

**WILLARD CITY, UTAH
TAXABLE SEWER REVENUE REFUNDING BONDS, SERIES 2015
FINAL BOND RESOLUTION
JULY 9, 2015**

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE SALE OF \$10,740,000 TAXABLE SEWER REVENUE REFUNDING BONDS, SERIES 2015 REFUNDING THE CITY'S OUTSTANDING TAXABLE SEWER REVENUE BONDS, SERIES 2008; PROVIDING THE FORM OF THE BONDS; AUTHORIZING ALL OTHER ACTION NECESSARY TO ISSUE BONDS; AND RELATED MATTERS.

WHEREAS, Willard City, Box Elder County, Utah (the "Issuer"), previously issued its \$12,000,000 Taxable Sewer Revenue Bonds, Series 2008 (the "Series 2008 Bonds" or "Refunded Bonds") for the purpose of financing the construction of a sewer system (the "System") and related improvements; and

WHEREAS, the Issuer desires to retire and refund the Refunded Bonds (the "Project") to extend the maturity of the bonds to reduce the annual payment and to finance the improvements to the sewer system by issuing its Taxable Sewer Revenue Refunding Bonds, Series 2015 in the total principal amount of \$10,740,000 (the "Series 2015 Bonds"); and

WHEREAS, the Issuer does not have on hand money to pay the cost thereof, but the revenues to be derived by the Issuer from the operation of its System will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Series 2015 Bonds; and

WHEREAS, the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the "Act") provides that the Issuer may refinance non-voted revenue bonds as long as revenues generated from the revenue producing facilities of the Issuer are sufficient to pay for operation and maintenance of such facilities and debt service on all outstanding obligations secured by the revenues of such facilities; and

WHEREAS, the Issuer has been advised that the System will generate sufficient revenues to pay for the operation and maintenance of the System as well as debt service on all proposed and outstanding obligations secured by the revenues of the System; and

WHEREAS, the State of Utah acting through the Department of Environmental Quality, Water Quality Board (the "Water Quality Board"), has offered to purchase the Issuer's Series 2015 Bonds in the total principal amount of \$10,740,000 bearing no interest on the unpaid principal amount thereof; and

WHEREAS, the City Council of the Issuer has determined that it is in the best interest of the Issuer to refund the Refunded Bonds by accepting the financing from the

Water Quality Board in the total principal amount of \$10,740,000 and bearing no interest on the unpaid principal amount thereof ; and

WHEREAS, the Issuer desires to accept the offer of the Water Quality Board and to confirm the sale of the Series 2015 Bonds to the Water Quality Board.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Willard City, Box Elder County, Utah, as follows:

ARTICLE I

DEFINITIONS

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

“Act” means the Utah Refunding Bond Act, Title Title 11, Chapter 27, Utah Code Annotated 1953, as amended.

“Annual Debt Service” means the annual payment of principal of, premium or penalty, if any, and interest to be paid by the Issuer during any Sinking Fund Year on the Series 2015 Bonds and all other forms of indebtedness issued on a parity with the Series 2015 Bonds and which are secured by the Revenues of the System.

“Bondholder” or “Registered Owner” means the registered holder of any Series 2015 Bond, the issuance of which is authorized herein.

“Bonds” means the Series 2015 Bonds and any refunding bonds and additional bonds issued pursuant to the authority of Section 4.2 of this resolution.

“Depository Bank” means a “Qualified Depository” as defined in the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated, 1953, as amended, selected by the Issuer to receive deposits for the Revenue Fund as herein described, the deposits of which are insured by the Federal Deposit Insurance Corporation.

“ERU” means an equivalent residential unit connection having a design flow of 320 gallons per day.

“Exchange Bonds” means the fully registered Series 2015 Bonds issued in substantially the form set forth in Exhibit A-2, in exchange for the State Bonds representing the Series 2015 Bonds, respectively, or in exchange for other Exchange Bonds, in the denomination of \$1,000 or any integral multiple thereof.

“Issuer” means Willard City, Box Elder County, Utah, or its successors.

