must be used for the making of improvements, extensions, renewals, replacements, or repairs to the System.

Section 4.3. Additional Representations.

(a) The Issuer represents that it is a “governmental unit” within the meaning of Section 141(b)(6) of the Code.

(b) The Issuer represents and certifies that it will not take or permit any action to be taken which would cause the Series 2023 Bonds to be “arbitrage bonds” under Sections 103 and 148 of the Code.

(c) The Issuer represents that no amounts disbursed from the Escrow Account will be used, directly or indirectly, to finance a project used or to be used in the trade or business of a person who is not a “governmental unit” within the meaning of Section 141(b)(6) of the Code.

(d) The total principal amount of the Series 2023 Bonds does not exceed the costs of the Series 2023 Project.

[Continued on Next Page]

ARTICLE V

MISCELLANEOUS

Section 5.1. Default and Remedies. Failure of the Issuer to perform any covenant or requirement of the Issuer under this Master Resolution within thirty (30) days after having been notified in writing by a Bondholder of such failure shall constitute an event of default hereunder and shall allow each Bondholder to take the following enforcement remedies:

(a) The Bondholder may require the Issuer to pay an interest penalty equal to eighteen percent (18%) per annum of the outstanding principal amount on the Series 2023 Bonds, said interest penalty to accrue from the date of the notice of the Bondholder to the Issuer referenced hereinabove until the default is cured by the Issuer. Said interest penalty shall be paid on each succeeding payment date until the default is cured by the Issuer.

(b) The Bondholder may appoint a trustee bank to act as a receiver of the Revenues of the System for purposes of applying said Revenues toward the Revenue allocations required in Section 3.4 herein and in general, protecting and enforcing each Bondholder's rights thereto, in which case, all administrative costs of the trustee bank in performing said function shall be paid by the Issuer.

No remedy conferred herein is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to each Bondholder hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power, or remedy accruing upon a default shall impair any such right, power, or remedy or shall be construed to be a waiver of any default or acquiescence therein; and every such right, power, or remedy may be exercised from time to time as may be deemed expedient.

Section 5.2. Amendments to Master Resolution. Provisions of this Master Resolution shall constitute a contract between the Issuer and the Bondholder; and after the issuance of the Series 2023 Bonds, no change, variation, or alteration of any kind in the provisions of this Master Resolution shall be made in any manner until such time as all of the Series 2023 Bonds have been paid in full except as hereinafter provided.

The Bondholders shall have the right from time to time to consent to and approve the adoption by the Issuer of resolutions modifying or amending any of the terms or provisions contained in this Master Resolution in the manner and to the extent set out below.

Whenever the Issuer shall propose to amend or modify this Master Resolution under the provisions of this section, it shall cause notice of the proposed amendment to be sent to all Bondholders of all Series 2023 Bonds then Outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the General Manager for public inspection. Should a Bondholder consent to the proposed amendment to this Master Resolution, it shall submit to the Issuer a written instrument which shall refer to the proposed amendatory resolution described in

said notice and shall specifically consent to and approve the adoption thereof. Upon receipt of Bondholder consents representing at least seventy-five percent (75%) of the principal of Series 2023 Bonds Outstanding, the governing body of the Issuer may adopt said amendatory resolution, and it shall become effective, provided, however, that nothing in this Section 5.2 shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on delinquent payments, without the consent of the Bondholder of such Series 2023 Bonds, or (b) a reduction in the amount or extension of the time of any payment required by any Fund or account established hereunder without the consent of the Bondholders of all the Series 2023 Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Series 2023 Bonds, the Bondholders of which are required to consent to any such waiver or a mandatory resolution, or (d) affect the rights of the Bondholders of less than all Series 2023 Bonds then Outstanding, without the consent of the Bondholders of all the Series 2023 Bonds at the time Outstanding which would be affected by the action to be taken.

If a Bondholder at the time of the adoption of such amendatory resolution shall have consented to and approved the adoption thereof as herein provided, said Bondholder shall not have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provision therein contained or to the operation thereof or to enjoin or restrain the Issuer from taking any action pursuant to the provisions thereof. Any consent given by a Bondholder pursuant to the provisions of this section shall be conclusive and binding upon all successive Bondholders.

