**NS PUBLIC INFRASTRUCTURE DISTRICT NOS. 1, 3-5**
JOINT REGULAR MEETING via teleconference on
Friday, April 10, 2026, at 10:00 am Mountain Time (US and Canada)

*This meeting is open to the public and may be joined using the following information:*

https://us06web.zoom.us/j/85957364792?pwd=WriBTWsQOmd33Ite7RNs50eb8b0IWA.1
Meeting ID: 859 5736 4792
Passcode: 643621
Call-in Number: 720-707-2699

ANCHOR LOCATION: 1265 E Fort Union Blvd., Suite 302, Cottonwood Heights, UT



**NOTICE OF JOINT REGULAR MEETING AND AGENDA**

1. Call to Order/Declaration of Quorum

2. Preliminary Action Items

   a. Approval of Agenda

   b. Confirm Conflict of Interest Disclosures

3. Public Comment – Members of the public may express their views to the Boards on matters that affect the Districts. Comments will be limited to three (3) minutes.

4. Action Items

   a. Approval of Minutes from January 9, 2026 Joint Regular Meeting

   a. Approval of Claims Listing

   b. Approval of March 31, 2026 Unaudited Financial Statements

   c. Acceptance of 2025 Audit (District No. 1)

   d. Adoption of Joint Resolution Indentifying Anchor Location for Meetings

   e. Discuss and Authorize Legal Counsel to bind general liability and crime insurance, as required under Utah Law, through the Utah Local Governments Trust (Distirct Nos. 3-5)

5. Administrative (Non-Action) Items

   a. *Confirmation of Completed Annual Trustee Training – Open and Public Meetings Act Training 2026

6. Adjourn

**MINUTES OF A JOINT REGULAR MEETING**

**NS PUBLIC INFRASTRUCTURE DISTRICT NOS. 1, 3-5**
**BOARD OF TRUSTEES**

Friday, January 9, 2026 at 10:00 a.m. Mountain Time (US and Canada)
1265 E Fort Union Blvd., Suite 302, Cottonwood Heights, UT

*The meeting was also held via teleconference and open to the public.*

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## Attendance

The meeting referenced above was called and held in accordance with the applicable statutes of the State of Utah. The following members were in attendance:

Boyd Brown, Chair, via teleconference

Jonny Christensen, Treasurer/Vice Chair, via teleconference

Clay Winder, Clerk/Secretary, **arrived where indicated*

Also present: Megan J. Murphy, Esq. and Betsy F. Russon, Esq., WBA, PC, District General Counsel; Shelby Clymer and Lauren Warburton, CliftonLarsonAllen LLP, District Accountant; and Chase Hanusa, The Connextion Group, District Engineer.

## Call to Order/Declaration of Quorum

It was noted that a quorum of each Board was present. Upon a motion duly made and seconded, the meeting was called to order.

## Joint Meetings

The Boards of Directors of the Districts have determined to hold joint meetings of the Districts and to prepare joint minutes of action taken by the Districts in such meetings. Unless otherwise noted, all official action reflected in these minutes is the action of each of the Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

## Preliminary Action Items

### Approve Agenda

*The Boards reviewed the proposed agenda for the meeting. Following discussion, upon a motion duly made by Mr. Brown and seconded by Mr. Christensen, the Boards unanimously approved the agenda as presented.*

Conflict of Interest Disclosures

*Ms. Murphy advised the Boards that, pursuant to Utah law, certain disclosures might be required prior to taking official action at the meeting. Ms. Murphy reported that disclosures for those directors that provided WBA, PC, with notice of potential or existing conflicts of interest were filed with the approving jurisdiction, in accordance with Utah law, and those disclosures were reacknowledged by the board members. Ms. Murphy inquired into whether members of the Boards had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. The Boards confirmed no additional disclosures. Ms. Murphy noted that new Conflict of Interest Disclosures for 2026 would be sent out.*

**Public Comment**

*No members of the public were in attendance.*

**Action Items**

Approval of Minutes from December 12, 2025 Joint Special Meeting

*Ms. Murphy presented minutes from the December 12, 2025 special meeting to the Boards for consideration. Following review, upon a motion duly made by Mr. Boyd, seconded by Mr. Christensen, and upon a vote unanimously carried, the Boards approved the minutes.*

Approval of Claims Listing

*Ms. Warburton presented the Claims Listing to the Boards for consideration. Following review and discussion, upon a motion duly made by Mr. Brown, seconded by Mr. Christensen, and upon a vote unanimously carried, the Boards approved the Claims Listing.*

**Mr. Winder entered meeting*

Approval of December 31, 2025 Unaudited Financial Statements

*Ms. Warburton presented the December 31, 2025 Unaudited Financial Statements to the Boards for consideration. Following review and discussion, upon a motion duly made my Mr. Brown, seconded by Mr. Christensen, and upon a vote unanimously carried, the Boards unanimously accepted the December 31, 2025 Unaudited Financial Statements.*

**Administrative Non-Action Items**

Confirmation of Completed Annual Trustee Training – Open and Public Meetings Act Training 2026

*Ms. Russon reminded the Board members to complete the Trustee Training regarding the Open and Public Meetings Act required by the state auditor for new Board members. No action was taken.*

**Adjourn**

There being no further business to come before the Boards and upon a motion duly made, seconded, and unanimously carried, the meeting was adjourned.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

______________________________
Clay Winder
District Clerk/Secretary

The foregoing minutes were approved on the 10th day of April, 2026.

NS PID 1
Payment Listing
January 1, 2026 -March 31, 2026

| Process Date | Vendor | Description | Payment Method | Amount |
|---|---|---|---|---|
| 02/06/2026 | WBA | Legal Services | Working Capital Req | $ 729.29 |
| 02/06/2026 | CLA | Accounting Services | Working Capital Req | $ 3,462.73 |
| 02/06/2026 | Haynie & Company | 2024 Audit Services | Working Capital Req | $ 7,800.00 |
| 02/19/2026 | WBA | Legal Services | Construction Req | $ 740.05 |
| 02/19/2026 | The Connextion Group | Engineering Services | Construction Req | $ 3,755.00 |
| 03/26/2026 | CLA | Accounting Services | Working Capital Req | $ 2,984.16 |
| 03/26/2026 | WBA | Legal Services | Working Capital Req | $ 2,131.29 |
| 03/27/2026 | WBA | Legal Services | Working Capital Req | $ 1,624.63 |
| Total | | | | 23,227.15 |

# NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1

## FINANCIAL STATEMENTS

## MARCH 31, 2026

# NS Public Infrastructure District No. 1
# Balance Sheet - Governmental Funds
# March 31, 2026

| | General | Debt Service | Capital Projects | Total |
|---|---|---|---|---|
| Assets | | | | |
| UMB Reserve Fund 2024 | $ - | $ 727,532.82 | $ - | $ 727,532.82 |
| UMB Capitalized Interest Fund 2024 | - | 263,356.30 | - | 263,356.30 |
| UMB Construction Fund 2024 | - | - | 518,022.81 | 518,022.81 |
| UMB Working Capital Fund 2024 | 49,092.55 | - | 27,983.37 | 77,075.92 |
| Assessment receivable | - | 7,280,000.00 | - | 7,280,000.00 |
| Total Assets | $ 49,092.55 | $ 8,270,889.12 | $ 546,006.18 | $ 8,865,987.85 |
| Liabilities | | | | |
| Accounts Payable | $ 4,700.00 | $ - | $ - | $ 4,700.00 |
| Total Liabilities | 4,700.00 | - | - | 4,700.00 |
| Deferred Inflows of Resources | | | | |
| Deferred assessment revenue | - | 7,280,000.00 | - | 7,280,000.00 |
| Total Deferred Inflows of Resources | - | 7,280,000.00 | - | 7,280,000.00 |
| Fund Balances | 44,392.55 | 990,889.12 | 546,006.18 | 1,581,287.85 |
| Liabilities and Fund Balances | $ 49,092.55 | $ 8,270,889.12 | $ 546,006.18 | $ 8,865,987.85 |

See selected information and summary of significant assumptions.

# NS Public Infrastructure District No. 1
# General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
## For the Period Ending March 31, 2026

| | Annual Budget | Actual | Variance |
|---|---|---|---|
| Revenues | | | |
| Interest Income | $ 400.00 | $ 722.56 | $ (322.56) |
| Total Revenue | 400.00 | 722.56 | (322.56) |
| | | | |
| Expenditures | | | |
| Accounting | 20,520.00 | 6,084.14 | 14,435.86 |
| Auditing | 8,500.00 | (200.00) | 8,700.00 |
| Insurance | 4,000.00 | 1,750.00 | 2,250.00 |
| Legal | 19,000.00 | 4,715.87 | 14,284.13 |
| Total Expenditures | 52,020.00 | 12,350.01 | 39,669.99 |
| | | | |
| Other Financing Sources (Uses) | | | |
| Transfers to other fund | (4,000.00) | - | (4,000.00) |
| Transfers from other funds | 24,971.00 | - | 24,971.00 |
| Total Other Financing Sources (Uses) | 20,971.00 | - | 20,971.00 |
| | | | |
| Net Change in Fund Balances | (30,649.00) | (11,627.45) | (19,021.55) |
| | | | |
| Fund Balance - Beginning | 60,520.00 | 56,020.00 | 139,500.00 |
| Fund Balance - Ending | $ 29,871.00 | $ 44,392.55 | $ 120,478.45 |

See selected information and summary of significant assumptions.

# SUPPLEMENTARY INFORMATION

# NS Public Infrastructure District No. 1
# Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
# For the Period Ending March 31, 2026

| | Annual Budget | Actual | Variance |
|---|---|---|---|
| Revenues | | | |
| Assessment fee revenue | $ 245,600.00 | $ - | $ 245,600.00 |
| Interest Income | 3,750.00 | 7,671.92 | (3,921.92) |
| Total Revenue | 249,350.00 | 7,671.92 | 241,678.08 |
| Expenditures | | | |
| Paying agent fees | 4,000.00 | - | 4,000.00 |
| Bond interest | 436,800.00 | - | 436,800.00 |
| Total Expenditures | 440,800.00 | - | 440,800.00 |
| Other Financing Sources (Uses) | | | |
| Transfers from other funds | 4,000.00 | - | 4,000.00 |
| Total Other Financing Sources (Uses) | 4,000.00 | - | 4,000.00 |
| Net Change in Fund Balances | (187,450.00) | 7,671.92 | (195,121.92) |
| Fund Balance - Beginning | 938,613.00 | 983,217.20 | 1,557,495.80 |
| Fund Balance - Ending | $ 751,163.00 | $ 990,889.12 | $ 1,362,373.88 |

# NS Public Infrastructure District No. 1
# Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
# For the Period Ending March 31, 2026

| | Annual Budget | Actual | Variance |
|---|---|---|---|
| Revenues | | | |
| Interest Income | $ - | $ 5,769.98 | $ (5,769.98) |
| Total Revenue | - | 5,769.98 | (5,769.98) |
| Expenditures | | | |
| Legal | - | 740.05 | (740.05) |
| Total Expenditures | - | 740.05 | (740.05) |
| Net Change in Fund Balances | - | 5,029.93 | (5,029.93) |
| Fund Balance - Beginning | 24,971.00 | 540,976.25 | 4,261,794.75 |
| Fund Balance - Ending | $ 24,971.00 | $ 546,006.18 | $ 4,256,764.82 |

# NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
# SELECTED INFORMATION
# FOR THE PERIOD ENDED MARCH 31, 2026

**Notes to the Reader:**

The financial statements of the District have been prepared in accordance with the criteria established by the Governmental Accounting Standards Boards (“GASB”), which is the source of authoritative accounting principles generally accepted in the United States of America (“GAAP”), as applied to governmental entities. The District’s financial statements are prepared using the modified accrual basis of accounting. The financial statements include the following departures from GAAP:

- Management’s discussion and analysis and substantially all disclosures required are omitted.
- The statement of revenues, expenditures and changes in fund balances – governmental funds has been omitted.

The financial forecasts present, to the best of management’s knowledge and belief, the District’s expected results of operations and cash flows for the forecast periods. Accordingly, the forecasts reflects its judgment as of November 10, 2025, the date these forecasts were prepared, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecasts. There will usually be differences between the forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The financial statements are developed by the District to comply with GAAP, although there may be departures from GAAP not identified. These statements are primarily intended for use in managing the District’s operations and may not be suitable for other purposes. Users should be aware of these limitations when utilizing the financial statements.

# NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
# 2026 BUDGET
# SUMMARY OF SIGNIFICANT ASSUMPTIONS

## Services Provided

On April 3, 2024, the City Council of Salem City, Utah (the City), acting in its capacity as the creating authority for the NS Public Infrastructure District No. 1 (the District) and Nos. 2-5 (together with the District, the Districts), adopted a resolution creating the Districts. The Office of the Lieutenant Governor of the State of Utah issued a Certificate of Creation for the Districts on May 2, 2024, which was recorded in the real property records of the Utah County Recorder on June 12, 2024.

The District was established to provide financing for infrastructure improvements to facilitate development within the boundaries of the Districts. The District has the power to issue bonds for the purpose of paying all or part of the costs of acquiring, acquiring an interest in, improving, or extending certain public improvements, facilities, or property.

The District has no employees, and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

## Revenues

### Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4%.

## Expenditures

### Administrative Expenditures

Administrative and operations expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, district management, insurance, and other administrative expenses.

### Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

### Debt Service

Interest payments are provided based on the schedule of debt service requirements to maturity for the Series 2024 Bonds (discussed under debt and leases).

### Debt and Leases

The District issued the Bonds on December 17, 2024, with a par amount of $7,280,000. The Bonds were sold at a discount of $206,242.

The Bonds are being issued for the purposes of: (a) financing a portion of public improvements of the development, (b) funding the Reserve Fund to the Reserve Requirement, (c) paying capitalized interest on the Bonds, and (d) paying other costs in connection with the issuance of the Bonds. The Assessment Bonds are secured by and payable from Assessments levied and received under the Assessment Ordinance against certain properties within the District's Assessment Area benefited by the improvements.

**This information is an integral part of the accompanying budget.**

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1**
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

$7,280,000 Special Assessment Bonds
Series 2024
Dated December 17, 2024
Interest Rate - 6.000%
Interest Payable June 1 and December 1
Principal Payable December 1

| **Year Ending December 31,** | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ - | $ 436,800 | $ 436,800 |
| 2027 | - | 436,800 | 436,800 |
| 2028 | 260,000 | 436,800 | 696,800 |
| 2029 | 275,000 | 421,200 | 696,200 |
| 2030 | 290,000 | 404,700 | 694,700 |
| 2031 | 305,000 | 387,300 | 692,300 |
| 2032 | 325,000 | 369,000 | 694,000 |
| 2033 | 345,000 | 349,500 | 694,500 |
| 2034 | 365,000 | 328,800 | 693,800 |
| 2035 | 390,000 | 306,900 | 696,900 |
| 2036 | 410,000 | 283,500 | 693,500 |
| 2037 | 435,000 | 258,900 | 693,900 |
| 2038 | 460,000 | 232,800 | 692,800 |
| 2039 | 490,000 | 205,200 | 695,200 |
| 2040 | 520,000 | 175,800 | 695,800 |
| 2041 | 550,000 | 144,600 | 694,600 |
| 2042 | 585,000 | 111,600 | 696,600 |
| 2043 | 620,000 | 76,500 | 696,500 |
| 2044 | 655,000 | 39,300 | 694,300 |
| Total | $ 7,280,000 | $ 5,406,000 | $ 12,686,000 |

# NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1

## FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

## YEAR ENDED DECEMBER 31, 2025

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1**
**TABLE OF CONTENTS**
**YEAR ENDED DECEMBER 31, 2025**

**INSERT INDEPENDENT AUDITOR'S REPORT**

The management of NS Public Infrastructure District No. 1 (the District) offers the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

The Management Discussion and Analysis (MD&A) focuses on the presentation of the financial statements and the related activities in two distinct ways: 1) the review of government-wide financials that reflect the overall assets and activity of the government including the District's capital assets and long term debt obligations, and 2) the more traditional view of the governmental funds that have been established to account for specific activities of the District.

This MD&A will provide a quick look at the highlights of each of these presentations, a more definitive view of what comprises each of these presentations, and a more detailed analysis of each of the presentations, key components and the changes that occurred during 2025.

**Overview of the Financial Statements**

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplemental information in addition to the basic financial statements.

**Government-Wide Statements**

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the District's overall financial status. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The basic government-wide financial statements can be found on pages 1-2 of this report.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- *Governmental funds*: The District's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District's programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds – general, debt service, and capital projects – all of which are considered to be major funds.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided for the general fund in the basic financial statements to demonstrate compliance with the budget.

The basic governmental fund financial statements and reconciliation to the government-wide financial statements can be found on pages 3-6 of this report.

**Financial Highlights**

Government-wide financial statement highlights include:

- The combined assets of the District exceeded its liabilities at the close of the most recent fiscal year by $6,437,890 (net position). $7,446,534 is considered restricted for debt service and capital projects. Unrestricted net position is at a deficit balance of $1,008,644.

- The District's receivable of $7,280,000 represents the assessment to be received over the life of the bonds to repay the 2024 Bonds.

- The District's non-current long-term liabilities total $7,088,540:
  - The outstanding principal balance on the bonds is $7,280,000 with the first scheduled principal payment being December 1, 2028. The balance of the original issue bond discount is $191,460.