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

“Operation and Maintenance Expenses” means all expenses reasonably incurred in connection with the operation and maintenance of the System, after tax revenues are applied to such expenses, including the cost of water

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

“Paying Agent” means the person or persons authorized by the Issuer to pay the principal of and interest, if any, on the Series 2015 Bonds on behalf of the Issuer. The initial paying agent for the Series 2015 Bonds is the City Recorder of the Issuer.

“Project” means the project financed by the Refunded Bonds, and other related improvements to the Issuer’s System, including all equipment and appurtenances thereto.

“Refunded Bonds” means the Issuer’s outstanding Taxable Sewer Revenue Bonds, Series 2008 bearing no interest in the original principal amount of \$12,000,000 and sold to the Water Quality Board that are refunded by the Series 2015 Bonds hereunder.

“Registered Owner” means the person or persons in whose name or names a bond shall be registered on the books of the Issuer kept for that purpose in accordance with the provisions of this Bond Resolution.

“Registrar” means the person or persons authorized by the Issuer to maintain the registration books with respect to the Series 2015 Bonds on behalf of the Issuer. The initial Registrar for the Series 2015 Bonds is the City Recorder of the Issuer.

“Reserve Fund Installment” means \$2,984 per month.

“Reserve Fund Requirement” means \$358,000, which amount shall be accumulated in accordance with the terms of this Bond Resolution over a period not to exceed ten years.

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

“Series 2008 Bond or Bonds” means the Issuer’s outstanding Taxable Sewer Revenue Bonds, Series 2008 bearing no interest in the original principal amount of \$12,000,000 and sold to the Water Quality Board.

“Series 2015 Bonds” means the Issuer’s Taxable Sewer Revenue Refunding Bonds, Series 2015 issued pursuant to this resolution in the original principal amount of \$10,740,000 bearing no interest and purchased by the Water Quality Board as authorized herein.

“Sinking Fund Year” means the twelve-month period beginning on July 1 of the calendar year and ending on the next succeeding June 30; provided, however, that the first Sinking Fund Year will begin on the delivery date of the Series 2015 Bonds and will end on the next succeeding June 30.

“State Bonds” means the fully registered Series 2015 Bonds issued in substantially the form set forth in Exhibit A-1, in denominations equal to the aggregate principal amount of the Series 2015 Bonds.

“System” means the whole and each and every part of the sewer system of the Issuer, including the Project to be financed in part with the proceeds of the Series 2015 Bonds to be issued pursuant to this Bond Resolution, and all property, real, personal and mixed, of every nature now or hereafter owned by the Issuer and used or useful in the operation of said System, together with all improvements, extensions, enlargements, additions, and repairs thereto which may be made while any of the Bonds remain outstanding.

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

ARTICLE II

ISSUANCE OF SERIES 2015 BONDS

Section 2.1 Principal Amount, Designation Series and Interest Rate. The Series 2015 Bonds are hereby authorized for issuance for the purposes of providing funds (i) to refund the Series 2008 Bonds and (ii) to pay the costs incurred in connection with the issuance of the Series 2015 Bonds. The Series 2015 Bonds shall be limited to \$10,740,000 in aggregate principal amount, shall be issued (i) if issued as a State Bond(s), in the form set forth in Exhibit A-1 and (ii) if issued as Exchange Bonds, in the form set forth in Exhibit A-2, in fully registered form, shall bear no interest and shall be payable as specified herein. If issued as Exchange Bonds, the Series 2015 Bonds shall be in the denomination of \$1,000 or any integral multiple thereof. The Series 2015 Bonds shall be numbered from one (1) consecutively upward in order of delivery by the Registrar. The Series 2015 Bonds shall be designated as, and shall be distinguished from the bonds of all other series by the title, "Willard City, Box Elder County, Utah, Taxable Sewer Revenue Refunding Bonds, Series 2015."