The fact and date of the execution of any instrument under the provisions of this section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

Section 5.3. Maintenance of Proceedings. A certified copy of this Master Resolution and every amendatory or supplemental ordinance or resolution shall be kept on file in the office of the General Manager where it shall be made available for inspection by any Bondholder or his agent. Upon payment of the reasonable cost of preparing the same, a certified copy of this Master Resolution, any amendatory or supplemental ordinance or resolution will be furnished to any Bondholder. The Bondholders may, by suit, action, mandamus, injunction, or other proceedings, either at law or in equity, enforce or compel performance of all duties and obligations required by this Master Resolution to be done or performed by the Issuer. Nothing contained herein, however, shall be construed as imposing on the Issuer any duty or obligation to levy any tax either to pay the principal on the Series 2023 Bonds authorized herein or to meet any obligation contained herein concerning the Series 2023 Bonds.

Section 5.4. Defeasance of Series 2023 Bonds. If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made to the Registered Owner of the Series 2023 Bonds for the payments due or to become due thereon at the times and in the manner stipulated therein, then the first lien pledge of the Net Revenues under this Master Resolution and any and all estate, right, title, and interest in and to any of the funds and accounts

created hereunder (except moneys or securities held by a Depository Bank for the payment of the Series 2023 Bonds) shall be cancelled and discharged.

Any Series 2023 Bond shall be deemed to be paid within the meaning of this Section when payment of the Series 2023 Bonds (whether such due date be by reason of maturity or upon prepayment or redemption as provided herein) shall have been made or provided for in accordance with the terms thereof. At such time as the Series 2023 Bonds shall be deemed to be paid hereunder, they shall no longer be secured by or entitled to the benefits hereof (except with respect to the moneys and securities held by a Depository Bank for the payment of the Series 2023 Bonds).

Section 5.5. Sale of Series 2023 Bonds Approved. The sale of the Series 2023 Bonds to the Drinking Water Board, at par, is hereby ratified, confirmed, and approved.

Section 5.6. Bondholders Not Responsible. The Bondholders shall not be responsible for any liabilities incurred by the Issuer in the acquisition or construction of the Series 2023 Project or for the failure of the System to function successfully after completion of the Series 2023 Project.

Section 5.7. Notice of Public Hearing and Bonds to be Issued. In accordance with the provisions of the Bonding Act, the District Clerk has caused a “Notice of Public Hearing and Bonds to be Issued” (the “Notice”) to be published on the Utah Public Notice Website no less than 14 days before the public hearing.

Section 5.8. Additional Certificates, Documents, and Other Papers. The appropriate officials of the Issuer, and each of them, are hereby authorized and directed to execute and deliver for and on behalf of the Issuer any or all additional certificates, documents, and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Master Resolution and the documents authorized and approved herein.

Section 5.9. Severability. If any section, paragraph, clause, or provision of this Master Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Master Resolution.

Section 5.10. Statutory Authority. It is hereby declared by the governing body of the Issuer that it is the intention of the Issuer by the adoption of this Master Resolution to comply in all respects with the provisions of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended.

Section 5.11. Resolutions in Conflict. All resolutions or parts thereof in conflict with the provisions of this Master Resolution are, to the extent of such conflict, hereby repealed.

Section 5.12. Record of Proceedings. The District Clerk is hereby directed to complete and execute the Record of Proceedings attached hereto as Exhibit C to officially record the proceedings at which this Bond Resolution was considered for adoption.