- The government's total net position decreased $341,413 under the full accrual method:
  - Investment Income Revenues were recognized in the amount of $173,185 for the year. Expenses totaled $514,598 primarily consisting of administrative costs and bond interest.

Fund financial statement highlights include:

- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $1,580,213, of which $1,750 was nonspendable for prepaid expenses, $30,649 is assigned for subsequent year's expenditures, $23,621 was unassigned and the remaining $1,524,193 was considered restricted.
- They are comprised of:
  - During 2025, the General Fund recorded revenues of $4,795 from interest income and received $50,508 of transfers in from the Capital Projects Fund, offset with $54,282 in expenditures, resulting in an ending fund balance of $56,020.
  - The Debt Service Fund has an ending fund balance of $983,217, which is restricted for future debt service payments. This amount represents $48,504 in interest income offset with $417,387 in expenditures from bond interest.
  - The Capital Projects Fund has an ending fund balance of $540,976 and is restricted to future capital outlay and administration.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the funds – general, debt service, and capital projects – all of which are considered to be major funds.

The District adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided for the general and special revenue funds in the basic financial statements to demonstrate compliance with the budget.

The basic governmental fund financial statements and reconciliation to the government-wide financial statements can be found on pages 3-6 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7-18 of this report.

**Supplementary information.** The supplementary information provided in this report after the basic financial statements includes a schedule of revenues, expenditures, and changes in fund balances, budget and actual comparison, for the debt service fund and capital projects fund. These schedules can be found on pages 20-21 of this report.

## Governmental Activities Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $6,437,890 at the close of the most recent fiscal year.

| | Governmental Activities | | |
|---|---|---|---|
| | 2025 | 2024 | Increase (Decrease) |
| **Assets** | | | |
| Current and Other Assets | $ 8,876,801 | $ 13,777,229 | $ (4,900,428) |
| Capital Assets | 4,703,279 | 134,928 | 4,568,351 |
| Total Assets | 13,580,080 | 13,912,157 | (332,077) |
| **Liabilities** | | | |
| Current and Other Liabilities | 53,650 | 59,096 | (5,446) |
| Long-Term Liabilities | 7,088,540 | 7,073,758 | 14,782 |
| Total Liabilities | 7,142,190 | 7,132,854 | 9,336 |
| **Net Position** | | | |
| Restricted | 7,446,534 | - | 7,446,534 |
| Unrestricted | (1,008,644) | 6,779,303 | (7,787,947) |
| Total Net Position | $ 6,437,890 | $ 6,779,303 | $ (341,413) |

| | Governmental Activities | | |
|---|---|---|---|
| | 2025 | 2024 | Increase (Decrease) |
| **Revenues** | | | |
| General Revenues: | | | |
| Investment Income | $ 173,185 | $ - | $ 173,185 |
| Assessment Fee Revenue | - | 7,280,000 | 7,280,000 |
| Total Revenues | 173,185 | 7,280,000 | (7,106,815) |
| **Expenses** | | | |
| General Government | 80,782 | 21,582 | 59,200 |
| Interest and Related Costs on Long-Term Debt | 433,816 | 479,115 | (45,299) |
| Total Expenses | 514,598 | 500,697 | 13,901 |
| **CHANGE IN NET POSITION** | (341,413) | 6,779,303 | (7,120,716) |
| Net Position - Beginning of Year | 6,779,303 | - | 6,779,303 |
| **NET POSITION - END OF YEAR** | $ 6,437,890 | $ 6,779,303 | $ (341,413) |

The decrease in revenues form prior year is due to the assessment fee revenue recognized in 2024 which is the assessment lien to be collected over the life of the bonds to pay the annual requirements on the bonds.

## Governmental Funds Financial Analysis

As noted earlier, the District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $1,580,213, of which $1,524,193 constitutes a restricted fund balance and the remaining is nonspendable, assigned, or unassigned, which is available for spending at the government's discretion within the parameters established for each fund.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the fund had a fund balance of $56,020. Revenues of $4,795 and expenditures of $54,282 were incurred in 2025. Expenditures were funded through the working capital fund which was a transfer in from the Capital Projects Fund.

The Debt Service Fund is used for future debt service payments. At the end of the year, a restricted fund balance of $983,217 was held in the fund.

The Capital Projects Fund is used for future construction of infrastructure and other capital-related activities. At the end of the year, a restricted fund balance of $540,976 was held in the fund.

## General Fund Budgetary Highlights

The District prepares its budget on the modified accrual basis of accounting to recognize the fiscal impact of debt issuance, sales of assets and debt repayments, as well as capital outlay. This budgetary accounting is required by State statutes.

## Capital Assets

The District had $4,703,279 in capital assets as of the year ended December 31, 2025. The entirety of the capital assets represents construction in progress and all assets are anticipated to be conveyed to other entities upon completion.

## Debt Administration

The District issued Series 2024 Special Assessment Bonds in the original par amount of $7,280,000. The bonds bear interest at 6.00% and are payable semi-annually to the extent of available pledged revenues beginning June 1, 2025. The Special Assessment Bonds were sold at a discount of $206,242. The purpose of the Bonds were to finance capital projects costs benefitting the NS development.

Additional information on the District's long-term obligations can be found within Note 5 of this report.

### Next Year's Budget and Rates

The District has appropriated $56,020 in the General Fund, $440,800 in the Debt Service Fund, and $24,971 in the Capital Projects Fund for spending in the 2026 fiscal year. It is intended that fund balance plus developer advances will be sufficient to cover these expenditures.

### Request for Information

Management's discussion and analysis is designed to provide a general overview of the District's finances. Questions concerning any of the information provided within this report or requests for additional information should be addressed to:

District Accountant of NS Public Infrastructure District No. 1
95 State Street, Suite 1150
Salt Lake City, UT 84111

# BASIC FINANCIAL STATEMENTS

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1**
**STATEMENT OF NET POSITION**
**DECEMBER 31, 2025**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and Investments | $ 66,381 |
| Cash and Investments - Restricted | 1,527,949 |
| Accounts Receivable | 721 |
| Prepaid Insurance | 1,750 |
| Assessment receivable | 7,280,000 |
| Capital Assets: | |
| Capital Assets Not Being Depreciated | 4,703,279 |
| Total Assets | 13,580,080 |
| **LIABILITIES** | |
| Accounts Payable | 16,588 |
| Accrued Interest | 37,062 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | 7,088,540 |
| Total Liabilities | 7,142,190 |
| **NET POSITION** | |
| Restricted for: | |
| Capital Projects | 118,030 |
| Debt Service | 7,328,504 |
| Unrestricted | (1,008,644) |
| Total Net Position | $ 6,437,890 |

*See accompanying Notes to Basic Financial Statements.*

# NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
# STATEMENT OF ACTIVITIES
# YEAR ENDED DECEMBER 31, 2025

| | | Program Revenues | | | Net Revenues (Expenses) and Changes in Net Position |
|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| **FUNCTIONS/PROGRAMS** | | | | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | $ 80,782 | $ - | $ - | $ - | $ (80,782) |
| Interest on Long-Term Debt and Related Costs | 433,816 | - | - | - | (433,816) |
| Total Governmental Activities | $ 514,598 | $ - | $ - | $ - | (514,598) |
| **GENERAL REVENUES** | | | | | |
| Interest Income | | | | | 173,185 |
| Total General Revenues and Transfers | | | | | 173,185 |
| **CHANGES IN NET POSITION** | | | | | (341,413) |
| Net Position - Beginning of Year | | | | | 6,779,303 |
| **NET POSITION - END OF YEAR** | | | | | $ 6,437,890 |

*See accompanying Notes to Basic Financial Statements.*

# NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
# BALANCE SHEET
# GOVERNMENTAL FUNDS
# YEAR ENDED DECEMBER 31, 2025

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Investments | $ 66,381 | $ - | $ - | $ 66,381 |
| Cash and Investments - Restricted | - | 983,217 | 544,731 | 1,527,948 |
| Accounts Receivable | 721 | - | - | 721 |
| Prepaid Insurance | 1,750 | - | - | 1,750 |
| Assessment receivable | - | 7,280,000 | - | 7,280,000 |
| Total Assets | $ 68,852 | $ 8,263,217 | $ 544,731 | $ 8,876,800 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | | |
| **LIABILITIES** | | | | |
| Accounts Payable | $ 12,832 | $ - | $ 3,755 | $ 16,587 |
| Total Liabilities | 12,832 | - | 3,755 | 16,587 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred Assessment Revenue | - | 7,280,000 | - | 7,280,000 |
| Total Deferred Inflows of Resources | - | 7,280,000 | - | 7,280,000 |
| **FUND BALANCES** | | | | |
| Nonspendable: | | | | |
| Prepaid Expense | 1,750 | - | - | 1,750 |
| Restricted for: | | | | |
| Debt Service | - | 983,217 | - | 983,217 |
| Capital Projects | - | - | 512,993 | 512,993 |
| Future Administration | - | - | 27,983 | 27,983 |
| Assigned to: | | | | |
| Subsequent Year's Expenditures | 30,649 | - | - | 30,649 |
| Unassigned | 23,621 | - | - | 23,621 |
| Total Fund Balances | 56,020 | 983,217 | 540,976 | 1,580,213 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 68,852 | $ 8,263,217 | $ 544,731 | |

| | |
|---|---|
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 4,703,279 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. | |
| Unamortized Bond Discount | 191,460 |
| Deferred inflows of resources for leases are applicable to future periods, and, therefore, are not reported in the governmental funds. | |
| Deferred Assessment Revenue | 7,280,000 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Accrued Interest | (37,062) |
| Bond Payable - 2024 | (7,280,000) |
| Net Position of Governmental Activities | $ 6,437,890 |

*See accompanying Notes to Basic Financial Statements.*

# NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
# GOVERNMENTAL FUNDS
# YEAR ENDED DECEMBER 31, 2025

| | General | Debt Service | Capital Projects | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Interest Income | $ 4,795 | $ 48,504 | $ 119,886 | $ 173,185 |
| Acceptance Of Reimbursable Costs | - | - | 2,491,351 | 2,491,351 |
| Total Revenues | 4,795 | 48,504 | 2,611,237 | 2,664,536 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Accounting | 20,559 | - | 662 | 21,221 |
| Auditing | 8,000 | - | - | 8,000 |
| Insurance | 5,054 | - | - | 5,054 |
| Legal | 20,669 | - | 8,715 | 29,384 |
| Debt Service: | | | | |
| Bond Interest | - | 417,387 | - | 417,387 |
| Capital Projects: | | | | |
| Capital Outlay | - | - | 17,123 | 17,123 |
| Capital Outlay | - | - | 2,077,000 | 2,077,000 |
| Recognition Of Reimbursable Costs | - | - | 2,491,351 | 2,491,351 |
| Repayment Of Accepted Costs | - | - | 2,491,351 | 2,491,351 |
| Total Expenditures | 54,282 | 417,387 | 7,086,202 | 7,557,871 |
| **EXCESS OF REVENUES UNDER EXPENDITURES** | (49,487) | (368,883) | (4,474,965) | (4,893,335) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers From Other Funds | 50,508 | - | - | 50,508 |
| Transfers To Other Funds | - | - | (50,508) | (50,508) |
| Total Other Financing Sources (Uses) | 50,508 | - | (50,508) | - |
| **NET CHANGE IN FUND BALANCES** | 1,021 | (368,883) | (4,525,473) | (4,893,335) |
| Fund Balances - Beginning of Year | 54,999 | 1,352,100 | 5,066,449 | 6,473,548 |
| **FUND BALANCES - END OF YEAR** | $ 56,020 | $ 983,217 | $ 540,976 | $ 1,580,213 |

*See accompanying Notes to Basic Financial Statements.*

**NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**YEAR ENDED DECEMBER 31, 2025**

| | |
|---|---|
| Net Change in Fund Balances - Total Governmental Funds | $ (4,893,335) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period. | |
| Capital Outlay | 4,568,351 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds. | |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. | |
| Developer Advance | (2,491,351) |
| Repay Developer Advance | 2,491,351 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements. | |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Accrued Interest Payable - Change in Liability | (1,647) |
| Amortization of Bond Discount | (14,782) |
| Changes in Net Position of Governmental Activities | $ (341,413) |

*See accompanying Notes to Basic Financial Statements.*

# NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
# GENERAL FUND
# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
# YEAR ENDED DECEMBER 31, 2025

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Interest Income | 4,500 | $ 4,500 | $ 4,795 | $ 295 |
| Total Revenues | 4,500 | 4,500 | 4,795 | 295 |
| **EXPENDITURES** | | | | |
| Accounting | 20,000 | 20,000 | 20,559 | (559) |
| Auditing | 8,500 | 8,500 | 8,000 | 500 |
| Insurance | 3,000 | 3,000 | 5,054 | (2,054) |
| Legal | 19,500 | 19,500 | 20,669 | (1,169) |
| Total Expenditures | 51,000 | 51,000 | 54,282 | (3,282) |
| **EXCESS OF REVENUES UNDER EXPENDITURES** | (46,500) | (46,500) | (49,487) | (2,987) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers From Other Funds | 56,020 | 56,020 | 50,508 | (5,512) |
| Transfers To Other Fund | - | (4,000) | - | 4,000 |
| Total Other Financing Sources (Uses) | 56,020 | 52,020 | 50,508 | (1,512) |
| **NET CHANGE IN FUND BALANCE** | 9,520 | 5,520 | 1,021 | (4,499) |
| Fund Balance - Beginning of Year | 55,000 | 55,000 | 54,999 | (1) |
| **FUND BALANCE - END OF YEAR** | $ 64,520 | $ 60,520 | $ 56,020 | $ (4,500) |

*See accompanying Notes to Basic Financial Statements.*

## NOTE 1 DEFINITION OF REPORTING ENTITY

On April 3, 2024, the City Council of Salem (the City) in Utah County, Utah (the County), acting in its capacity as the creating authority for the NS Public Infrastructure District No. 1 (the District), adopted a resolution creating the District. On May 2, 2024, the Office of the Lieutenant Governor of the State of Utah issued a Certificate of Creation for the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and inter-governmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and sales and use taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

### Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District amended its budget for the year ended December 31, 2025.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance.

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

### Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

### Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain qualifying commercial paper, repurchase agreements and bankers' acceptances, and negotiable or nonnegotiable deposits of qualified depositories and the Utah Public Treasurers' Investment Fund. The Utah Public Treasurers' Investment Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments for the District are reported at fair value determined on quoted market prices. Changes in the fair value of investments are recognized as a component of investment income.

Investments are carried at fair value.

### Property Taxes

The County assesses, bills, collects, and distributes property taxes for all taxing jurisdictions within its boundaries, including cities, school districts, and special districts, in accordance with state law. Property taxes are collected on two types of assets: 1) personal property, which represents business assets other than real estate, and 2) real estate and improvements. Uncollected taxes, including delinquent amounts, are deemed to be substantially collectible or recoverable through a tax sale process that is conducted when property taxes have been delinquent for five years. Accordingly, no allowance for doubtful tax accounts is considered necessary. Property taxes become a lien against the property as of January 1 in the year in which taxes are due. Property valuation notices are mailed to property owners in July.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Property Taxes (Continued)

Property owners can appeal the assessed valuation no later than September 15. Tax notices are mailed to property owners on or before November 1. Payments are due November 30.

Property taxes due in November that are uncollected by the following March are reported as a property tax receivable on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are considered to be a deferred inflow of resources. The County Treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a monthly basis. Tax collections are recorded as funds held in trust until disbursement. The County adheres to the following procedures set forth by the Utah State Tax Commission:

January 1: Lien Date – All property appraised based upon situs and status as of this date (real and personal).

May 22: County Assessor completes assessment roll and delivers roll to County Auditor with required signed statement.

June 22: All taxing entities with fiscal years ending in June adopt tentative budgets and proposed tax rates and report them to the County Auditor.

July 22: County Auditor prepares and mails Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners. Notice is to include date, time, and place of public budget hearings.

August 1: Taxing entities proposing judgment levies and tax increases are to advertise the tax increase and/or judgment levy, hold public hearings, adopt by resolution final budgets and tax rates, and report this information to the County Auditor.

September 15: Applications for appeal of locally assessed real property are due to the County's Board of Equalization. (Hearings are held and decisions made through October 1.)

September 30: Utah State Tax Commission approves certified and proposed tax rates for each taxing entity.

October 1: Calendar-year taxing entities notify County governing body of intent to increase property taxes for the next calendar year. Calendar-year taxing entities must meet statutory noticing requirements which include a public meeting fourteen or more days before the November election, mailings to property owners seven or more days before the November election, and a twice-advertised public hearing.

November 1: County Auditor delivers the equalized assessment roll to the County Treasurer with affidavit and charges the County Treasurer to account for all taxes levied. County Treasurer mails tax notices.

December 1: Unpaid taxes on real property become delinquent and penalty is applied.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of net investment in capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

### Equity

#### Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

#### Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

*Committed Fund Balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Equity (continued)**

Fund Balance (continued)

*Assigned Fund Balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned Fund Balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

## NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

| | |
|---|---|
| Statement of Net Position: | |
| Cash and Investments | $ 66,381 |
| Cash and Investments - Restricted | 1,527,948 |
| Total Cash and Investments | $ 1,594,329 |

Cash and investments as of December 31, 2025 consist of the following:

| | |
|---|---|
| Investments | $ 1,594,329 |
| Total Cash and Investments | $ 1,594,329 |

**Deposits with Financial Institutions**

The District's deposit and investment activities are governed by the Utah Money Management Act (Utah Code, Title 51, Chapter 7). The State of Utah Money Management Council has the responsibility to advise the Utah State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state of Utah, and review the rules adopted under the authority of the Utah Money Management Act that relate to the deposit and investment of public funds. The Utah Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government, and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

As of December 31, 2025, the District had no cash deposits.