Section 2.2 Date and Maturities. The Series 2015 Bonds shall be dated as of their date of delivery, shall be issued in the denomination of \$1,000 each or any integral multiple thereof and shall be paid as provided in this Section 2.3. The Series 2015 Bonds shall be initially issued as one fully registered State Bond.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, shall be payable upon presentation of the applicable Series 2015 Bond at the offices of the Paying Agent for endorsement or surrender, or of any successor Paying Agent. Payment of interest, if any, on delinquent payments shall be made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof at his address as it appears on the registration books of the Issuer maintained by the Registrar or at such other address as is furnished to the Registrar in writing by such Registered Owner. All payments shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America.

So long as the Water Quality Board is the Registered Owner of the State Bonds, payments of principal of and interest on delinquent payments, if any, on the Series 2015 Bonds shall be made by check or draft and mailed to the Water Quality Board as the Registered Owner at the address shown on the registration books maintained by the City Recorder.

The Issuer shall make the principal payments stated for each year, beginning May 1, 2015, and continuing on each May 1 thereafter until the total principal sum shall be paid in full, as follows:

<u>May 1</u>	<u>Principal Maturing</u>
2016	\$53,000
2017	53,000
2018	53,000
2019	270,000
2020	273,000
2021	275,000
2022	278,000
2023	281,000
2024	284,000
2025	287,000
2026	298,000
2027	310,000
2028	321,000
2029	333,000
2030	345,000
2031	358,000
2032	371,000
2033	385,000
2034	398,000
2035	412,000
2036	429,000
2037	445,000
2038	462,000
2039	480,000
2040	498,000
2041	517,000
2042	537,000
2043	557,000
2044	577,000
2045	600,000

If the Series 2015 Bonds are not issued in the calendar year 2015, then the denomination of the Bonds shall be changed to correspond to the year of issuance.

Section 2.3 Redemption and Redemption Prices.

(a) Optional Redemption. Each principal payment of the Series 2015 Bonds is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer, in inverse order of the due dates thereof, and by lot selected by the Issuer if less than all of the State Bonds of a particular due date are to be redeemed, upon

notice as provided in Section 2.5 hereof with respect to Exchange Bonds, and upon at least thirty (30) days' prior written notice of the amount of prepayment and the date scheduled for prepayment to the Water Quality Board with respect to the State Bonds, and at a redemption price equal to 100% of the principal amount to be prepaid or redeemed.

(b) Mandatory Redemption. The Issuer covenants that, beginning May 1, 2016, and every May 1 thereafter until the Series 2015 Bonds are paid in full, it will pay an amount equal to \$71 for each such subscribed ERU in excess of 800 into the Bond Account to be used as a partial prepayment of the principal of the Series 2015 Bonds in the inverse order of maturities on the earliest redemption date possible.

Section 2.4 Notice of Redemption of Exchange Bonds.

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

(i) the complete official name, series and the identification numbers of the Exchange Bonds being redeemed;

(ii) any other descriptive information needed to identify accurately the Exchange Bonds being redeemed, including, but not limited to, the original issue date of Exchange Bonds;

(iii) in the case of partial redemption of any Exchange Bonds, the respective principal amounts thereof to be redeemed;

(iv) the date of mailing of redemption notices and the redemption date;

(v) the redemption price;

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

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

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

shall identify the Exchange Bonds being redeemed with the proceeds of such check or other transfer

(c) The Registrar shall not give notice of redemption until there are on deposit with the Paying Agent sufficient funds for the payment of the redemption price.

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

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

Section 2.5 Execution and Delivery of the Series 2015 Bonds. The Mayor is hereby authorized to execute by manual or facsimile signature the Series 2015 Bonds and the City Recorder to countersign by manual or facsimile signature the Series 2015 Bonds and to have placed on the Series 2015 Bonds the official seal of the Issuer. The City Recorder is hereby authorized to deliver to the Water Quality Board the Series 2015 Bonds upon delivery for cancellation by the Water Quality Board of the Series 2008 Bonds.

Section 2.6 Delinquent Payment. Payments on the Series 2015 Bonds which are delinquent from the due date thereof shall draw interest at the rate of eighteen percent (18%) per annum on the delinquent payment from such due date until paid in full.