[Signature Page Follows]

(SEAL)

By: _____
Chairman

ATTEST:

By: _____
General Manager

EXHIBIT A

FORM OF STATE BONDS

UNITED STATES OF AMERICA
STATE OF UTAH
BEAR RIVER WATER CONSERVANCY DISTRICT
WATER REVENUE BOND, SERIES 2023

Bear River Water Conservancy District (the “Issuer”), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the Registered Owner last named on the Registration Certificate attached hereto, on the Payment Dates specified below, the principal amount, set forth in the “Certificate of Dates of Payment and Amount” set forth at the end of this Bond (the “Certificate”), but in no event more than a maximum principal amount of \$2,840,000 payable on January 1 of each year (each a “Payment Date”), with principal payable beginning on January 1, 2026. The Issuer hereby certifies that the initial Registered Owner of this Bond has committed to purchase this Bond for the total Principal Sum of \$2,840,000 and said Bond shall bear interest at the rate of one percent (1.00%) per annum, with interest accruing from the issue date. The principal amount on the Bond shall be payable by check or draft mailed by the General Manager of the Issuer (the “Paying Agent”) to the Registered Owner on each payment date with principal amount due as follows:

<u>Jan 1</u>	<u>Principal Maturing</u>
2024	\$0 (interest only payment)
2025	\$0 (interest only payment)
2026	\$ 129,000
2027	\$ 130,000
2028	\$ 132,000
2029	\$ 133,000
2030	\$ 134,000
2031	\$ 136,000
2032	\$ 137,000
2033	\$ 138,000
2034	\$ 140,000
2035	\$ 141,000
2036	\$ 142,000
2037	\$ 144,000
2038	\$ 145,000
2039	\$ 147,000
2040	\$ 148,000
2041	\$ 150,000
2042	\$ 151,000
2043	\$ 153,000

2044	\$ 154,000
2045	\$ 156,000

If less than \$2,840,000 in principal is advanced on the Series 2023 Bonds, the repayment period shall be shortened and the number of annual principal installments shall be reduced in inverse order of payment (and the amount of the final remaining principal payment shall be reduced, if required) to correspond to the maximum principal amount of the Series 2023 Bonds.

As long as the Drinking Water Board is the registered holder of this Bond, installment payments of principal and interest, if any, shall be made by check or draft mailed to the Drinking Water Board as the registered holder at the address shown on the registration books maintained by the Registrar.

If any installment payment of Bond Principal is not paid when due and payable, the Issuer shall pay interest at the rate of eighteen percent (18%) per annum from said due date until paid. All payments shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America.

This Series 2023 Bond is issued on a parity with the Issuer’s Outstanding Series 1994 Bonds, Series 1995 Bonds, Series 1995A Bonds, Series 1995B Bonds, Series 1999 Bonds, Series 2011 Bonds, Series 2016 Bonds, and Series 2021 Bonds.

This Bond is payable solely from a special fund designated the “Bear River Water Conservancy District Bond Account,” into which account and into a reserve therefor, to the extent necessary to assure prompt payment of this Bond, shall be pledged one hundred percent (100%) of the Net Revenues (all as defined in the Master Resolution) to be derived from the operation of the Issuer’s water system (the “System”), all as more fully described and provided in the Supplemental Master Resolution dated as of July 26, 2023 as authorized by the governing body of the Issuer on June 28, 2023 (the “Master Resolution”).

This Bond is issued pursuant to (a) the Master Resolution, and (b) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, for the purpose of (i) financing all or a portion of the costs of construction of improvements to the Systems, including, but not limited to the construction of three production wells and wellhouses, a pumphouse, and pipeline (collectively, the “Series 2023 Project”) and (ii) paying costs of issuance of the Series 2023 Bonds. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues of the System and does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Net Revenues of the System.

As provided in the Master Resolution, bonds, notes, and other obligations may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates, and may otherwise vary as provided in the Master Resolution, and the aggregate principal amount of such bonds, notes, and other obligations which may be issued is not limited. This Bond and all other bonds, notes, and other obligations issued and to be issued under the Master Resolution on a parity with this Bond are and will be equally and ratably

secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the Resolution.

The issuance of this Bond shall not, directly, indirectly, or contingently, obligate the Issuer or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for its payment.

This Bond is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer in inverse order of the due date of the principal installments hereof and by lot selected by the Issuer if less than all Bonds of a particular due date are to be redeemed, upon notice given as hereinafter set forth, at a redemption price equal to the principal amount to be so prepaid.

Notice of redemption shall be mailed by the Issuer, postage prepaid, not less than thirty (30) days prior to the date fixed for prepayment, to the Registered Owner of this Bond addressed to such owner at its address appearing on the registration books maintained by the Issuer.