## NOTE 3 CASH AND INVESTMENTS (CONTINUED)

### Investments

The State of Utah Money Management Council (the Council) has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds. The District follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. Statutes authorize the District to invest in: negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by United States government-sponsored enterprises (United States Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed-rate corporate obligations and variable-rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurers’ Investment Fund.

As of December 31, 2025, the District had the following investments:

| Investment | Maturity | Amount |
|---|---|---|
| Morgan Stanley Institutional Liquidity Funds Government Portfolio | Weighted-Average 45 Days | $ 1,594,329 |
| | | $ 1,594,329 |

### Morgan Stanley Institutional Liquidity Funds Government Portfolio

The capital projects money that is included in the trust accounts at United Missouri Bank (successor of American National Bank) is invested in the Morgan Stanley Institutional Liquidity Funds Government Portfolio. This portfolio is an institutional mutual fund managed by Morgan Stanley Investment Management, Inc. and invests in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. Each share is equal in value to $1.00. The Fund is rated AAAmmf by Fitch, AAAm by Standard & Poor’s, and Aaa-mf by Moody’s.

## NOTE 4 CAPITAL ASSETS

The capital assets constructed by the District will be dedicated to the City or other appropriate governmental entity or owners' association in a manner consistent with the applicable provisions of the City Code. The costs of all capital assets transferred to other governmental entities will be removed from the District's financial records.

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2025:

| | Balance at December 31, 2024 | Increases | Decreases | Balance at December 31, 2025 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Construction in Progress | $ 134,928 | $ 4,568,351 | $ - | $ 4,703,279 |
| Total Capital Assets, Not Being Depreciated | $ 134,928 | $ 4,568,351 | $ - | $ 4,703,279 |

## NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's outstanding long-term obligations for the year ended December 31, 2025:

| | Balance at December 31, 2024 | Additions | Reductions | Balance at December 31, 2025 | Due Within One Year |
|---|---|---|---|---|---|
| Bonds Payable: | | | | | |
| General Obligation Bonds Series 2024 | $ 7,280,000 | $ - | $ - | $ 7,280,000 | $ - |
| Subtotal Bonds Payable | 7,280,000 | - | - | 7,280,000 | - |
| Other Debts: | | | | | |
| Developer Advance - Capital | - | 2,491,351 | 2,491,351 | - | - |
| Subtotal Other Debts | - | 2,491,351 | 2,491,351 | - | - |
| Bond Premium/Discount: | | | | | |
| Bond Discount - Series 2024 | (206,242) | - | (14,782) | (191,460) | - |
| Subtotal Bond Preimum / Discount | (206,242) | - | (14,782) | (191,460) | - |
| Total Long-Term Obligations | $ 7,073,758 | $ 2,491,351 | $ 2,476,569 | $ 7,088,540 | $ - |

The details of the District's long-term obligations are as follows:

## NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**Special Assessment Bonds, Series 2024 (the Bonds)**

Proceeds of the Bonds

The District issued the Bonds on December 17, 2024, with a par amount of $7,280,000. The Bonds were sold at a discount of $206,242.

The Bonds are being issued for the purposes of: (a) financing a portion of public improvements of the development, (b) funding the Reserve Fund to the Reserve Requirement, (c) paying capitalized interest on the Bonds, and (d) paying other costs in connection with the issuance of the Bonds.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

| Date of Redemption | Redemption Premium |
|---|---|
| December 1, 2029, to November 30, 2030 | 3.00% |
| December 1, 2030, to November 30, 2031 | 2.00 |
| December 1, 2031, to November 30, 2032 | 1.00 |
| December 1, 2032, and thereafter | 0.00 |

Extraordinary Mandatory Redemption

The Assessment Bonds are subject to extraordinary redemption on any business day on or after December 1, 2025 from any Assessments collected from the foreclosure sale of delinquent property or upon determination by the District that bond proceeds are not needed for construction costs, without redemption premium.

Extraordinary Mandatory Prepayment Redemption

The Assessment Bonds are subject to mandatory prepayment reduction on any interest payment date from prepayments of Assessments received by the District (and not needed to pay debt service), without redemption premium.

Assessments

The Assessment Bonds are secured by and payable from Assessments levied and received under the Assessment Ordinance against certain properties within the District's Assessment Area benefited by the improvements.

## NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**Special Assessment Bonds, Series 2024 (the Bonds) (Continued)**

Capitalized Interest Fund

The Bonds are further secured by the Capitalized Interest Fund which was funded in the amount of $655,200. Moneys in the Capitalized Interest Fund are to be used solely for the purpose of paying the principal of and interest on the Bonds to the extent the moneys in the Bond Fund are insufficient for such purpose. Amounts on deposit in the Capitalized Interest Fund on the final maturity date of the Bonds are to be applied to the payment of the Bonds on such date. The availability of such amount shall be taken into account in calculating the Required Mill Levy required to be imposed in the levy year of the final year of maturity of the Bonds.

Events of Default

Events of default occur if the District fails to impose the Required Mill Levy, or to apply the Pledged Revenues as required by the Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Indenture.

Acceleration of the Bonds shall not be an available remedy for an Event of Default.

Bonds Maturity

The District's Bonds will mature as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ - | $ 436,800 | $ 436,800 |
| 2027 | - | 436,800 | 436,800 |
| 2028 | 260,000 | 436,800 | 696,800 |
| 2029 | 275,000 | 421,200 | 696,200 |
| 2030 | 290,000 | 404,700 | 694,700 |
| 2031-2035 | 1,730,000 | 1,741,500 | 3,471,500 |
| 2036-2040 | 2,315,000 | 1,156,200 | 3,471,200 |
| 2041-2044 | 2,410,000 | 372,000 | 2,782,000 |
| Total | $ 7,280,000 | $ 5,406,000 | $ 12,686,000 |

## NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2025 as follows:

| | Governmental Activities |
|---|---|
| Restricted Net Position: | |
| Debt Service | $ 7,328,504 |
| Capital Projects | 118,030 |
| Total Restricted Net Position | $ 7,446,534 |

The District has a deficit unrestricted net positions which is primarily the result of incurring bond issuance costs and bond interest expense which were paid by bond proceeds.

## NOTE 7 INTERFUND AND OPERATING TRANSFERS

The transfer from the Capital Projects Fund to the General Fund was for the funding of administrative costs of the District.

## NOTE 8 RELATED PARTY

The developer of the property which constitutes the District is Woodside Homes of Utah, LLC, a Utah limited liability corporation (the Developer). All of the members of the Board of Directors are employees, owners or otherwise associated with the Developer, and may have conflicts of interest in dealing with the District.

**Funding and Reimbursement Agreement**

The District and the Developer will enter into a Funding and Reimbursement Agreement (Administration) (the “Administration Funding Agreement"). Under the Funding and Reimbursement Agreement (Administration), the Developer has agreed to loan to the District an amount not to exceed the aggregate of $30,000 per annum (the “Annual Loan Cap”) for two years, up to $60,000 (as the same may be subsequently increased as set forth below, or by agreement of the Parties and execution of a supplement or addendum to this Agreement) (the “Maximum Loan Amount”).

These funds will be loaned to the District in one or a series of installments (each, a “Loan Advance”) and will be available to the District through December 31, 2025 (as the same may be amended in accordance with the Funding and Reimbursement Agreement (Administration), the “Loan Obligation Termination Date”).

## NOTE 9 RELATED PARTY (CONTINUED)

**Funding and Reimbursement Agreement (continued)**

With respect to Loan Advances made under the Funding and Reimbursement Agreement (Administration) prior to the earlier of payment in full thereof, or the issuance of any Reimbursement Obligation reflecting such Advances, interest shall accrue on such amounts, as simple interest with no compounding at the rate of the MMD Interest Rate (the "Interest Rate"). Such Interest Rate shall adjust on an annual basis.

As of December 31, 2025, $0 are outstanding under this agreement.

**Infrastructure Acquisition and Reimbursement Agreement**

On September 5, 2024, the District entered into the Infrastructure Acquisition and Reimbursement Agreement with the Developer. This agreement establishes guidelines for evaluating any request from the Developer to accept costs which may be eligible for reimbursement under this agreement. Eligible District costs shall be certified by the District's accountant and engineer. The District shall reimburse the Developer within 30 days following the acceptance of the eligible District costs. Amounts outstanding shall accrue interest at the Municipal Market Data "AAA" General Obligation Yield Curve, 30-Year constant maturity plus 400 basis points.

As of December 31, 2025, $0 are outstanding under this agreement.

## NOTE 9 AGREEMENTS

**City Interlocal Agreement**

The District has entered into a City Interlocal Agreement (the Interlocal Agreement), dated September 5, 2024, with the City, which, among other things, restates provisions of the Governing Document regarding the limitations on the District's exercise of powers. The Interlocal Agreement generally functions as a contractual obligation of the District to abide by the limitations imposed on it by the City. Some or all of the Public Improvements constructed within the District will be transferred to the City.

## NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

## SUPPLEMENTARY INFORMATION

## NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
## DEBT SERVICE FUND
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
## YEAR ENDED DECEMBER 31, 2025

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Interest Income | $ 50,000 | $ 48,504 | $ (1,496) |
| Total Revenues | 50,000 | 48,504 | (1,496) |
| **EXPENDITURES** | | | |
| Paying Agent Fees | 4,000 | - | 4,000 |
| Bond Interest | 433,160 | 417,387 | 15,773 |
| Total Expenditures | 437,160 | 417,387 | 19,773 |
| **NET CHANGE IN FUND BALANCE** | (387,160) | (368,883) | 18,277 |
| Fund Balance - Beginning of Year | 1,602,100 | 1,352,100 | (250,000) |
| **FUND BALANCE - END OF YEAR** | $ 1,214,940 | $ 983,217 | $ (231,723) |

## NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
## CAPITAL PROJECTS FUND
## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
## YEAR ENDED DECEMBER 31, 2025

| | Original and Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| **REVENUES** | | | |
| Interest Income | $ 25,000 | $ 119,886 | $ 94,886 |
| Acceptance Of Reimbursable Costs | 4,790,800 | 2,491,351 | (2,299,449) |
| Total Revenues | 4,815,800 | 2,611,237 | (2,204,563) |
| **EXPENDITURES** | | | |
| Accounting | - | 662 | (662) |
| Engineering | 12,000 | 17,123 | (5,123) |
| Legal | - | 8,715 | (8,715) |
| Capital Outlay | - | 2,077,000 | (2,077,000) |
| Recognition Of Reimbursable Costs | 4,790,800 | 2,491,351 | 2,299,449 |
| Repayment Of Accepted Costs | 4,790,800 | 2,491,351 | 2,299,449 |
| Total Expenditures | 9,593,600 | 7,086,202 | 2,507,398 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (4,777,800) | (4,474,965) | 302,835 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers To Other Fund | - | (50,508) | (50,508) |
| Total Other Financing Uses | - | (50,508) | (50,508) |
| **NET CHANGE IN FUND BALANCE** | (4,777,800) | (4,525,473) | 252,327 |
| Fund Balance - Beginning of Year | 4,777,800 | 5,066,449 | 288,649 |
| **FUND BALANCE - END OF YEAR** | $ - | $ 540,976 | $ 540,976 |

# NS PUBLIC INFRASTRUCTURE DISTRICT NO. 1
# SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
# YEAR ENDED DECEMBER 31, 2025

| Bonds/Loans and Interest Maturing in the Year Ending December 31, | $7,280,000 Special Assessment Bonds Series 2024 Dated December 17, 2024 Interest Rate Fixed 6.00% Interest Payable June 1 and December 1 Principal Payable December 1 | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2026 | $ - | $ 436,800 | $ 436,800 |
| 2027 | - | 436,800 | 436,800 |
| 2028 | 260,000 | 436,800 | 696,800 |
| 2029 | 275,000 | 421,200 | 696,200 |
| 2030 | 290,000 | 404,700 | 694,700 |
| 2031 | 305,000 | 387,300 | 692,300 |
| 2032 | 325,000 | 369,000 | 694,000 |
| 2033 | 345,000 | 349,500 | 694,500 |
| 2034 | 365,000 | 328,800 | 693,800 |
| 2035 | 390,000 | 306,900 | 696,900 |
| 2036 | 410,000 | 283,500 | 693,500 |
| 2037 | 435,000 | 258,900 | 693,900 |
| 2038 | 460,000 | 232,800 | 692,800 |
| 2039 | 490,000 | 205,200 | 695,200 |
| 2040 | 520,000 | 175,800 | 695,800 |
| 2041 | 550,000 | 144,600 | 694,600 |
| 2042 | 585,000 | 111,600 | 696,600 |
| 2043 | 620,000 | 76,500 | 696,500 |
| 2044 | 655,000 | 39,300 | 694,300 |
| Total | $ 7,280,000 | $ 5,406,000 | $ 12,686,000 |

# COMPLIANCE REPORTING

Placeholder 1 for Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Placeholder 2 for Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Placeholder 1 for Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Compliance Audit Guide

Placeholder 1 for Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Compliance Audit Guide

Placeholder 1 for Schedule of Findings and Recommendations

Placeholder 2 for Schedule of Findings and Recommendations

Placeholder for Response to the Findings and Recommendations

**JOINT RESOLUTION**

**OF THE BOARDS OF TRUSTEES OF THE**

**NS PUBLIC INFRASTRUCTURE DISTRICT NOS. 1 & 3-5**

**IDENTIFYING AN ANCHOR LOCATION FOR MEETINGS OF THE BOARD**

WHEREAS, the NS Public Infrastructure District Nos. 1 & 3-5 (each a "**District**") are quasi-municipal corporations and political subdivisions of the State of Utah, duly organized and existing pursuant to the Special District Act, Title 17B, Chapter 1, Utah Code Annotated 1953 and the Public Infrastructure District Act, Title 17D, Chapter 4, Utah Code Annotated 1953, as amended from time to time and any successor statute thereto; and

WHEREAS, pursuant to Utah Code Section 17B-1-310(2), the District's Board of Trustees (the "**Board**") shall hold such regular and special meetings as the Board determines at a location that the Board determines; and

WHEREAS, pursuant to Utah Code Section 17D-4-205(2)(a) as amended by H.B. 17, the Board of a public infrastructure district is required to hold meetings at a location within the boundaries of the District subject to certain exceptions, was approved by the Utah Legislature and goes into effect on May 6, 2026 ("**H.B. 17**"); and

WHEREAS, pursuant to Utah Code Section 17D-4-205(2)(a) as amended by H.B. 17, the Board shall hold regular and special meetings at a location within the boundaries of the District; and

WHEREAS, pursuant to Utah Code Section 17D-4-205(2)(b) as amended by H.B. 17, the Board may hold regular and special meetings at a location outside the boundaries of the District if: (i)(A) there are no locations in the public infrastructure district that are able to accommodate the Board and the public that the Board reasonably expects will attend the meeting; and (B) the location the Board selects is near the public infrastructure district; (ii) it is not practicable to hold the regular or special meeting at a location within the boundaries of the public infrastructure district due to emergency circumstances; or (iii) the location the Board selects is within the boundaries of the creating entity; and

WHEREAS, the Board desires to adopt this Resolution stating where the Board will hold regular and special meetings pursuant to Utah law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. Recitals Incorporated. The recitals are incorporated herein by reference and made a part of this Resolution.

2. Identified Anchor Meeting Location. The Board, considering the location of the District and the requirements of Utah law, hereby determines that there are no locations within the boundaries of the District that are able to accommodate the Board, and the public that the Board reasonably expects will attend the regular and special meetings. Accordingly, the Board hereby

designates the anchor location for regular and special meetings as the ______________ (the "**Anchor Location**"), which is near the District and is located within the boundaries of the District's creating entity.

3. Meeting Participation Electronically. Pursuant to Utah Code Section 52-4-207 the Board previously adopted a Resolution Adopting Written Procedures Governing Electronic Meetings (the "**Electronic Meeting Resolution**"). Pursuant to the Electronic Meeting Resolution and this Resolution, the District may continue to hold electronic meetings without any Trustees physically present at the Anchor Location, provided someone representing the District is present at the Anchor Location to assist members of the public who may attend the open portions of the meeting and ensure the meeting can be heard at the Anchor Location.

4. Repeal of Inconsistent Resolutions. All prior resolutions, or parts of resolutions, adopted by the District that are inconsistent or in conflict with this Resolution are hereby repealed to the extent of such inconsistency or conflict.

5. Effectiveness. This Resolution shall become effective on May 6, 2026 and shall apply to all regular and special meetings held on or after May 6, 2026.

***[Remainder of Page Intentionally Left Blank, Signature Page Follows]***

ADOPTED THIS 10TH DAY OF APRIL, 2026.