Section 2.7 Exchange of State Bonds. As long as the Water Quality Board is the sole Registered Owner of the Series 2015 Bonds, the Series 2015 Bonds shall be issued only as State Bonds in the form prescribed in Exhibit A-1. It is recognized that the Water Quality Board may sell or otherwise transfer the Series 2015 Bonds pursuant to the provisions of the State Financing Consolidation Act, Title 63B, Chapter 1b, Utah Code Annotated 1953, as amended, or otherwise. In the event the Water Quality Board determines to sell or otherwise transfer all or a portion of the Series 2015 Bonds pursuant to the State Financing Consolidation Act, or otherwise, the Series 2015 Bonds shall be exchanged at the office of the Paying Agent for a like aggregate principal amount of Exchange Bonds in accordance with the provisions of this Section 2.7 and Section 3.1 hereof. Exchange Bonds may thereafter be exchanged from time to time for other Exchange Bonds in accordance with Section 3.1 hereof. Any Series 2015 Bond, or any portion thereof, which is sold or otherwise transferred or liquidated by the Water Quality

Board pursuant to the State Financing Consolidation Act, or otherwise, shall be in the form of an Exchange Bond prescribed in Exhibit A-2, and shall be executed pursuant to the authorization contained in Section 2.5 hereof. Each principal payment on the Series 2015 Bonds not previously paid or canceled shall be represented by an equivalent principal amount of Exchange Bonds, in authorized denominations, and of like maturity. The Issuer and its officers shall execute and deliver such documents and perform such acts as may reasonably be required by the Issuer to accomplish the exchange of the Series 2015 Bonds for Exchange Bonds, provided that the Water Quality Board pay or cause to be paid all costs and other charges incident to such exchange and the Issuer shall have no obligation to pay any such costs or charges.

ARTICLE III

REGISTRATION, PAYMENT, AND FLOW OF FUNDS

Section 3.1 Execution of and Registration of Series 2015 Bonds; Persons Treated as Owners. The Series 2015 Bonds shall be signed by the Issuer and the Issuer shall cause books for the registration and transfer of the Series 2015 Bonds to be kept by the City Recorder who is hereby appointed the Registrar of the Issuer with respect to the Series 2015 Bonds. Any Series 2015 Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Series 2015 Bond for cancellation, accompanied by delivery of a duly executed instrument of transfer in a form approved by the Registrar. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender of any Series 2015 Bond for transfer as provided herein, the Issuer shall execute and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same maturity and series for a like aggregate principal amount as the Series 2015 Bond surrendered for transfer. Series 2015 Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Series 2015 Bonds of the same series or other authorized denominations and the same maturity. The execution by the Issuer of any Series 2015 Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Registrar shall thereby be authorized to deliver such Series 2015 Bond. The Registrar shall not be required to transfer or exchange any Series 2015 Bond at any time after the mailing of notice calling such Series 2015 Bond for redemption.

Series 2015 Bonds surrendered for payment, redemption or exchange, shall be promptly canceled and destroyed by the Issuer.

The Issuer, the Registrar and the Paying Agent may treat and consider the person in whose name each Series 2015 Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and for all other purposes whatsoever, and neither the Issuer, the Registrar nor the Paying Agent shall be affected by any notice to the contrary. Payment of any Series 2015 Bond shall be made only to or upon order of the Registered Owner thereof or his or her legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2015 Bond to the extent of the sum or sums so paid.

The Issuer may require the payment by the Registered Owner requesting exchange or transfer of Series 2015 Bonds of any tax or other governmental charge and any service charge required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Series 2015 Bond shall be delivered.

Section 3.2 Application of Proceeds of the Series 2015 Bonds. At the time of issuance of the Series 2015 Bonds, the Series 2015 Bonds shall be delivered to the Water Quality Board, the purchaser of the Series 2008 Bonds, as payment in full for the Series

2008 Bonds and for delivery for cancellation of the Series 2008 Bonds. All amounts in the bond fund or debt service fund for the Series 2008 Bonds and all amounts in the debt service reserve fund for the Series 2008 Bonds, shall be transferred to the same accounts for the Series 2015 Bonds and shall be deposited by the Paying Agent for the Series 2015 Bonds into funds by the same name for the Series 2015 Bonds, and no amounts in such funds shall be deposited, placed, or used anywhere else.