Subject to the provisions of the Master Resolution, the Bonds are issuable in fully registered form, without coupons, in denominations equal to the principal amount of the bonds or, upon exchange, in the denomination of \$1,000 and any integral multiple thereof.

The Issuer covenants and agrees that it will fix rates for water service sufficient to pay when due this Bond, and the principal and interest on all bonds issued on a priority to or parity with this Bond, if any, as the same fall due, provided such rates must be reasonable rates for the type, kind, and character of the service rendered, and will collect and account for the Revenues (as defined in the Master Resolution) to be received for such service, and will set aside one hundred percent (100%) of the Net Revenues of the System to pay the Bond according to the payment terms hereinabove set forth and the principal and interest on all bonds issued on a parity with this Bond, if any.

The Master Resolution may be modified or amended by action on behalf of the Issuer taken in the manner and subject to the conditions and exceptions prescribed therein. The holder or owner of this Bond shall have no right to enforce the provisions of the Master Resolution or to institute action to enforce the pledge or covenants made therein or to take any action with respect to an event of default under the Master Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in said Master Resolution.

This Bond shall be registered in the name of the initial purchaser and any subsequent purchasers in an appropriate book in the office of the General Manager of the Issuer, who shall be the Registrar. This Bond is transferable only by notation upon said book by the Registered Owner hereof in person or by his attorney duly authorized in writing, by the surrender of this Bond, together with a written instrument of transfer satisfactory to the Issuer, duly executed by the Registered Owner or his attorney duly authorized in writing; thereupon, this Bond shall be delivered to and registered in the name of the transferee.

It is hereby declared that all acts, conditions, and things required to exist, happen, and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in regular and due time, form, and manner as required by law, that the amount of

this Bond does not exceed any limitation prescribed by the Constitution or statutes of the State of Utah, that the Net Revenues to be derived from the operation of the System have been pledged and that an amount therefrom will be set aside into a special fund by the Issuer sufficient for the prompt payment of this Bond and all bonds issued on a parity with this Bond, if any, and, said Net Revenues are not pledged, hypothecated, or anticipated in any way other than by the issue of this Bond and all bonds issued on a parity with this Bond, if any.

IN TESTIMONY WHEREOF, the Issuer has caused this Bond to be signed by its Chairman and countersigned by its General Manager under the corporate seal of said Issuer this _____, 2023.

(SEAL)

By: _____ (Do Not Sign)
Chairman

COUNTERSIGN:

By: _____ (Do Not Sign)
General Manager

REGISTRATION CERTIFICATE

(No writing to be placed herein except by
the Bond Registrar)

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Bond Registrar</u>
_____	State of Utah Department of Environmental Quality, Drinking Water Board	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

CERTIFICATE OF DATES OF PAYMENT AND AMOUNT

The undersigned authorized representative of the State of Utah Department of Environmental Quality, Drinking Water Board (the "Board"), hereby certifies that the Board has received written authorization from the Issuer to stamp or write the amount or amounts indicated below on the date or dates set forth opposite such amount(s); that the amount last inserted under the column "Total Principal Sum" is the total amount received by the issuer for the issuance of this Bond, and that the undersigned has placed his/her signature in the space provided opposite such amount(s) to evidence the same.

<u>Amount of Payment</u>	<u>Date of Payment</u>	<u>Principal Amount</u>	<u>Total Principal Sum</u>	<u>Board Representative Signature</u>
\$ _____	_____	\$ _____	\$ _____	_____
\$ _____	_____	\$ _____	\$ _____	_____
\$ _____	_____	\$ _____	\$ _____	_____
\$ _____	_____	\$ _____	\$ _____	_____
\$ _____	_____	\$ _____	\$ _____	_____
\$ _____	_____	\$ _____	\$ _____	_____
\$ _____	_____	\$ _____	\$ _____	_____
\$ _____	_____	\$ _____	\$ _____	_____
\$ _____	_____	\$ _____	\$ _____	_____
\$ _____	_____	\$ _____	\$ _____	_____
\$ _____	_____	\$ _____	\$ _____	_____

EXHIBIT B

FORM OF EXCHANGE BOND

UNITED STATES OF AMERICA
STATE OF UTAH
BEAR RIVER WATER CONSERVANCY DISTRICT
TAXABLE WATER REVENUE BONDS, SERIES 2023

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issue Date</u>
1%		_____, 2023

Registered Owner: _____

Principal Amount: _____ Dollars

Bear River Water Conservancy District (the “Issuer”), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above, or on a redemption date, upon presentation and surrender thereof, the Principal Amount. This Bond shall bear interest at the rate of one percent (1.00%) per annum, with interest accruing from the issue date.