**DISTRICT:**

**NS PUBLIC INFRASTRUCTURE DISTRICT NOS. 1 & 3-5**, quasi-municipal corporations and political subdivisions of the State of Utah

By: ______________________________
Officer of the Districts

Attest:

By: ______________________________

**Utah Local Governments Trust**
55 S Highway 89
North Salt Lake, UT 84054

UTAH LOCAL GOVERNMENTS TRUST
TRUST

**The Utah Local Governments Trust is a Public Agency Insurance Mutual, defined under Utah Code Annotated 31A-1-103, and formed under the Utah Interlocal Cooperative Act, Utah Code Annotated 11-13-101 et seq. Under the authority of Utah Code Annotated 63G-7-703 and 63G-7-801 et seq., the Trust and its members have created a self-insurance reserve fund to pay and/or defend against certain risks and liabilities. The Trust provides insurance-like protection to its members through coverage contracts, also referred to as "policies." The policies issued by the Trust contain various provisions which may limit or restrict coverage. Read each policy carefully to determine your rights, duties and what is and is not covered.**

| | |
|---|---|
| **TRUST POLICY NUMBER:** | TBD-LIABILITY |
| **MEMBER/NAMED INSURED:** | HH Public Infrastructure District #1 |
| **POLICY PERIOD:** | TBD |

## LIABILITY COVERAGE DECLARATIONS

**MAXIMUM COMBINED AGGREGATE LIMIT** **$5,000,000**

**The Maximum Combined Aggregate Limit represents the most the Trust will pay per Policy Period regardless of the number of: (1) Insureds; (2) "claims" or "suits"; (3) persons or organizations sustaining "damages"; (4) "occurrences," "personal injury offenses," "public officials' errors and omissions," "wrongful law enforcement acts"; or (5) coverages involved in a loss. Payment under any of the coverages provided by the Trust shall reduce the Maximum Combined Aggregate Limit available per Policy Period. Coverage provided by the Trust shall not be combined, cumulated or stacked with any other coverage provided by the Trust.**

### CGL - Comprehensive General Liability

| | | |
|---|---|---|
| CGL | Comprehensive General Liability | |
| | Liability Aggregate Limit per Policy Period | $5,000,000 |
| | Self Insured Retention | $0 |
| | Liability Single Limit per Occurrence/Offense | $5,000,000 |

## POEO - Public Officials' Errors and Omissions Liability

| | | |
|---|---|---|
| POEO-CP1 | Coverage Part 1: Public Officials' Errors and Omissions | |
| | Liability Aggregate Limit per Policy Period | $5,000,000 |
| | Self Insured Retention | $0 |
| | Liability Single Limit per Wrongful Act | $5,000,000 |
| POEO-CP2 | Coverage Part 2: Employee Benefits Liability | |
| | Liability Aggregate Limit per Policy Period | $5,000,000 |
| | Self Insured Retention | $0 |
| | Liability Single Limit per EB Act/Error/ Omission | $5,000,000 |

## Sub-Limits/Endorsement

| | | |
|---|---|---|
| FCSS-L | Foreign Claims and Suits Sub-Limit | |
| | Aggregate Limit per Policy Period | $1,000,000 |
| | Self Insured Retention | $0 |
| SHS-L | Sexual Harassment Sub-Limit | |
| | Aggregate Limit per Policy Period | $1,000,000 |
| | Self Insured Retention | $0 |
| USS-L | Utility Service Sub-Limit | |
| | Aggregate Limit per Policy Period | $1,000,000 |
| | Per Claim/Suit Limit | $500,000 |
| | Self Insured Retention | $0 |
| NFS-E | No-Fault Sewer and Potable Water | |
| | Aggregate Limit per Policy Period | $100,000 |
| | Maximum Limit per Household/Business | $5,000 |
| DEC-E | Declaratory, Injunctive Relief and Land Use Defense | |
| | Aggregate Limit per Policy Period | $50,000 |
| | Per Claim/Suit Limit | $25,000 |
| | Self Insured Retention | $0 |
| MAL-E | Malfeasance Defense | |
| | Aggregate Limit per Policy Period | $20,000 |
| | Per Claim/Suit Limit | $10,000 |
| | Self Insured Retention | $0 |

| Notification of Claims: |
| --- |
| Utah Local Governments Trust<br>Attention: Claims Manager<br>55 South Highway 89<br>North Salt Lake City, UT 84054-0610<br>801.936.6400 |

# COMPREHENSIVE GENERAL LIABILITY

The Utah Local Governments Trust is a Public Agency Insurance Mutual, defined under Utah Code Annotated 31A-1-103, and formed under the Utah Interlocal Cooperative Act, Utah Code Annotated 11-13-101 et seq. Under the authority of Utah Code Annotated 63G-7-703 and 63G-7-801 et seq., the Trust and its members have created a self-insurance reserve fund to pay and/or defend against certain risks and liabilities. The Trust provides insurance-like protection to its members through coverage contracts, also referred to as "policies." The policies issued by the Trust contain various provisions which may limit or restrict coverage. **Read each policy carefully to determine your rights, duties and what is and is not covered.**

Throughout this policy the words "you," "your," "yours," and "Insured" refer to the Named Insured shown in the Declarations and any other persons or organization qualifying as an Insured under this policy. The words "Trust," "we," "us," and "our" refer to the Utah Local Governments Trust.

Other words and phrases that appear in quotation marks have special meaning. Refer to the DEFINITIONS.

Countersignature on the Declarations page by a duly authorized agent of the Trust shall constitute valid countersignature of all endorsements with the same effective date as the effective date of the policy.

IN CONSIDERATION OF THE PAYMENT OF PREMIUM, CONTRIBUTIONS AND/OR ASSESSMENTS, AND IN RELIANCE UPON THE REPRESENTATIONS OF THE INSURED AND THE STATEMENTS IN THE DECLARATIONS MADE A PART HEREOF AND SUBJECT TO ALL THE TERMS OF THIS POLICY, THE UTAH LOCAL GOVERNMENTS TRUST (HEREINAFTER "THE TRUST"), AGREES WITH THE NAMED INSURED AS FOLLOWS:

**1. INSURING AGREEMENT**

a. The Trust will pay "damages" which the Insured becomes legally obligated to pay because of "bodily injury" or "property damage" caused by an "occurrence," or because of "personal injury" caused by a "personal injury offense," to which this insurance applies. The Trust will have the right and duty to defend any "suit" seeking those "damages," but will have no duty to defend the Insured against any "suit" to which this insurance does not apply. For any "suit" the Trust defends, the Trust retains the right to select counsel.

(1) The amount the Trust will pay for "damages" is limited as described in the LIMITS OF INSURANCE;

(2) The Trust may, at its discretion, investigate any "occurrence" or "personal injury offense";

(3) The Trust has the right, but not the duty, to settle any "claim" or "suit" covered by this policy;

(4) In any "suit" defended by the Trust, the Trust shall have no duty to prosecute any affirmative claim or cause of action on behalf of the Insured; and

(5) The Trust's right and duty to defend ends when it has paid the applicable limit of liability.

b. This insurance applies only to "bodily injury," "property damage" or "personal injury" which first occurs during the policy period. This insurance does not apply to "bodily injury," "property damage" or "personal injury" which first occurs before the effective date of the policy as shown in the Declarations or to "damages" which were known to have occurred by any Insured prior to the effective date of the policy.

If any Insured, prior to the effective date of the policy, knew that "bodily injury," "property damage" or "personal injury" occurred, any continuation or resumption of such "bodily injury," "property damage" or "personal injury" before or after the policy period will be deemed to have been known prior to the policy period.

c. This insurance does not apply to any "occurrence" or "personal injury offense" which occurs outside the "coverage territory." "Coverage territory" means the United States of America (including its territories and possessions). However, the Trust will pay on behalf of the Insured any "claim" or "suit" arising from an "occurrence" or "personal injury offense" which occurs outside the "coverage territory" up to the Foreign Claims and Suits Sub-limit if it is expressly specified in the Declarations. Notwithstanding the Supplementary Payments provision, any such sub-limit is inclusive of defense costs, and not in excess of defense costs, and the Trust's obligations to indemnify or defend the Insured against any "claim" or "suit" which falls within this exclusion will cease upon exhaustion of the Foreign Claims and Suits Sub-limit.

d. Supplementary Payments: The Trust will pay, with respect to any "claim" or "suit" the Trust defends:

(1) All expenses the Trust incurs.

(2) The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. The Trust does not have to furnish these bonds.

(3) All reasonable expenses incurred by the Insured at the Trust's request to assist the Trust in the investigation or defense of the "claim" or "suit," including actual loss of earnings up to $100 a day because of time off work.

(4) All costs taxed against the Insured in any "suit" the Trust defends.

(5) Pre-judgment interest awarded against the Insured on that part of the judgment the Trust pays. If the Trust makes an offer to pay the applicable limit of insurance, the Trust will not pay any pre-judgment which accrues after the offer.

(6) All interest on the full amount of any judgment that occurs after the entry of the judgment and before the Trust has paid, offered to pay, or deposited in court that part of the judgment within the applicable limit of insurance.

These payments do not reduce the LIMITS OF INSURANCE.

**2. EXCLUSIONS**

This policy does not apply to:

a. Any "claim" or "suit" arising out of "damages" expected or intended from the standpoint of any Insured. However, if a "suit" is brought against the Insured for "damages" for "personal injury" caused by a "personal injury offense" to which this policy applies, the Trust will afford a defense to such "suit" until it is established through admission or judicial determination that the Insured expected or intended said "damages." In no event shall the Trust have any obligation to pay "damages" expected or intended from the standpoint of any Insured.

b. Any "claim" or "suit" seeking relief other than "damages" including, without limitation, claims for injunctions, declaratory relief, temporary restraining orders, or other equitable relief, or requiring any Insured to take any action other than the payment of "damages."

c. Any "claim" or "suit" arising out of any obligation of an Insured under workers' compensation law, unemployment compensation law, retirement benefits law, disability benefits law, Federal Employment Retirement Income Security Act of 1974 (ERISA), including subsequent amendments, or any similar law.

d. Any "claim" or "suit" arising out of "bodily injury," "property damage" or "personal injury" to:

(1) An employee of the Insured acting in the course and scope of employment by the Insured; or

(2) The spouse, child, parent, or sibling of any employee of the Insured, if such injury arises out of the employee's work for an Insured.

This exclusion applies:

(1) Whether the Insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of injury.

e. Any "claim" or "suit" arising out of "property damage" to:

(1) Property the Insured owns, uses, rents or occupies, regardless of when the "property damage" occurs or was discovered;

(2) Property the Insured sells, gives away, or abandons if the "property damage" arises out of any part of those premises, regardless of when the "property damage" occurs or was discovered;

(3) Property loaned to the Insured;

(4) Personal property in the Insured's care, custody or control; or

(5) "Aircraft" in the care, custody or control of any Insured.

f. Any "claim" or "suit" arising out of the ownership, maintenance, loading or unloading, use, management or operation of any "aircraft," airfields, runways, hangars, buildings or other properties used in connection with aviation activities.

g. Any "claim" or "suit" arising out of the ownership, maintenance, loading or unloading, use or operation of any "automobile."

h. Any "claim" or "suit" arising out of the rendering or failure to render any kind of medical, surgical, therapeutic, psychiatric, or dental care, including without limitation, any kind of medical service or treatment, medical testing, diagnostic procedures, nursing services or the furnishing or dispensing of drugs, supplies or appliances in connection therewith, or any form of malpractice, misdiagnosis or professional liability arising from the above-described activities. In addition, no coverage under this Policy exists for medical, surgical, therapeutic, psychiatric, or dental professionals who perform services for the Named Insured as an independent contractor. However, this exclusion does not apply to emergency medical treatment rendered by a duly licensed emergency medical technician or paramedic, who has been retained by and is acting on behalf of the Named Insured.

i. Any "claim" or "suit" arising out of the regulation of the use of land or real property which may include, without limitation, the application, interpretation and enforcement of land use restrictions, laws, permits or regulations, and may involve constitutional claims, claims of eminent domain, condemnation, "inverse condemnation," or adverse possession, regardless of whether such "claim" or "suit" is made directly against the Insured or by virtue of any agreement entered into by or on behalf of the Insured.

j. Any "claim" or "suit" for punitive or exemplary damages, fines, statutory penalties, expenses or sanctions, whether imposed by law or otherwise, or any multiplied portion of a compensatory award, or the return or restitution of legal fees, costs, and expenses.

k. Any "claim" or "suit" seeking "damages" arising out of the supply, failure to supply or interruption of any utility service, including without limitation, any interruption in or failure to supply an appropriate amount, pressure or quality of water (including, but not limited to the introduction of "pollutants" or contaminants into the water), natural gas, fuel or electricity, internet or sewer service.

(1) This exclusion does not apply to any "claim" or "suit" arising from failure to temporarily disconnect the supply of power to allow a third party to conduct work.

(2) Notwithstanding exclusion n. below, the Trust will pay on behalf of the Insured any "claim" or "suit" excluded by this exclusion up to the limit of the Utility Service Sub-limit if it is expressly specified in the Declarations. Notwithstanding the Supplementary Payments provision, any such sub-limit is inclusive of defense costs, and not in excess of defense costs, and the Trust's obligations to indemnify or defend the Insured against any "claim" or "suit" which falls within this exclusion will cease upon exhaustion of the Utility Service Sub-limit.

l. Liability arising out of the hazardous properties of nuclear material.

m. Any "claim" or "suit" related to, caused by, or arising from "hazardous materials" including, but not limited to:

(1) The handling, storage, disposal, processing, treatment, or releasing or exposure to "hazardous materials."

(2) Any request, demand, or order (including consent decrees, consent orders, or administrative procedures) that any Insured or others test for, monitor, clean up, remove, contain, treat, or neutralize, or in any way respond to, or assess the effects of "hazardous materials."

(3) This exclusion applies to discharge, dispersal, seepage, migration, release, or escape, within a building or in the atmosphere, of "hazardous materials" at or from any premises regardless of whether or not owned, rented, occupied, or controlled by an Insured.

(4) Cleanup costs incurred by any Insured of any "hazardous materials" are not "property damage."

n. Any “claim” or “suit” arising from “pollutants,” including, without limitation:

(1) Any “claim” or “suit” arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of “pollutants” at any time:

(i) At or from any premises, site, or location that is or was at any time owned or occupied by, or rented, or loaned to any Insured;

(ii) At or from any premises, site, or location which is or was at any time used by or for any Insured or others for the handling, storage, disposal, processing, or treatment of waste or “pollutants”;

(iii) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any Insured or any person or organization for whom any Insured may be legally responsible; or

(iv) At or from any premises, site, or location on which any Insured or any contractors or subcontractors working directly or indirectly on any Insured’s behalf are performing operations:

a) If the “pollutants” are brought on or to the premises, site, or location in connection with such operations or work by such Insured, contractor, or subcontractor; or

b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of “pollutants.”

(2) Any loss, cost, or expense arising out of any request, demand, or order (including consent decrees, consent orders, or administrative procedures) that any Insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants.”

(3) This exclusion applies to discharge, dispersal, seepage, migration, release, or escape, within a building or in the atmosphere, of “pollutants” at or from any premises regardless of whether or not owned, rented, occupied, or controlled by an Insured.

(4) This exclusion applies to a claim for pollution or contamination of “potable water” supplied by an Insured. However, the Trust will pay on behalf of an Insured any “claim” or suit” alleging pollution or contamination of “potable water” supplied by an Insured up to the limit of the Utility Service Sub-limit if it is expressly specified in the Declarations. Notwithstanding the Supplementary Payments provision, the Utility Sub-Limit is inclusive of defense costs, and not in excess of

defense costs, and the Trust's obligations to indemnify or defend the Insured will cease upon exhaustion of the Utility Service-Sub Limit.

o. Any "claim" or "suit" arising out of:

(1) Asbestos, asbestos fibers, asbestiform talc, or any material and/or substance containing asbestos, asbestos fibers, or asbestiform talc or any asbestos related to Bodily Injury or Property Damage, or exposure to asbestos, asbestos fibers, asbestiform talc fibers, asbestiform talc in any form, and/or manifestation of any asbestos related to Bodily Injury, including but not limited to asbestos, mesothelioma, and/or bronchogenic carcinoma;

(2) Any alleged act, error, omission, or duty involving asbestos, asbestos fibers, asbestiform talc, or any material and/or substances containing asbestos, asbestos fibers, or asbestiform talc, its use, exposure, presence, existence, detection, removal, elimination, or avoidance; or

(3) The use, exposure, presence, existence, detection, monitoring, removal, testing, elimination, or avoidance of asbestos, asbestos fibers, asbestiform talc or any material and/or substances containing asbestos, asbestos fibers, or asbestiform talc in any environment, building, or structure.

p. Any "claim" or "suit" arising out of:

(1) Exposure to silica products of any kind, including silica dust or silica in any form or silica in combination with other particulate suspension(s) or dust(s) other than silica;

(2) Any damages or any loss, cost, or suit by or on behalf of any governmental authority or any other alleged responsible party because of any request, demand, order, or statutory or regulatory requirement that any Insured or any other person or entity should be, or should be responsible for:

(i) Assessing the presence, absence, or amount or effects of silica, particulate suspension(s) or dust(s);

(ii) Identifying, sampling, or testing for, detecting, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, abating, disposing of, or mitigating silica, particulate suspension(s) or dust(s); or

(iii) Responding to silica, particulate suspension(s) or dust(s) in any way other than as described above.

(3) Any supervision, instructions, recommendations, warnings, or advice given or which should have been given in connection with any of the subsections above; or

(4) Any obligation to share damages with or repay someone else who must pay damages as described in any of the subsections above.

q. Any "claim" or "suit" arising out of assault and/or battery, committed by, at the direction of, or with the consent of any Insured.

r. Any "claim" or "suit" arising out of construction, ownership, operation, maintenance, services or use of any "dam," levee, dike, reservoir, retention pond or basin, wash, bridge, tunnel, canal, waterway, or above-ground water retention system, whether designed to hold water temporarily, seasonally or permanently, and including without limitation, the total or partial collapse, failure, flooding or overflow, or any operation or services in connection therewith.

s. Any "claim" or "suit" arising out of the operation or regulation of a ski resort or similar location or facility involving the use of chair lifts, rope tows, ski jumps, tubes, sleds, luges, bobsleds, toboggan slides or similar activities.

t. Any "claim" or "suit" arising out of the ownership, management, manufacture, operation, design, use, leasing or maintenance of mechanical amusement rides or devices. However, this exclusion shall not apply to playground equipment permanently installed at any park owned by the Named Insured.

u. Any "claim" or "suit" arising out of the ownership, management, regulation, manufacture, operation, design, use, leasing or maintenance of trampolines, or any inflatable, blow-up, bounce or rebound type devices or equipment.

v. Any "claim" or "suit" arising out of loss of salary, wages, employee benefits or any other form of compensation which is due and owing or which may become due and owing.

w. Any "claim" or "suit" arising out of the assumption of liability under any contract or agreement. This exclusion does not apply to liability for "damages":

(1) Assumed in a contract or agreement specifically approved in writing by the Trust by endorsement to this policy, provided the "bodily injury," "property damage" or "personal injury" occurs subsequent to execution of the contract or agreement; or

(2) That the Insured would have in the absence of any contract or agreement.

x. Any "claim" or "suit" arising out of "property damage" to "your work" including without limitation, claims of faulty, incomplete or deficient workmanship, regardless of whether such damage occurs or is discovered after that work has been completed.

y. Any "claim" or "suit" alleged by one Insured against any other Insured under this or any policy issued by the Trust to the same Named Insured.

z. Any "claim" or "suit" arising out of any "advertising injury."

aa. Any "claim" or "suit" arising out of mold, fungi, fungal pathogens, vermin, termites or insects, including without limitation, liability for loss, damage, testing monitoring, costs or expenses arising out of, resulting from, caused by, or contributed to by any such organisms.

bb. Any "claim" or "suit" arising out of war or terrorism, including without limitation:

(1) Any loss, damage, cost, or expense of whatsoever nature directly or indirectly caused by, resulting from, or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss, including:

(i) War, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

(ii) Any "act of terrorism." For the purpose of this exclusion, an "act of terrorism" means an unlawful, deliberate act including, without limitation, the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological, or similar purposes, including the intention to influence any government and/or to put the public, or any section of the public, in fear. An "act of terrorism" also includes, without limitation, the following:

a) any act of terrorism certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act;

b) any actual or threatened hijacking or sabotage of any form of transportation or conveyance, including but not limited to spacecraft, satellite, aircraft, train, vessel, or motor vehicle;

c) hostage taking or kidnapping;

d) the use of any bomb, incendiary device, explosive or firearm;

e) the interference with or disruption of basic public or commercial services and systems, including but not limited to the following services or systems: electricity, natural gas, power, postal, communications, telecommunications, information, public transportation, water, fuel, sewer or waste disposal;

f) the injuring or assassination of any elected or appointed government official or any government employee;

g) the seizure, blockage, interference with, disruption of, or damage to any government buildings, institutions, functions, events, tangible or intangible property or other assets; or

h) the seizure, blockage, interference with, disruption of, or damage to tunnels, roads, streets, highways, or other places of public transportation or conveyance;

i) any act that includes, involves or is associated with, in whole or in part, the use or threatened use of, or release or threatened release of, any nuclear, biological, chemical or radioactive agent, material, device or weapon.

(2) This exclusion also excludes loss, damage, cost, or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing, or in any way related to acts anywhere in this war and terrorism section.

(3) In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect. War and terrorism coverage through an endorsement in compliance with the U.S. Terrorism Risk Insurance Act of 2002 may be purchased for an additional premium.

cc. Any “claim” or “suit” arising out of lead, including without limitation, liability for loss, damage, testing, monitoring, costs or expenses arising out of, resulting from, caused by, or contributed to by the toxic or pathogenic properties of lead, lead compounds or lead contained in any materials.

dd. Any “claim” or “suit” arising from:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol;

(3) The violation of any statute, ordinance, or regulation relating to the sale, gift, distribution, or use of alcoholic beverages or controlled substances; or

(4) The use of alcohol, narcotics, intoxicants, or illegal drugs.

This exclusion does not apply to formally sanctioned events open to the general public where the sale or distribution of alcohol is specifically authorized by the Insured and is done in accordance with the laws of the State of Utah regarding the sale or distribution of alcohol. This exclusion also does not apply to the sale or service of beer by the Insured at a golf course owned or operated by the Insured.

ee. Any "claim" or "suit" arising from the existence, use, storage, or handling of any material constituting, or intended for use as, an explosive or which has known explosive properties. This exclusion does not apply to fireworks intended for use at a scheduled public fireworks display when such fireworks are under the supervision of a person certified and trained to work with fireworks under applicable law, and where the firework display complies with all other applicable federal, state and local laws.

ff. Any "claim" or "suit" arising from actual or alleged violations of securities laws or regulations.

gg. Any "claim" or "suit" arising out of "residential construction." For purposes of this exclusion, "residential construction" shall mean all operation or work, including but not limited to development, design, site selection, surface or subsurface site preparation, building or other construction, or improvements, and all products, goods or services provided in relation to such activities. For purposes of this exclusion, "residential construction" does not include weatherization or work intended to increase the energy efficiency of a structure on behalf of impoverished or needy residents.

hh. Any "claim" or "suit" arising from the following Internet exposures:

(1) Internet service providers, meaning any person or entity providing access to the Internet, content over the Internet or connection to the Internet;

(2) Internet consulting firms, including, without limitation, any person or entity engaged for another person or entity in the design, construction or management of an Internet site, chat room or bulletin board, including advertising on the Internet;

(3) Application service providers, meaning any person or entity that provides software and associated services to a subscriber base across an area network;

(4) Internet backbone providers, meaning any person or entity that routes or provides channels for packets that transport data from point to point on the Internet;

(5) Any person or entity that derives ninety percent or more of gross revenue or conducts or executes ninety percent or more of business transactions on or through the Internet;

(6) Any person or entity that is in the business of providing electronic mail services;

(7) Any person or entity that is in the business of developing, supplying, and/or installing encryption software for use on the Internet.

ii. Any "claim" or "suit" arising out of "sexual harassment." However, the Trust will pay on behalf of the Insured any "claim" or "suit" excluded by this exclusion up to the limit of the Sexual Harassment Sub-limit expressly specified in the Declarations. Notwithstanding the Supplementary Payments provision, such sub-limit is inclusive of defense costs, and not in excess of defense costs, and the Trust's obligations to defend or indemnify the Insured against any "claim" or "suit" which falls within this exclusion will cease upon exhaustion of the Sexual Harassment Sub-limit.

jj. Any "claim" or "suit" arising out of "sexual abuse."

kk. Any "claim" or "suit" arising out of land subsidence, mudslide or earth movement.

ll. Any "claim" or "suit" arising out of "employment-related practices."

mm. Any "claim" or "suit" arising out of a "wrongful law enforcement act."

nn. Any "claim" or "suit" arising out of the ownership, management, regulation or operation of any school or academic institution.

oo. Any "claim" or "suit" arising out of the failure to perform or breach of any contract or agreement.

pp. Any "claim" or "suit" arising out of the actions or inactions of an independent contractor and/or subcontractor.

## 3. PERSONS OR ENTITIES INSURED

a. The Named Insured shown in the Declarations.

b. Present or past employees, any "volunteer" and elected or appointed officials of the Named Insured, including members of its governing body or appointed members of any other committees, board or commissions of the Named Insured, while such persons are acting for or on behalf of the Named Insured. Unless specifically identified in the Declarations as an Additional Insured, an independent contractor and/or subcontractor retained by the Named Insured is not an Insured.

## 4. LIMITS OF INSURANCE

a. Regardless of the number of: (1) Insureds; (2) “claims” or “suits” brought; (3) persons or organizations sustaining “damages”; or (4) coverages involved in a loss, the Trust’s liability is limited as follows:

(1) During any 12-month period, measured from the effective date in the Declarations, the Trust’s total liability shall not exceed the amount shown as Liability Aggregate shown in the Declarations.

(2) The Trust’s total liability for loss resulting from any one “occurrence” or “personal injury offense” shall not exceed the Liability Single Limit Per Occurrence/Offense in the Declarations.

(3) For purposes of determining the limit of the Trust’s liability:

(i) Any “claim” or “suit” arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one “occurrence” or “personal injury offense” and shall be subject to one Liability Single Limit Per Occurrence/Offense.

(ii) An “occurrence” or “personal injury offense” taking place over more than one policy period shall be subject to one Liability Single Limit Per Occurrence/Offense.

(4) The Trust’s limit of liability is the most it will pay for “damages.”

(5) The Trust’s duty to defend or settle ends when the applicable Limit of Insurance has been exhausted by payment of judgments or settlements.

(6) With respect to any “claim” or “suit” to which this and any other policy we issue to you applies, the total limit of the Trust’s liability under all the policies shall not exceed the highest applicable limit under any one policy.

b. The above limits of insurance are subject to sub-limits as shown in the Declarations. Sub-limits are included in the Liability Single Limit Per Occurrence/Offense, and are not in addition to any other limits.

**5. SELF INSURED RETENTION**

a. The Trust’s obligation to pay applies only to those sums the Insured becomes legally obligated to pay as “damages” in excess of the Self Insured Retention (“SIR”) shown in the Declarations. The Trust’s Limits of liability are reduced by the amount of the SIR.

b. Regardless of the number of: (1) Insureds; (2) “claims” or “suits”; (3) persons or organizations sustaining damages; or (4) coverages involved in a loss, the Named Insured shall pay the SIR for each “occurrence” or “personal injury offense.”

c. The Trust, at its sole discretion and without the consent of the Insured, may agree to the payment of all or any part of the SIR in satisfaction of any “claim” or “suit.”

d. The Trust, at its sole discretion, may pay the amount of the SIR from its own funds in satisfaction of any “claim” or “suit.” In the event the Trust chooses to make such payment, the Insured shall reimburse the Trust within 15 days of the mailing of a demand by the Trust.

e. The Trust, at its sole discretion, may direct the Insured to pay all or any part of the SIR to a third party in satisfaction of any “claim” or “suit.” The Insured shall make any required SIR payment within 15 days of the Trust’s direction to make such payment.

## 6. CONDITIONS

a. Premium

The premium shown in the Declarations is a deposit premium only, which shall be credited to the amount of the earned premium at the end of the policy period. If the total earned premium exceeds the advance premium, the Named Insured shall remit to the Trust the balance due in accordance with the Trust’s payment terms. In the event the policy is cancelled by the insured, unearned premium shall be returned to the Insured on a pro-rated basis. In the event the Named Insured cancels the policy, the Insured will not be eligible for insurance through the Trust for three years from the date of cancellation.

b. Inspection and Audit

The Trust shall be permitted but not obligated to inspect the Insured’s property and operations at any time. Neither the Trust’s right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe. The Named Insured shall maintain accounting records necessary for premium computation, and shall send copies of such records to the Trust at the end of the policy period and at such times during the policy period as the Trust may reasonably request. The Trust may examine and audit the Insured’s books and records at any time during the policy period and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

c. Insured’s Duties in the Event of Occurrence, Offense, Claim or Suit

The Insured shall have the following duties in the event of an “occurrence,” “personal injury offense,” “claim” or “suit”:

(1) In the event of an “occurrence” or “personal injury offense” reasonably likely to involve the Trust, written notice containing particulars sufficient to identify the Insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the Insured and of available witnesses, shall be given by or for the Insured to the Trust or any

of its authorized agents as soon as practicable. While the initial notice may be oral, the Named Insured is required to provide written notice as soon as practicable.

(2) If a "claim" or "suit" is brought against an Insured, the Named Insured shall immediately forward to the Trust every demand, notice, summons or other legal process received by the Insured or the Insured's representative.

(3) The Insured shall cooperate with the Trust and upon the Trust's request, assist in making settlements, in investigating or defending "claims" or "suits" and in enforcing any right of contribution, indemnity or subrogation against any person or organization who may be liable for sums payable under this policy. The Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Insured shall not, except at its own cost, voluntarily make any payment, assume any obligation or incur any expense.

(4) Failure to give notice as required by the terms and conditions of this policy will invalidate coverage if such failure prejudices the Trust's rights, including without limitation, its ability to defend or reasonably settle a "claim" or "suit." Failure to give notice as required by the policy does not invalidate a claim made by the Insured, if the Insured shows that it was filed as soon as reasonably possible.

d. Risk Management

The Insured shall cooperate fully and participate as required by the Trust's Risk Management Program.

e. Appeals

In the event the Insured elects not to appeal a judgment in excess of the Self Insured Retention, the Trust may elect to do so at its expense, but in no event shall the Trust pay for "damages" or loss costs exceeding the limits of liability in the Declarations.

f. Action Against the Trust

No action shall lie against the Trust with respect to any open claims unless, as a condition precedent thereto, the Insured has fully complied with all the terms of this policy, nor until the amount of the Insured's obligations shall have been finally determined by the judgment against the Insured after the actual trial or by written agreement of, the Insured, the claimant and the Trust. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the Trust in any action against the Insured to determine the Insured's liability.

Bankruptcy or insolvency of the Insured will not relieve the Trust of its obligations under this policy.

g. Other Insurance

This insurance is primary unless one of the following applies:

(1) If the Insured has other valid and collectible insurance which provides primary coverage to the Insured for any "claim" or "suit" covered under this policy, this policy is excess over such other insurance. In that case, the Trust will pay only for the amount of loss in excess of the amount due from that other insurance, subject to the limits of insurance of this policy.

(2) If the Insured has other valid and collectible insurance which provides the same type of coverage provided by this policy, the Trust will pay our share of the loss. Our share is the proportion that the applicable limit of insurance under this policy bears to the limits of insurance of all insurance covering the loss on the same basis.

(3) If you are named as an additional insured on a policy of insurance issued to another person or entity, this policy is excess over that insurance.

(4) If this policy, including any endorsement, provides insurance to another person or entity as an additional insured, this policy shall be excess over any other valid and collectible insurance available to that additional insured.

h. Subrogation

If the Insured has rights to recover all or part of any payment the Trust has made under this policy, those rights are transferred to the Trust. The Insured must do nothing after loss to impair them. At our request, the Insured will bring a "claim" or transfer those rights to the Trust and help the Trust enforce them in the name of the Insured.

Any amount recovered shall be applied in the following sequence:

(1) To the SIR amount paid by the Insured;

(2) To the loss paid by the Trust; and then

(3) To the Insured's costs that exceeded the Trust's Limit of Liability.

i. Changes

The terms of this policy may be waived or changed only by endorsement issued to form a part of this policy.

j. Assignment

Assignment of interest under this policy shall not bind the Trust until its consent is endorsed hereon.

k. Funding of Insured's SIR

The Insured agrees to maintain a loss fund, in an amount to be determined by mutual agreement between the Insured and the Trust, for the payment of all claims and expenses falling within the Insured's SIR.

l. Cancellation

This policy may be cancelled as follows:

(1) This policy may be cancelled by the Named Insured by mailing to the Trust written notice stating when thereafter the cancellation shall be effective. The Trust has the right to make written inquiry of the Insured regarding the reason for any cancellation or nonrenewal by the insured.

(2) The policy may be cancelled by the Trust for:

(i) nonpayment of premium;

(ii) material misrepresentation regarding any claim or in the application for insurance;

(iii) substantial change in the risk assumed; or

(iv) material breach of the terms or conditions of the policy.

(3) If the Trust cancels the policy the Trust shall mail to the Named Insured at the address shown in this policy, written notice stating when, not less than thirteen (13) days thereafter, such cancellation shall be effective. The mailing notice by first class mail shall be sufficient proof of notice. Hand delivery of such written notice either by the Named Insured or by the Trust shall be equivalent to mailing.

(4) If the Trust elects to not renew this policy, the Trust will mail, by first class mail, written notice of nonrenewal to the first Named Insured, at the last mailing address known to the Trust, at least 33 days before the expiration or anniversary date of this policy. The Trust need not mail this notice if:

(i) The Insured has accepted replacement coverage;

(ii) The Insured requested or agreed to nonrenewal; or

(iii) This policy is expressly designated as nonrenewable.

m. First Named Insured

The Insured first named in the Declarations is authorized to act on behalf of all Named Insureds and other Insureds with respect to the giving and receiving notice of cancellation. The Insured first named in the Declarations is responsible for the payment of all premiums, but the other Named Insureds jointly and severally agree to make such premium payments in full if the Insured first named fails to pay the amount due within thirty days after the Trust gives a written demand for payment to the Insured first named.

n. Governmental Immunity

The issuance of this insurance shall not be deemed a waiver of any statutory immunities as to any Insured. The Trust does not waive its right to deny liability by reasons of such immunity.

o. Fraud, Concealment or Misrepresentation

By acceptance of this policy, the Named Insured agrees that the Trust has issued this policy in reliance upon the Named Insured's representations. The Trust may deny coverage and/or rescind or cancel this policy if you or any other person seeking coverage has knowingly concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, in connection with any "claim" or "suit" to which this insurance applies.

p. Reimbursement

In the event the Trust makes any payment under this policy on account of a "claim" or "suit" which is at any time determined to not be covered under this policy, the Trust expressly reserves the right to seek reimbursement from the Insured for such payment.