If this Bond is not paid when due and payable, the Issuer shall pay interest on the unpaid amount, at the rate of eighteen percent (18%) per annum from the due date thereof until paid in full.

This Bond is one of an authorized issue of bonds of like date, term and effect except as to maturity, in the aggregate principal amount of _____ Dollars (\$ _____), issued in exchange for the conversion of the Issuer’s Taxable Water Revenue Bond, Series 2023 (the “Series 2023 Bonds”) dated _____, 2023, in the Total Principal Sum of \$_____, authorized by a resolution of the Issuer duly adopted on June 28, 2023 authorizing a Supplemental Master Resolution dated as of July 26, 2023 (the “Master Resolution”). This Bond and the issue of Bonds of which it is a part is issued pursuant to (a) the Master Resolution and (b) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, for the purpose of (i) financing all or a portion of the costs of construction of improvements to the Issuer’s water system (the “System”), including, but not limited to the construction of three production wells and wellhouses, a pumphouse, and pipeline (collectively, the “Series 2023 Project”) and (ii) paying costs of issuance of the Bonds. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the Master Resolution) of the System and does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Net Revenues of the System.

As provided in the Master Resolution, bonds, notes, and other obligations may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Master Resolution, and the aggregate principal amount of such bonds, notes, and other obligations which may be issued is not limited. This Bond and all other bonds, notes, and other obligations issued and to be issued under the Master Resolution on a parity with this Bond are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the Master Resolution.

The issuance of this Bond shall not, directly, indirectly, or contingently, obligate the Issuer or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for its payment.

This Bond is subject to redemption prior to maturity at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer, in whole or in part, in the order determined by the Issuer, upon not less than thirty (30) days' nor more than forty-five (45) days' prior notice, at a redemption price equal to one hundred percent (100%) of the principal amount of each Bond to be redeemed. Notice of redemption shall be mailed by the Issuer, postage prepaid, to the Registered Owners of said Bonds addressed to such owners at their address appearing on the registration books maintained by the Issuer.

Subject to the provisions of the Master Resolution, the Series 2023 Bonds (as defined in the Master Resolution) are issuable in fully registered form, without coupons, in denominations equal to the principal amount of the bonds or, upon exchange, in the denomination of \$1,000 or any integral multiple thereof.

The Issuer covenants and agrees that it will fix rates for water service sufficient to pay this Bond when due and principal and interest on all bonds issued on a priority to or parity with this Bond, if any, as the same fall due, provided such rates must be reasonable rates for the type, kind, and character of the service rendered, and will collect and account for the Revenues (as defined in the Master Resolution) to be received for such service, and will set aside one hundred percent (100%) of the Net Revenues of the System (as defined in the Master Resolution) to pay this Bond according to the payment terms hereinabove set forth and the principal and interest on all bonds issued on a parity with this Bond, if any.

The Master Resolution may be modified or amended by action on behalf of the Issuer taken in the manner and subject to the conditions and exceptions prescribed therein. The Registered Owner of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the pledge or covenants made therein or to take any action with respect to an event of default under the Master Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Master Resolution.

This Bond is transferable by the registered holder hereof in person or by his attorney duly authorized in writing at the office of the General Manager (the "Registrar") in the Bear River Water Conservancy District, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same series and the same maturity and of authorized

denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor.