## 7. ARBITRATION

In the event a disagreement arises over the interpretation of this policy, the coverage(s) available for a particular "claim" or "suit," or the duties and responsibilities of you or the Trust under the policy, such disagreement shall be submitted and resolved through binding arbitration. Unless otherwise agreed to in writing, any matter submitted to arbitration shall be decided by a mutually selected single arbitrator. If the parties are unable to agree upon the selection of a single arbitrator, the matter shall be decided by a panel of three arbitrators. Each party shall select an independent and competent arbitrator; the arbitrators selected by the parties will then select a third independent and competent arbitrator. A written decision by a mutually selected single arbitrator or by a majority of an arbitration panel shall constitute a final decision.

Unless otherwise agreed to in writing, each party shall pay an equal share of the fees and costs of the single arbitrator selected. If the matter is submitted to an arbitration panel, each party shall pay the fees and costs of the arbitrator selected by that party, and an equal share of the fees and costs of the third arbitrator.

Unless both parties agree otherwise, venue for the arbitration shall be in Salt Lake County, Utah.

## 8. LIBERALIZATION

While this policy is in force, should we adopt any endorsement or form change which broaden coverage, the same shall be considered to be incorporated in this policy without additional premium charge and shall inure to your benefit as though such endorsement or form change had been made.

## 9. DEFINITIONS

When used in this policy (including endorsements forming a part hereof):

a. "Advertising injury" means:

(1) Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services;

(2) Oral or written publication of material that violates a person's right of privacy;

(3) Misappropriation of advertising ideas or style of doing business; or

(4) Infringement of copyright, trademark, patent, title, or slogan.

b. "Aircraft" means a vehicle or device designed or used for travel in the air including, without limitation, planes, drones or other unmanned vehicles, experimental aircraft, balloons, hang gliders, parachutes and helicopters.

c. "Automobile" means a land motorized vehicle, trailer, or semi-trailer designed or used for travel on public roads, including any attached machinery or equipment.

d. "Bodily injury" means actual physical injury, sickness or disease sustained by a person, including death resulting from any of these. Bodily injury does not include mental injury such as emotional distress, mental anguish, humiliation, mental distress, or any similar injury unless it arises out of physical injury to some person.

e. "Claim" means any demand for "damages."

f. “Dam” means any barrier used to obstruct the flow of water, and includes without limitation, temporary and seasonal runoff dams.

g. “Damages” means monetary amounts the Insured becomes legally obligated to pay to a third party as a result of “bodily injury,” or “property damage” caused by an “occurrence,” or “personal injury” caused by a “personal injury offense.” Attorney fees and litigation costs are not “damages.”

h. “Employment related-practices” means any employment practice of the Insured, including, without limitation, employee termination, discipline, promotion, demotion, supervision, evaluation, assignment, discrimination or harassment.

i. “Hazardous materials” means any nuclear, radioactive, toxic, or explosive material, substance, or waste, and any by-products thereof, and the explosive, toxic, and dangerous properties of such material, substance, or waste and any by-products thereof.

j. “Inverse condemnation” means a claim that an Insured has taken or diminished the value of land or property through: land use restrictions, laws, permits or regulations, on such land or adjacent land or air space; or by use by the Insured of such land, adjacent land or air space.

k. “Law enforcement personnel” means a law enforcement official, officer, reserve officer, officer of a jail, nurse who works in a jail, auxiliary officer, volunteer law enforcement officer, animal control officer, or official representing a law enforcement agency who is acting within the course and scope of employment on behalf of the Named Insured.

l. “Occurrence” means an accident, including continuous or repeated exposure to the same generally harmful conditions, which results in “damages” the Insured neither expected nor intended.

m. “Personal injury” means injury, other than “bodily injury” arising out of a “personal injury offense.”

n. “Personal injury offense” means any of the following offenses:

(1) False arrest, detention or imprisonment or malicious prosecution;

(2) Libel, slander or defamation of character;

(3) Wrongful entry or eviction, or other invasion of the right of private occupancy.

o. “Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including, without limitation, smoke, vapor, soot, fumes, acid, alkalis, chemicals, any type of air pollution, smell, odor, and waste. Waste includes material to be discarded, recycled, reconditioned or reclaimed.

p. “Potable water” means water that is intended to be used for human consumption.

q. “Property damage” means:

(1) Physical injury to or destruction of tangible property, including the resulting loss or use of that property.

(2) Loss of use of tangible property that is not physically injured or destroyed.

r. “Sexual abuse” means any actual, attempted or alleged forcing of unwanted sexual activity by one person on another, as by the use of threats or coercion, or sexual activity that is deemed improper or harmful, which causes physical and/or mental injuries. “Sexual abuse” includes: sexual molestation, sexual assault, sexual exploitation or sexual injury. “Sexual abuse” does not include “Sexual harassment” as defined in this policy.

s. “Sexual harassment” means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature, of a person or persons acting in concert, which causes physical and/or mental injuries. “Sexual harassment” includes:

(1) The above conduct when submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person’s employment, or a basis for employment decisions affecting a person; or

(2) The above conduct when such conduct has the purpose or effect of unreasonably interfering with a person’s work performance or creating an intimidating, hostile or offensive work environment.

“Sexual harassment” does not include “Sexual abuse” as defined in this policy.

t. “Suit” means a formal civil or arbitration proceeding in which “damages” to which this insurance applies are alleged.

u. “Volunteer” means an individual, other than an independent contractor, who is authorized and appointed by the Named Insured to act on behalf of the Named Insured, but who acts without compensation.

v. “Wrongful law enforcement act” means any actual or alleged error, act, omission, neglect or breach of duty, including misfeasance or nonfeasance, by a “law enforcement personnel” or any matter claimed against them solely by reason of their being or having been a “law enforcement personnel.”

w. “Your Work” means:

(1) Work or operations performed by you or on your behalf;

(2) Materials, parts, or equipment furnished in connection with such work or operations;

(3) Warranties or representations made at any time with respect to the fitness, quality, durability, performance, or use of any item identified in subparagraphs (1) or (2) above; and

(4) The providing of or failure to provide warnings or instructions regarding any item identified in subparagraphs (1) and (2) above.

# PUBLIC OFFICIALS' ERRORS AND OMISSIONS LIABILITY

The Utah Local Governments Trust is a Public Agency Insurance Mutual, defined under Utah Code Annotated 31A-1-103, and formed under the Utah Interlocal Cooperative Act, Utah Code Annotated 11-13-101 et seq. Under the authority of Utah Code Annotated 63G-7-703 and 63G-7-801 et seq., the Trust and its members have created a self-insurance reserve fund to pay and/or defend against certain risks and liabilities. The Trust provides insurance-like protection to its members through coverage contracts, also referred to as "policies." The policies issued by the Trust contain various provisions which may limit or restrict coverage. **Read each policy carefully to determine your rights, duties and what is and is not covered.**

Throughout this policy the words "you," "your," "yours," and "Insured" refer to the Named Insured shown in the Declarations and any other persons or organization qualifying as an Insured under this policy. The words "Trust," "we," "us," and "our" refer to the Utah Local Governments Trust.

Other words and phrases that appear in quotation marks have special meaning. Refer to the DEFINITIONS.

Countersignature on the Declarations page by a duly authorized agent of the Trust shall constitute valid countersignature of all endorsements with the same effective date as the effective date of the policy.

IN CONSIDERATION OF THE PAYMENT OF PREMIUM, CONTRIBUTIONS AND/OR ASSESSMENTS, AND IN RELIANCE UPON THE REPRESENTATIONS OF THE INSURED AND THE STATEMENTS IN THE DECLARATIONS MADE A PART HEREOF AND SUBJECT TO ALL THE TERMS OF THIS POLICY, THE UTAH LOCAL GOVERNMENTS TRUST (HEREINAFTER "THE TRUST"), AGREES WITH THE NAMED INSURED AS FOLLOWS:

**COVERAGE PART I: PUBLIC OFFICIALS' ERRORS AND OMISSIONS LIABILITY**

**1. INSURING AGREEMENT**

a. The Trust will pay "damages" which the Insured becomes legally obligated to pay for "public officials' errors and omissions" arising from a "wrongful act," to which this insurance applies. The Trust will have the right and duty to defend any "suit" seeking those "damages," but will have no duty to defend the Insured against any "suit" to which this insurance does not apply. For any "suit" the Trust defends, the Trust retains the right to select counsel.

(1) The amount the Trust will pay for "damages" is limited as described in the LIMITS OF INSURANCE;

(2) The Trust may, at its discretion, investigate any "wrongful act";

(3) The Trust has the right, but not the duty, to settle any "claim" or "suit" covered by this policy;

(4) In any "suit" defended by the Trust, the Trust shall have no duty to prosecute any affirmative claim or cause of action on behalf of the Insured; and

(5) The Trust's right and duty to defend ends when it has paid the applicable limit of liability.

b. This insurance applies only to a "wrongful act" which first occurs during the policy period. This insurance does not apply to a "wrongful act" which first occurs before the effective date of the policy as shown in the Declarations or to "damages" which were known to have occurred by any Insured prior to the effective date of the policy.

If any Insured, prior to the effective date of the policy, knew that a "wrongful act" occurred, any continuation or resumption of such "wrongful act" before or after the policy period will be deemed to have been known prior to the policy period.

c. This insurance does not apply to any "wrongful act" which occurs outside the "coverage territory." "Coverage territory" means the United States of America (including its territories and possessions). However, the Trust will pay on behalf of the Insured any "claim" or "suit" arising from a "wrongful act" which occurs outside the "coverage territory" up to the Foreign Claims and Suits Sub-limit if it is expressly specified in the Declarations. Notwithstanding the Supplementary Payments provision, any such sub-limit is inclusive of defense costs, and not in excess of defense costs, and the Trust's obligations to indemnify or defend the Insured against any "claim" or "suit" which falls within this exclusion will cease upon exhaustion of the Foreign Claims and Suits Sub-limit.

d. Supplementary Payments: The Trust will pay, with respect to any “claim” or “suit” the Trust defends under this Coverage Part:

(1) All expenses the Trust incurs.

(2) The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. The Trust does not have to furnish these bonds.

(3) All reasonable expenses incurred by the Insured at the Trust’s request to assist the Trust in the investigation or defense of the “claim” or “suit,” including actual loss of earnings up to $100 a day because of time off work.

(4) All costs taxed against the Insured in any “suit” the Trust defends.

(5) Pre-judgment interest awarded against the Insured on that part of the judgment the Trust pays. If the Trust makes an offer to pay the applicable limit of insurance, the Trust will not pay any pre-judgment which accrues after the offer.

(6) All interest on the full amount of any judgment that occurs after the entry of the judgment and before the Trust has paid, offered to pay, or deposited in court that part of the judgment within the applicable limit of insurance.

These payments do not reduce the LIMITS OF INSURANCE.

**2. EXCLUSIONS**

This policy does not apply to:

a. Any “claim” or “suit” arising out of “bodily injury.”

b. Any “claim” or “suit” arising out of damage to tangible property, including all resulting loss of use of that property.

c. Any “claim” or “suit” arising out of liability for the collection and/or refund of taxes, fees or assessments.

d. Any “claim” or “suit” arising out of any Insured obtaining remuneration, financial gain, profit or other advantage to which the Insured was not legally entitled, except that any fact pertaining to any other Insured shall not be imputed to any other Insured.

e. Any “claim” or “suit” arising out of the willful violation of a penal code or ordinance committed by or with the knowledge or consent of any Insured, except that any fact pertaining to any other Insured shall not be imputed to any other insured.

f. Any "claim" or "suit" arising out of liability for cost estimates being exceeded or for faulty preparation of bid specifications or plans or failure to award contracts in accordance with any law, statute, regulation or ordinance.

g. Any "claim" or "suit" arising out of breach of the Insured's fiduciary duties for pension, retirement, savings or other employee benefits.

h. Any "claim" or "suit" arising out of actual or alleged "malfeasance," dishonesty, fraudulent, or criminal acts of any Insured.

i. Any "claim" or "suit" arising out of "damages" expected or intended from the standpoint of any Insured.

j. Any "claim" or "suit" seeking relief other than "damages" including, without limitation, claims for injunctions, declaratory relief, temporary restraining orders, or other equitable relief, or requiring any Insured to take any action other than the payment of "damages."

k. Any "claim" or "suit" arising out of any obligation of an Insured under workers' compensation law, unemployment compensation law, retirement benefits law, disability benefits law, Federal Employment Retirement Income Security Act of 1974 (ERISA), including subsequent amendments, or any similar law.

l. Any "claim" or "suit" arising out of the ownership, maintenance, loading or unloading, use, management or operation of any "aircraft," airfields, runways, hangars, buildings or other properties used in connection with aviation activities.

m. Any "claim" or "suit" arising out of the rendering or failure to render any kind of medical, surgical, therapeutic, psychiatric, or dental care, including without limitation, any kind of medical service or treatment, medical testing, diagnostic procedures, nursing services or the furnishing or dispensing of drugs, supplies or appliances in connection therewith, or any form of malpractice, misdiagnosis or professional liability arising from the above-described activities. In addition, no coverage under this Policy exists for medical, surgical, therapeutic, psychiatric, or dental professionals who perform services for the Named Insured as an independent contractor. However, this exclusion does not apply to emergency medical treatment rendered by a duly licensed emergency medical technician or paramedic, who has been retained by and is acting on behalf of the Named Insured.

n. Any "claim" or "suit" arising out of the regulation of the use of land or real property which may include, without limitation, the application, interpretation and enforcement of land use restrictions, laws, permits or regulations, and may involve constitutional claims, claims of eminent domain, condemnation, "inverse condemnation," or adverse possession, regardless of whether such “claim” or “suit” is made directly against the Insured or by virtue of any agreement entered into by or on behalf of the Insured.

o. Any “claim” or “suit” for punitive or exemplary damages, fines, statutory penalties, expenses or sanctions, whether imposed by law or otherwise, or any multiplied portion of a compensatory award, or the return or restitution of legal fees, costs, and expenses.

p. Any “claim” or “suit” seeking “damages” arising out of the supply, failure to supply or interruption of any utility service, including without limitation, any interruption in or failure to supply an appropriate amount, pressure or quality of water, natural gas, fuel or electricity or sewer service. This exclusion does not apply to any “claim” or “suit” arising from failure to temporarily disconnect the supply of power to allow a third party to conduct work.

q. Any “claim” or “suit” arising out of loss of salary, wages, employee benefits or any other form of compensation which is due and owing or which may become due and owing. This exclusion shall not apply to “damages” otherwise payable under Coverage Part II: Employee Benefits Liability set forth below.

r. Any “claim” or “suit” arising out of the assumption of liability under any contract or agreement.

s. Any “claim” or “suit” alleged by one Insured against any other Insured under this or any policy issued by the Trust to the same Named Insured.

t. Any “claim” or “suit” arising from actual or alleged violations of securities laws or regulations.

u. Any “claim” or “suit” arising from the following Internet exposures:

(i) Internet service providers, meaning any person or entity providing access to the internet, content over the Internet or connection to the Internet;

(ii) Internet consulting firms, including, without limitation, any person or entity engaged for another person or entity in the design, construction or management of an Internet site, chat room or bulletin board, including advertising on the Internet;
(iii) Application service providers, meaning any person or entity that provides software and associated services to a subscriber base across an area network;

(iv) Internet backbone providers, meaning any person or entity that routes or provides channels for packets that transport date from point to point on the Internet;

(v) Any person or entity that derives ninety percent or more of gross revenue or conducts or executes ninety percent or more of business transactions on or through the Internet;

(vi) Any person or entity that is in the business of providing electronic mail services;

(vii) Any person or entity that is in the business of developing, supplying, and/or installing encryption software for use on the Internet.

v. Any “claim” or “suit” arising out of “sexual harassment.” However, the Trust will pay on behalf of the Insured any “claim” or “suit” excluded by this exclusion up to the limit of the Sexual Harassment Sub-limit expressly specified in the Declarations. Notwithstanding the Supplementary Payments provision, such sub-limit is inclusive of defense costs, and not in excess of defense costs, and the Trust’s obligations to pay on behalf of the Insured any claim which fall within this exclusion will cease upon exhaustion of the Sexual Harassment Sub-limit.

w. Any “claim” or “suit” arising out of “sexual abuse.”

x. Any “claim” or “suit” arising out of collective bargaining disputes, picketing, strikes, lockouts or similar labor disputes.

y. Any “claim” or “suit” arising out of the transmission of communicable diseases of any kind.

z. Any “claim” or “suit” arising out of an actual or alleged failure to maintain adequate or required insurance.

aa. Any “claim” or “suit” arising out of a “wrongful law enforcement act.”

bb. Any “claim” or “suit” arising from “pollutants,” including, without limitation:

(1) Any “claim” or “suit” arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of “pollutants” at any time:

(i) At or from any premises, site, or location that is or was at any time owned or occupied by, or rented, or loaned to any Insured;

(ii) At or from any premises, site, or location which is or was at any time used by or for any Insured or others for the handling, storage, disposal, processing, or treatment of waste or “pollutants”;

(iii) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any Insured or any person or organization for whom any Insured may be legally responsible; or

(iv) At or from any premises, site, or location on which any Insured or any contractors or subcontractors working directly or indirectly on any Insured's behalf are performing operations:

a) If the "pollutants" are brought on or to the premises, site, or location in connection with such operations or work by such Insured, contractor, or subcontractor; or

b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants."