It is hereby certified, recited, and declared that all conditions, acts, and things essential to the validity of this Bond and the issue of which it forms a part do exist, have happened, and have been done, and that every requirement of law affecting the issue hereof has been duly complied with; that this Bond and the issue of which it forms a part does not exceed any limitation prescribed by the Constitution and laws of the State of Utah; that one hundred percent (100%) of the Net Revenues to be derived from the operation of the System, including any future improvements, additions, and extensions thereto, have been pledged and will be set aside into said special fund by the Issuer to be used for the payment of this Bond and the issue of which it forms a part and all bonds issued on a parity with this Bond, if any, and that said Net Revenues of the System are not pledged, hypothecated, or anticipated in any way other than by the issue of Series 2023 Bonds of which this Bond is one and all bonds issued on a parity with this Bond, if any.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Chairman and countersigned by its General Manager with the seal of said Issuer affixed, all as of this _____, 2023.

(SEAL)

By: _____ (Do Not Sign)
Chairman

COUNTERSIGN:

By: _____ (Do Not Sign)
General Manager

ASSIGNMENT

FOR VALUE RECEIVED, _____, the undersigned sells, assigns, and transfers unto:

(Social Security or Other Identifying Number of Assignee)

(Please Print or Typewrite Name and Address of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

EXHIBIT C

RECORD OF PROCEEDINGS

The Board of Trustees (the “Board of Trustees”) of Bear River Water Conservancy District, Box Elder County, Utah, met in public session at the regular meeting place of the Board of Trustees at _____, on July 26, 2023 (the “Meeting”), at the hour of 7:00 p.m., or as soon thereafter as feasible, with the following members of the Board of Trustees being present:

David Forsgren	Board Chair
Boyd Bingham	Board Member
DJ Bott	Board Member
Brodie Calder	Board Member
Jay Capener	Board Member
Richard Day	Board Member
Charles Holmgren	Board Member
Lyle Holmgren	Board Member
Mark S. Larson	Board Member
Tim Munns	Board Member
Joseph Summers	Board Member

Also present:

Carl W. Mackley	General Manager
-----------------	-----------------

Absent:

None

which constituted all the members thereof.

After the Meeting had been duly called to order and after other matters were discussed, the foregoing resolution (the “Resolution”) was introduced in written form and fully discussed.

A motion to adopt the Resolution was then duly made by _____ and seconded by _____, and the Resolution was put to a vote and carried, the vote being as follows:

Those voting YEA: All

Those voting NAY: None

Those Abstaining: None

Other business not pertinent to the Resolution appears in the minutes of the Meeting. Upon the conclusion of all business on the Agenda and motion duly made and carried, the Meeting was adjourned.

CERTIFICATE OF DISTRICT CLERK

I, Carl W. Mackley, the duly appointed and qualified District Clerk of Bear River Water Conservancy District, do hereby certify that the attached Resolution is a true, accurate and complete copy thereof as adopted by the Board of Trustees at a public meeting duly held on July 26, 2023 (the "Meeting"). The persons present and the result of the vote taken at the Meeting are all as shown above. The Resolution, with all exhibits attached, was deposited in my office on _____, 2023 and is officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my signature, this _____ day of _____, 2023.

Carl W. Mackley, District Clerk

(SEAL)

**CERTIFICATE OF COMPLIANCE WITH
OPEN MEETING LAW**

I, Carl W. Mackley, the undersigned District Clerk of Bear River Water Conservancy District, do hereby certify, according to the records of the District in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated 1953, as amended, I gave not less than twenty-four (24) hours public notice of the agenda, date, time and place of the July 26, 2023, public meeting held by the governing body of the District as follows:

(a) By causing a notice, in the form attached hereto (the "Meeting Notice"), to be posted at the principal office of the District at least twenty-four (24) hours prior to the convening of the meeting, the Meeting Notice having continuously remained so posted and available for public inspection until the completion of the meeting; and

(b) By causing a copy of the Meeting Notice to be delivered to a newspaper of general circulation in the geographic jurisdiction of the Town at least twenty-four (24) hours prior to the convening of the meeting.

(c) By causing a copy of the Meeting Notice to be posted on the Utah Public Notice Website at least twenty-four (24) hours prior to the convening of the meeting.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this _____ day of _____, 2023.

District Clerk

(SEAL)

(Attach Meeting Notice)