(2) Any loss, cost, or expense arising out of any request, demand, or order (including consent decrees, consent orders, or administrative procedures) that any Insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

(3) This exclusion applies to discharge, dispersal, seepage, migration, release, or escape, within a building or in the atmosphere, of "pollutants" at or from any premises regardless of whether or not owned, rented, occupied, or controlled by an Insured.

(4) This exclusion applies to a claim for pollution or contamination of "potable water" supplied by an Insured.

cc. Any "claim" or "suit" arising out of the failure to perform or breach of any contract or agreement.

dd. Any "claim" or "suit" arising out of the actions or inactions of an independent contractor and/or subcontractor.

## 3. PERSONS OR ENTITIES INSURED

This Public Officials' Errors and Omissions Liability Policy provides coverage for the Named Insured and "Public Officials" of the Named Insured. Unless specifically identified in the Declarations as an Additional Insured, an independent contractor and/or subcontractor retained by the Named Insured is not an Insured.

## 4. LIMITS OF INSURANCE

a. Regardless of the number of: (1) Insureds; (2) "claims" or "suits" brought; (3) persons or organizations sustaining "damages"; or (4) coverages involved in a loss, the Trust's liability is limited as follows:

(1) During any 12-month period, measured from the effective date in the Declarations, the Trust's total liability shall not exceed the amount shown as Liability Aggregate in the Declarations.

(2) The Trust's total liability for loss resulting from any one "wrongful act" shall not exceed the Liability Single Limit Per Wrongful Act in the Declarations.

(3) For purposes of determining the limit of the Trust's liability:

(i) Any "claim" or "suit" arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one "wrongful act," and

(ii) A "wrongful act" taking place over more than one policy period shall be deemed to have taken place during the policy period when the first "wrongful act" occurs and only that one limit shall apply.

(4) The Trust's limit of liability is the most it will pay for "damages."

(5) The Trust's duty to defend or settle ends when the applicable Limit of Insurance has been exhausted by payment of judgments or settlements.

(6) With respect to any "claim," "suit" or "damages" to which this and any other policy we issue to you applies, the total limit of the Trust's liability under all the policies shall not exceed the highest applicable limit under any one policy.

b. The above limits of insurance are subject to sub-limits as shown in the Declarations. Sub-limits are included in the Liability Single Limit Per Wrongful Act, and are not in addition to any other limits.

## 5. SELF INSURED RETENTION

a. The Trust's obligation to pay applies only to those sums the Insured becomes legally obligated to pay as "damages" in excess of the Self Insured Retention ("SIR") shown in the Declarations. The Trust's Limits of liability are reduced by the amount of the SIR.

b. Regardless of the number of: (1) Insureds; (2) "claims" or "suits"; (3) persons or organizations sustaining damages; or (4) coverages involved in a loss, the Named Insured shall pay the Self Insured Retention for each "wrongful act."

c. The Trust, at its sole discretion and without the consent of the Insured, may agree to the payment of all or any part of the SIR in satisfaction of any "claim" or "suit."

d. The Trust, at its sole discretion, may pay the amount of the SIR from its own funds in satisfaction of any "claim" or "suit." In the event the Trust chooses to make such payment, the Insured shall reimburse the Trust within 15 days of the mailing of a demand by the Trust.

e. The Trust, at its sole discretion, may direct the Insured to pay all or any part of the SIR to a third party in satisfaction of any "claim" or "suit." The Insured shall make any required SIR payment within 15 days of the Trust's direction to make such payment.

## 6. CONDITIONS

a. Premium

The premium shown in the Declarations is a deposit premium only, which shall be credited to the amount of the earned premium at the end of the policy period. If the total earned premium exceeds the advance premium, the Named Insured shall remit to the Trust the balance due in accordance with the Trust's payment terms. In the event the policy is cancelled by the insured, unearned premium shall be returned to the Insured on a pro-rated basis. In the event the Named Insured cancels the policy, the Insured will not be eligible for insurance through the Trust for three years from the date of cancellation.

b. Inspection and Audit

The Trust shall be permitted but not obligated to inspect the Insured's property and operations at any time. Neither the Trust's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe. The Named Insured shall maintain accounting records necessary for premium computation, and shall send copies of such records to the Trust at the end of the policy period and at such times during the policy period as the Trust may reasonably request. The Trust may examine and audit the Insured's books and records at any time during the policy period and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

c. Insured's Duties in the Event of Claim, Suit or Wrongful Act

The Insured shall have the following duties in the event of a "claim," "suit" or "wrongful act":

(1) In the event of a “claim,” “suit” or “wrongful act” reasonably likely to involve the Trust, written notice containing particulars sufficient to identify the Insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the Insured and of available witnesses, shall be given by or for the Insured to the Trust or any of its authorized agents as soon as practicable. While the initial notice may be oral, the Named Insured is required to provide written notice as soon as practicable.

(2) If a “claim,” “suit” or “wrongful act” is brought against an Insured, the Named Insured shall immediately forward to the Trust every demand, notice, summons or other legal process received by the Insured or the Insured’s representative.

(3) The Insured shall cooperate with the Trust and upon the Trust’s request, assist in making settlements, in investigating or defending “claims” or “suits” and in enforcing any right of contribution or indemnity or subrogation against any person or organization who may be liable for sums payable under this policy. The Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Insured shall not, except at its own cost, voluntarily make any payment, assume any obligation or incur any expense.

(4) Failure to give notice as required by the terms and conditions of this policy will invalidate coverage if such failure prejudices the Trust’s rights, including without limitation, its ability to defend or reasonably settle a “claim,” “suit” or “wrongful act.” Failure to give notice as required by the policy does not invalidate a claim made by the Insured, if the Insured shows that it was filed as soon as reasonably possible.

d. Risk Management

The Insured shall cooperate fully and participate as required by the Trust’s Risk Management Program.

e. Appeals

In the event the Insured elects not to appeal a judgment in excess of the Self Insured Retention, the Trust may elect to do so at its expense, but in no event shall the Trust pay for “damages” or loss costs exceeding the limits of liability in the Declarations.

f. Action Against the Trust

No action shall lie against the Trust with respect to any open claims unless, as a condition precedent thereto, the Insured has fully complied with all the terms of this policy, nor until the amount of the Insured's obligations shall have been finally determined by the judgment against the Insured after the actual trial or by written agreement of, the Insured, the claimant and the Trust. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the Trust in any action against the Insured to determine the Insured's liability.

Bankruptcy or insolvency of the Insured will not relieve the Trust of its obligations under this policy.

g. Other Insurance

This insurance is primary unless one of the following applies:

(1) If the Insured has other valid and collectible insurance which provides primary coverage to the Insured for any "claim" or "suit" covered under this policy, this policy is excess over such other insurance. In that case, the Trust will pay only for the amount of loss in excess of the amount due from that other insurance, subject to the limits of insurance of this policy.

(2) If the Insured has other valid and collectible insurance which provides the same type of coverage provided by this policy, the Trust will pay our share of the loss. Our share is the proportion that the applicable limit of insurance under this policy bears to the limits of insurance of all insurance covering on the same basis.

(3) If you are named as an additional insured on a policy of insurance issued to another person or entity, this policy is excess over that insurance.

(4) If this policy, including any endorsement, provides insurance to another person or entity as an additional insured, this policy shall be excess over any other valid and collectible insurance available to that additional insured.

h. Subrogation

If the Insured has rights to recover all or part of any payment the trust has made under this policy, those rights are transferred to the trust. The Insured must do nothing after loss to impair them. At our request, the Insured will bring a "claim" or transfer those rights to the Trust and help the Trust enforce them.

Any amount recovered shall be applied in the following sequence:

(1) To the SIR amount paid by the Insured;

(2) To the loss paid by the Trust; and then

(3) To the Insured's costs that exceeded the Trust's Limit of Liability.

i. Changes

The terms of this policy may be waived or changed only by endorsement issued to form a part of this policy.

j. Assignment

Assignment of interest under this policy shall not bind the Trust until its consent is endorsed hereon.

k. Funding of Insured's SIR

The Insured agrees to maintain a loss fund, in an amount to be determined by mutual agreement between the Insured and the Trust, for the payment of all claims and expenses falling within the Insured's SIR.

l. Cancellation

This policy may be cancelled as follows:

(1) This policy may be cancelled by the Named Insured by mailing to the Trust written notice stating when thereafter the cancellation shall be effective. The Trust has the right to make written inquiry of the Insured regarding the reason for any cancellation or nonrenewal by the Insured.

(2) The policy may be cancelled by the Trust for:

(i) nonpayment of premium;

(ii) material misrepresentation regarding any claim or in the application for insurance;

(iii) substantial change in the risk assumed; or

(iv) material breach of the terms or conditions of the policy.

(3) If the Trust cancels the policy the Trust shall mail to the Named Insured at the address shown in this policy, written notice stating when, not less that thirteen (13) days thereafter, such cancellation shall be effective. The mailing of notice by first class mail shall be sufficient proof of notice. Hand delivery of such written notice either by the Named Insured or by the Trust shall be equivalent to mailing.

(4) If the Trust elects to not renew this policy, the Trust will mail, by first class mail, written notice of nonrenewal to the first Named Insured, at the last mailing address known to the Trust, at least 33 days before the expiration or anniversary date of this policy. The Trust need not mail this notice if:

(i) The Insured has accepted replacement coverage;

(ii) The Insured requested or agreed to nonrenewal; or

(iii) This policy is expressly designated as nonrenewable.

m. First Named Insured

The Insured first named in the Declarations is authorized to act on behalf of all Named Insureds and other Insureds with respect to the giving and receiving notice of cancellation. The Insured first named in the Declarations is responsible for the payment of all premiums, but the other Named Insureds jointly and severally agree to make such premium payments in full if the Insured first named fails to pay the amount due within thirty days after the Trust gives a written demand for payment to the Insured first named.

n. Governmental Immunity

The issuance of this insurance shall not be deemed a waiver of any statutory immunities as to any Insured. The Trust does not waive its right to deny liability by reasons of such immunity.

o. Fraud, Concealment or Misrepresentation

By acceptance of this policy, the Named Insured agrees that the Trust has issued this policy in reliance upon the Named Insured's representations. The Trust may deny coverage and/or rescind or cancel this policy if you or any other person seeking coverage has knowingly concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, in connection with any "claim" or "suit" to which this insurance applies.

p. Reimbursement

In the event the Trust makes any payment under this policy on account of a "claim" or "suit" which is at any time determined to not be covered under this policy, the Trust expressly reserves the right to seek reimbursement from the Insured for such payment.

q. Two or More Policies Issued by the Trust

If this policy and any other insurance issued to you by the Trust, or any company affiliated with the Trust, apply to the same "claim" or "suit," the aggregate maximum Limit of Insurance under all such insurance shall not exceed the highest applicable Limit of Insurance under any one coverage form or policy. This condition does not apply to any coverage form or policy issued by the Trust or an affiliated company specifically to apply as excess insurance over this policy.

## 7. ARBITRATION

In the event a disagreement arises over the interpretation of this policy, the coverage(s) available for a particular "claim" or "suit," or the duties and responsibilities of you or the Trust under the policy, such disagreement shall be submitted and resolved through binding arbitration. Unless otherwise agreed to in writing, any matter submitted to arbitration shall be decided by a mutually selected single arbitrator. If the parties are unable to agree upon the selection of a single arbitrator, the matter shall be decided by a panel of three arbitrators. Each party shall select an independent and competent arbitrator; the arbitrators selected by the parties will then select a third independent and competent arbitrator. A written decision by a mutually selected single arbitrator or by a majority of an arbitration panel shall constitute a final decision.

Unless otherwise agreed to in writing, each party shall pay an equal share of the fees and costs of the single arbitrator selected. If the matter is submitted to an arbitration panel, each party shall pay the fees and costs of the arbitrator selected by that party, and an equal share of the fees and costs of the third arbitrator.

Unless both parties agree otherwise, venue for the arbitration shall be in Salt Lake County, Utah.

## 8. LIBERALIZATION

While this policy is in force, should we adopt any endorsement or form change which broaden coverage, the same shall be considered to be incorporated in this policy without additional premium charge and shall inure to your benefit as though such endorsement or form change had been made.

## 9. DEFINITIONS

When used in this policy (including endorsements forming a part hereof):

a. “Aircraft” means a vehicle or device designed or used for travel in the air including, without limitation, planes, drones or other unmanned vehicles, experimental aircraft, balloons, hang gliders, parachutes and helicopters.

b. “Bodily injury” means actual physical injury, sickness or disease sustained by a person, including death resulting from any of these. Bodily injury does not include mental injury such as emotional distress, mental anguish, humiliation, mental distress, or any similar injury unless it arises out of physical injury to some person.

c. “Claim” means any demand for “damages.”

d. “Damages” means all amounts paid as compensation to a claimant as a result of “public officials’ errors and omissions” caused by a “wrongful act.” Attorney fees and litigation costs are not “damages” except where awarded under the authority of and pursuant to 42 U.S.C § 1988(b)(1994) in a civil action brought pursuant to 42 U.S.C. § 1983 and in which the claimant seeks compensation for “personal injury.”

e. “Employment related-practices” means any employment practice of the Insured, including without limitation, employee termination, discipline, promotion, demotion, supervision, evaluation, assignment, discrimination or harassment.

f. “Inverse condemnation” means a claim that an Insured has taken or diminished the value of land or property through: land use restrictions, laws, permits or regulations, on such land or adjacent land or air space; or by use by the Insured of such land, adjacent land or air space.

g. “Law enforcement personnel” means a law enforcement official, officer, reserve officer, officer of a jail, nurse who works in a jail, auxiliary officer, volunteer law enforcement officer, animal control officer, or official representing a law enforcement agency who is acting within the course and scope of employment on behalf of the Named Insured.

h. “Malfeasance” means illegal conduct or the performance of an act outside the official duties of the Insured.

i. “Personal injury” means injury arising out of one or more of the following offenses:

(1) False arrest, detention or imprisonment or malicious prosecution;

(2) Libel, slander or defamation of character;

(3) Wrongful entry or eviction, or other invasion of the right of private occupancy;

(4) Discrimination or violation of constitutionally protected rights.

j. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant including, without limitation, smoke, vapor, soot, fumes, acid, alkalis, chemicals, any type of air pollution, smell, odor, and waste. Waste includes material to be discarded, recycled, reconditioned or reclaimed.

k. "Potable water" means water that is intended for human consumption.

l. . "Public official" means a person acting within the course and scope of employment on behalf of the Named Insured identified in the Declarations of this Policy.

m. "Public officials' errors and omissions" means any actual or alleged error or misstatement or act or omission or neglect or breach of duty including misfeasance or nonfeasance by the Insureds in the discharge of their duties with the public entity, individually or collectively, or any matter claimed against them solely by reason of their being or having been Insureds. However, "public officials' errors and omissions" does not include "malfeasance."

n. "Sexual abuse" means any actual, attempted or alleged forcing of unwanted sexual activity by one person on another, as by the use of threats or coercion, or sexual activity that is deemed improper or harmful, which causes physical and/or mental injuries. "Sexual abuse" includes: sexual molestation, sexual assault, sexual exploitation or sexual injury. "Sexual abuse" does not include "Sexual harassment" as defined in this policy.

o. "Sexual harassment" means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature, of a person or persons acting in concert, which causes physical and/or mental injuries. "Sexual harassment" includes:

(1) The above conduct when submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person; or

(2) The above conduct when such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.

"Sexual harassment" does not include "Sexual abuse" as defined in this policy.

p. "Suit" means a formal civil or arbitration proceeding in which "damages" to which this insurance applies are alleged.

q. “Wrongful Act” means an alleged or actual omission, error, misstatement, act of neglect, or breach of duty, including “employment-related practices” or “personal injury,” by a “public official.”

r. “Wrongful law enforcement act” means any actual or alleged error, act, omission, neglect or breach of duty, including misfeasance or nonfeasance, by a “law enforcement personnel” or any matter claimed against them solely by reason of their being or having been a “law enforcement personnel.”

**COVERAGE PART II: EMPLOYEE BENEFITS LIABILITY**

**1. INSURING AGREEMENT**

Subject to the Exclusions, Limits, Conditions, Definitions and other terms set forth in Coverage Part 1: Public Officials’ Errors and Omissions Liability, the Trust will pay “damages” for which an Insured is legally liable to pay as a result of a negligent act, error or omission arising directly from the Insured’s “administration” of its “Employee Benefit Programs.” Coverage under this section is provided for claims which occur during the policy period as shown in the Declarations.

**2. ADDITIONAL DEFINITIONS**

In addition to the Definitions set forth in Coverage Part 1: Public Officials’ Errors and Omissions Liability, the following definitions apply:

a. “Administration” means interpreting or giving advice to employees, dependents or beneficiaries with respect to the Insured’s “Employee Benefit Program(s)” or handling records or enrollment of employees under the Insured’s “Employee Benefit Program(s).”

b. “Employee Benefit Program(s)” means group life insurance, group health insurance, profit sharing plans, pension plans, employee stock subscription plans, workers compensation, unemployment insurance, Social Security, disability benefits insurance, travel plans, savings plans or vacation plans.

**3. ADDITIONAL EXCLUSIONS**

In addition to the Exclusions set forth in Coverage Part 1: Public Officials' Errors and Omissions Liability, the following exclusions apply:

a. Any "claims" or "damages" involving state or federal taxes, fines, fees or penalties.

b. Any "claims" or "damages" arising out of actual or alleged wrongful termination of employment, discrimination, hostile work environment or any other employment-related practices.

c. Any "claims" or "damages" arising out of actual or alleged libel, slander, discrimination or humiliation.

d. Any "claims" or "damages" arising out of bodily injury, sickness, disease or death of any person.

e. Any "claims" or "damages" arising out of property damage or impairment or loss of use of any property.

f. Any "claims" or "damages" arising out of any actual or alleged breach of warranty or misrepresentation by any Insured.

g. Any "claims" or "damages" arising out of any failure of any investment to perform.

h. Any "claims" or "damages" arising out any opinion, advice or counsel by any Insured regarding whether or not to participate in any Employment Benefit Programs or invest in any fund.

i. Any "claims" or "damages" arising out of any actual or alleged failure or error in providing information regarding the past performance of any investment.

j. Any "claims" or "damages" arising out of any legal, accounting or tax advice regarding any Employee Benefit Programs.

k. Any "claims" or "damages" arising out of the cancellation or termination of any Employee Benefit Program.

l. Any "claims" or "damages" arising out of the acts of any insurer, third party administrator, broker, agent or other entity which administers any Employee Benefit Programs.

m. Any "claims" or "damages" arising out of an insufficiency of funds on the part of an Insured to meet obligations under any Employee Benefit Programs.

# NO-FAULT SEWAGE AND POTABLE WATER ENDORSEMENT

**This Endorsement modifies the insurance provided under the following:**

COMPREHENSIVE GENERAL LIABILITY

In consideration of premium paid, this Endorsement, if shown in the Declarations, provides added coverage benefits. Unless indicated in this Endorsement, all of the terms, conditions, definitions, limitations and exclusions of the above referenced policy or policies apply. **Read the entire Endorsement carefully to determine your rights, duties and what is and is not covered.**

## 1. INSURING AGREEMENT

a. Release of Sewage. Notwithstanding Exclusions "k.," "m." and "n.," the Trust will pay on behalf of the Insured damages sustained by a third-party person, firm or entity relying on the Insured to provide sewage treatment services caused by the "release of sewage."

b. Sudden and Accidental Release. Notwithstanding Exclusion "k.," the Trust will pay on behalf of the Insured "property damages" to any third-party person, firm or entity caused by the sudden, accidental and unintended release of "potable water" from pipes or utilities owned by the Insured.

## 2. LIMIT OF INSURANCE

Coverage under this Endorsement is limited up to $5,000 per Household/Business, $100,000 Aggregate per policy period. Notwithstanding the Supplementary Payments provision, any coverage provided under this Endorsement is inclusive of defense costs, and is not in excess of defense costs, and the Trust's obligations to indemnify or defend the Insured against any "claim" or "suit" which falls within this Endorsement will cease upon exhaustion of the limits set forth in this Endorsement.

## 3. DEFINITIONS

The following definitions apply as used in this Endorsement:

a. "Release of sewage" means an "occurrence" where solid, liquid, or gaseous "pollutants" cause "property damage" or "bodily injury" by passing back through the toilets and/or drains located in the premises owned or leased by any third-party person, firm or entity relying upon the Insured for sewage treatment services. Solid, liquid or gaseous "pollutants" which cause "property damage" or "bodily injury" by any means other than passing back through the toilets and/or drains located in the premises owned or leased by such third-party persons, firms or entities, does not constitute "release of sewage" and damages caused thereby are not covered under this Endorsement.

b. "Potable water" means water that is intended to be used for human consumption.

**4. PROOF OF CLAIM**

As soon as practicable, any third-party person, firm or entity seeking coverage under this Endorsement shall provide the Trust written proof of claim, and such other information and documentation the Trust may reasonably require, in order to determine the amount payable under this Endorsement.

**5. SUBROGATION**

If payment is made under this Endorsement, the Trust shall be subrogated to the rights of the third-party to whom payment was made, to the extent of the payments made, and that third-party must do whatever is reasonably necessary to secure and not prejudice those rights.

**6. NONDUPLICATION OF BENEFITS AND OTHER INSURANCE**

No third-party shall recover duplicate benefits for the same elements of damage under this or any other insurance. In the event a third-party has other valid and collectible insurance available, the coverage provided under this Endorsement shall be secondary.

# DECLARATORY, INJUNCTIVE RELIEF AND LAND USE DEFENSE ENDORSEMENT

**This Endorsement modifies the insurance provided under the following policies:**

COMPREHENSIVE GENERAL LIABILITY

In consideration of premium paid, this Endorsement, if shown in the Declarations, provides added coverage benefits. Unless indicated in this Endorsement, all of the terms, conditions, definitions, limitations and exclusions of the above referenced policy or policies apply. **Read the entire Endorsement carefully to determine your rights, duties and what is and is not covered.**

## 1. INSURING AGREEMENT

a. The Trust will have the right and duty to defend any "claim" or "suit" seeking declaratory or injunctive relief, or arising out of any "land use" dispute which occurs during the policy period. If the Trust defends such a "claim" or "suit," the Trust retains the right to select defense counsel to defend the Insured. However:

(1) The amount the Trust will pay under this Endorsement to defend any such "claim" or "suit" is limited as described in this Endorsement;

(2) The Trust may, at its discretion, investigate any "claim" or "suit" seeking declaratory or injunctive relief, or arising out of any "land use" dispute;

(3) The Trust has the right, but not the duty, to settle any "claim" or "suit" covered by this Endorsement; and

(4) This Endorsement provides limited defense benefits to the Named Insured, but provides no indemnification to any Insured for "claims" or "suits" seeking declaratory or injunctive relief, or arising out of any "land use" dispute.

## 2. LIMIT OF INSURANCE

a. Notwithstanding the Supplementary Payments provision, the coverage amount set forth below represents the limit of all payments, including, without limitation, defense costs and attorney fees, available for any “claim” or “suit” defended by the Trust under this Endorsement. The Trust shall have no obligation to indemnify any Insured under this Endorsement. The Trust’s obligations to defend under this Endorsement will cease upon exhaustion of the Declaratory, Injunctive Relief and Land Use Defense coverage limit.

$25,000 per Claim/Suit
$50,000 Aggregate Limit per Policy Period

b. All payments made under this Endorsement shall erode the coverage limit applicable under this Endorsement. The Trust’s right and duty to defend ends when the amount of coverage available under this Endorsement has been exhausted. Once the coverage available under this Endorsement has been exhausted, the defense of any “claim” or “suit” being defended by the Trust under this Endorsement shall revert to and become the sole responsibility of the Named Insured.

c. The per Claim/Suit Limit shown above is the most the Trust will pay in defending all “claims” or “suits” arising out of substantially the same general facts and allegations.

d. Any “claim” or “suit” taking place over more than one policy period shall be subject to one Claim/Suit Limit.

## 3. DEFINITIONS

The following definitions apply as used in this Endorsement:

a. “Claim” means any demand seeking declaratory or injunctive relief, or arising from a “land use” dispute.

b. “Inverse Condemnation” means a claim that an Insured has taken or diminished the value of land or property through: land use restrictions, laws, permits or regulations, on such land or adjacent land or air space; or by use by the Insured of such land, adjacent land or air space.

c. “Land Use” means the regulation of the use of land or real property which may include, without limitation, the application, interpretation and enforcement of land use restrictions, laws, permits or regulations, and may involve constitutional claims, claims of eminent domain, condemnation, “inverse condemnation,” or adverse possession.

d. "Suit" means a formal civil or arbitration proceeding seeking declaratory or injunctive relief, or arising from a "land use" dispute.

**MALFEASANCE DEFENSE ENDORSEMENT**

**This Endorsement modifies the insurance provided under the following:**

COMPREHENSIVE GENERAL LIABILITY
PUBLIC OFFICIAL'S ERRORS AND OMISSIONS LIABILITY

In consideration of premium paid, this Endorsement, if shown in the Declarations, provides added coverage benefits. Unless indicated in this Endorsement, all of the terms and conditions of the above referenced policies apply. **Read the entire Endorsement carefully to determine your rights, duties and what is and is not covered.**

**1. INSURING AGREEMENT**

a. The Trust will have the right and duty to defend any "claim" or "suit" brought against an Insured person alleging an act of "malfeasance" that arises out of such person's employment, service, election or appointment with the Named Insured, which occurs during the policy period. If the Trust defends such a "claim" or "suit," the Trust retains the right to select defense counsel to defend the Insured. However:

(1) The amount the Trust will pay under this Endorsement to defend any such "claim" or "suit" is limited as described in this Endorsement;

(2) The Trust may, at its discretion, investigate any "claim" or "suit" alleging "malfeasance";

(3) The Trust has the right, but not the duty, to settle any "claim" or "suit" covered by this Endorsement;

(4) The Trust will have no duty to defend any "claim" or "suit" once there is an admission or judicial determination that an act of "malfeasance" actually occurred; and

(5) This Endorsement provides limited defense benefits only, but provides no indemnification to any Insured for "claims" or "suits" arising from any actual or alleged act of "malfeasance."

**2. LIMIT OF INSURANCE**

a. Notwithstanding the Supplementary Payments provision, the coverage amount set forth below represents the limit of all payments, including, without limitation, defense costs and attorney fees, available for any "claim" or "suit" defended by the Trust under this Endorsement. The Trust shall have no obligation to indemnify any Insured under this Endorsement. The Trust's obligations to defend under this Endorsement will cease upon exhaustion of the Malfeasance Defense coverage limit.

$10,000 per Claim/Suit
$20,000 Aggregate Limit per Policy Period

b. All payments made under this Endorsement shall erode the coverage limit applicable under this Endorsement. The Trust's right and duty to defend ends when the amount of coverage available under this Endorsement has been exhausted. Once the coverage available under this Endorsement has been exhausted, the defense of any "claim" or "suit" being defended by the Trust under this Endorsement shall revert to and become the sole responsibility of the Insured.

## 3. DEFINITIONS

The following definitions apply as used in this Endorsement:

a. "Claim" means any demand arising from an act of "malfeasance."

b. "Malfeasance" means illegal conduct or the performance of an act outside the official duties of the Named Insured.

c. "Suit" means a formal civil or arbitration proceeding in which an act of "malfeasance" is alleged.

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Name of Insurance Company to which Application is made (herein called the "Insurer")

## Commercial Crime Policy and
## Governmental Crime Policy

# Crime Insurance Application for Fidelity FlashQuote[sm]

### Section A.
### GENERAL INFORMATION:

1. Named Applicant: ______

   Street Address: ______ City: ______ State/Zip: ______

2. Type of Organization: ______ Public ______ Private ______ Not-For-Profit X______ Governmental

3. Annual Revenues: ______ Date Business Established: ______

4. Website address: ______

List (or attach a list of) all entities to be included as joint insureds (including subsidiaries and ERISA plans) to be covered:

______

______

If all entities listed above (or attached to this application) are owned, controlled, or operated by the first named insured, check here ☐ If not, please provide details for each listed entity.
This application and any attachments include information for all joint insureds to be covered: check here ☐

### Section B.
### INSURANCE INFORMATION

**Present Coverage** **Carrier:** **Requested Coverage (if different)**

| Insuring Agreement | Limit | Deductible | Limit | Deductible |
|---|---|---|---|---|
| Employee Theft | $ | $ | $ | $ |
| Forgery or Alteration | $ | $ | $ | $ |
| Inside Theft of Money & Securities | $ | $ | $ | $ |
| Inside Robbery of Other Property | $ | $ | $ | $ |
| Outside the Premises | $ | $ | $ | $ |
| Computer Fraud | $ | $ | $ | $ |
| Funds Transfer Fraud | $ | $ | $ | $ |
| Money Orders & Counterfeit | $ | $ | $ | $ |
| Other: | $ | $ | $ | $ |

Expiring Annual Premium: $ ______
Expiration Date of Current Coverage ______ Present Carrier: ______

### Section C.
### UNDERWRITING INFORMATION

1. Describe your predominant business activity: ______
2. If "Guests' Property" coverage is elected, please provide the total number of guest rooms: ______
3. Has your operation experienced any of the following losses in the past three years or since the date the business was established?
   - Employee Theft? Yes ☐ No ☐
   - Forgery or Alteration? Yes ☐ No ☐
   - Theft of Money and Securities (inside or outside)? Yes ☐ No ☐
   - Any other Crime or Fidelity related losses? Yes ☐ No ☐

 

AIG

4. Do you have cash exposure that exceeds the lowest deductible amount on your current Crime/Fidelity policy? Yes ☐ No ☐
5. Are there precious metals at any of your locations? Yes ☐ No ☐
6. Do you have access to your client's funds/property (including money, securities, inventory, high value property, banking systems, wire transfer systems, computer systems, sensitive computer data, etc.)? Yes ☐ No ☐
7. Are all of your operations located in the U.S., its territories, or Canada? Yes ☐ No ☐
8. Total number of locations: ______________________

(attach a schedule of locations, or complete the information below)

State: ____________ County: ______________ Number of Locations: __________

State: ____________ County: ______________ Number of Locations: __________

State: ____________ County: ______________ Number of Locations: __________

State: ____________ County: ______________ Number of Locations: __________

State: ____________ County: ______________ Number of Locations: __________

9. Total Number of employees ______________________
   How many employees handle, have access to, or maintain records of money, securities, or other property (including, but not limited to, directors, officers, trustees, and any person handling or having access to employee welfare or benefit plan assets)? __________
10. Are bank accounts reconciled on a monthly basis? Yes ☐ No ☐
11. Is reconciliation done by someone not authorized to deposit or withdraw therefrom, at all locations? Yes ☐ No ☐
12. Do you have countersignature of checks or a voucher system in place? Yes ☐ No ☐
13. Are your financial statements prepared by an independent auditor at least annually? Yes ☐ No ☐
14. Was your net worth or fund balance positive as of the last fiscal year end? Yes ☐ No ☐
15. Were you profitable as of last fiscal year end? Yes ☐ No ☐
16. Are your Total Assets under $100 Million? Yes ☐ No ☐
17. Are your Annual Gross Revenues under $100 Million? Yes ☐ No ☐

**NOTICE TO APPLICANTS**: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR, CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT ACT, WHICH IS A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO ARKANSAS, NEW MEXICO AND WEST VIRGINIA APPLICANTS**: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT, OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO COLORADO APPLICANTS**: IT IS UNLAWFUL TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES, DENIAL OF INSURANCE, AND CIVIL DAMAGES. ANY INSURANCE COMPANY OR AGENT OF AN INSURANCE COMPANY WHO KNOWINGLY PROVIDES FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO A POLICYHOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICYHOLDER OR CLAIMANT WITH REGARD TO A SETTLEMENT OR AWARD PAYABLE FROM INSURANCE PROCEEDS SHALL BE REPORTED TO THE COLORADO DIVISION OF INSURANCE WITHIN THE DEPARTMENT OF REGULATORY AUTHORITIES

**NOTICE TO DISTRICT OF COLUMBIA APPLICANTS**: WARNING: IT IS A CRIME TO PROVIDE FALSE OR MISLEADING INFORMATION TO AN INSURER FOR THE PURPOSE OF DEFRAUDING THE INSURER OR ANY OTHER PERSON. PENALTIES INCLUDE IMPRISONMENT AND/OR FINES. IN ADDITION, AN INSURER MAY DENY INSURANCE BENEFITS IF FALSE INFORMATION MATERIALLY RELATED TO A CLAIM WAS PROVIDED BY THE APPLICANT.

**NOTICE TO FLORIDA APPLICANTS**: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY IN THE THIRD DEGREE.

**NOTICE TO KENTUCKY APPLICANTS**: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME.

**NOTICE TO LOUISIANA APPLICANTS**: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO MAINE APPLICANTS**: IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS.

**NOTICE TO MARYLAND APPLICANTS**: ANY PERSON WHO KNOWINGLY AND WILLFULLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO KNOWINGLY AND WILLFULLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO MINNESOTA APPLICANTS:** A PERSON WHO FILES A CLAIM WITH INTENT TO DEFRAUD OR HELPS COMMIT A FRAUD AGAINST AN INSURER IS GUILTY OF A CRIME.

**NOTICE TO NEW JERSEY APPLICANTS**: ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO NEW YORK APPLICANTS**: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME, AND SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

**NOTICE TO OHIO APPLICANTS**: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

**NOTICE TO OKLAHOMA APPLICANTS**: WARNING: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY (365:15-1-10, 36 §3613.1).

**NOTICE TO PENNSYLVANIA APPLICANTS**: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO TENNESSEE, VIRGINIA AND WASHINGTON APPLICANTS**: IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.

**NOTICE TO VERMONT APPLICANTS**: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR, CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT ACT, WHICH MAY BE A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**The undersigned authorized officer/manager of the applicant declares that the statements set forth herein are true. The undersigned authorized officer/manager agrees that if the information supplied on this application changes between the date of this application and the effective date of the insurance, he/she (undersigned) will, in order for the information to be accurate on**

**the effective date of the insurance, immediately notify the insurer of such changes, and the insurer may withdraw or modify any outstanding quotations and/or authorizations or agreements to bind the insurance**

**Signing of this application does not bind the applicant or the insurer to complete the insurance, but it is agreed that this application shall be the basis of the contract should a policy be issued.**

**All written statements and materials furnished to the insurer in conjunction with this application are hereby incorporated by reference into this application and made a part hereof.**

Signed ______________________________
(Applicant)

Date ________________________________

Title ________________________________
(must be signed by Authorized Representative)

Attest ______________________________
Broker ______________________________
License Number ______________________
Address _____________________________