The Issuer hereby authorizes and approves the call and redemption of the Refunded Bonds and directs the appropriate officers of the Issuer to give prompt notice of the redemption of such Refunded Bonds and notice of the redemption thereof as required by the proceedings authorizing the issuance of the Refunded Bonds and to do all other acts necessary to accomplish the call and redemption of such Refunded Bonds for all, but not less than all, of the Refunded Bonds and the Issuer further ratifies all actions taken by agents of the Issuer to accomplish the noticing and refunding of the Refunded Bonds.

Section 3.3 The Series 2015 Bonds Constitute Special Limited Obligations; Pledge of Net Revenues. Notwithstanding anything to the contrary in this Bond Resolution, all of the principal of and interest, if any, on the Series 2015 Bonds shall be payable out of 100% of the Net Revenues, and in no event shall the Series 2015 Bonds be deemed or construed to be a general indebtedness of the Issuer or payable from any funds of the Issuer other than those derived from the operation of the System. The Net Revenues are hereby pledged as security for the Series 2015 Bonds.

The Issuer may, in its sole discretion, but without obligation and subject to the Constitution, laws, and budgetary requirements of the State of Utah, make available properly budgeted and legally available funds to defray any insufficiency of Net Revenues to pay the Series 2015 Bonds; provided however, the Issuer has not covenanted and cannot covenant to make said funds available and has not pledged any of such funds for such purpose.

Section 3.4 Flow of Funds. From and after the delivery date of the Series 2015 Bonds, and until all the Series 2015 Bonds have been paid in full, the Revenues shall be set aside into the Willard City Sewer Revenue Fund established hereunder (the "Revenue Fund"), to be held by the Depository Bank. The Issuer will thereafter make accounting allocations of the funds deposited in the Revenue Fund for the following purposes and in the following priority:

- (a) From the amounts on deposit in the Revenue Fund there shall first be paid all Operation and Maintenance Expenses of the System. For this purpose the Issuer shall establish on its books an account known as the "Expense Account" to which shall be allocated monthly, on or before the tenth day of each month, such portion of the Revenue Fund as is estimated to be required for Operation and Maintenance Expenses of the System for the following month. There shall be allocated to the Expense Account from time to time during the month such additional amounts as may be required to make payments of Operation and Maintenance Expenses for which the amounts theretofore allocated to the Expense Account are insufficient. At the end of

each Sinking Fund Year all amounts in the Expense Account in excess of that required to pay Operation and Maintenance Expenses then due shall be transferred to the Sinking Fund established as hereinafter provided.

(b) From the amounts remaining in the Revenue Fund after payment of Operation and Maintenance Expenses of the System as provided above in subsection (a) hereof, there shall be deposited monthly, on or before the tenth (10th) day of each month, beginning May 10, 2016, into the “Willard City, Box Elder County, Utah, Sewer Revenue Bonds Sinking Fund” (the “Sinking Fund”) established hereby with respect to the Series 2015 Bonds, an amount equal to 1/12 (in the case of the first payment date, the fraction, the numerator of which is the number one and the denominator of which is the number of months remaining to the first payment date) of the amount of principal and interest, if any, next due and payable, to the end there will be sufficient funds on deposit with respect to the Series 2015 Bonds to pay the principal of the Series 2015 Bonds as and when the same becomes due. Amounts allocated to the Series 2015 Sinking Fund shall be used solely for the purpose of paying the principal of and interest, if any, on the Series 2015 Bonds and shall not be reallocated, transferred or paid out for any other purpose prior to payment of amounts due with respect to the Series 2015 Bonds. The amounts on deposit in the Sinking Fund are hereby pledged to the payment of the principal of and any interest on all the Series 2015 Bonds.

(c) From the amounts on deposit in the revenue fund after payment of the amounts required by subsections (a) and (b) above, and after all deficits, if any, which exist from previous years in the required payments into the Sinking Fund have been remedied, the Issuer will deposit monthly on or before the tenth (10th) day of each month, beginning May 10, 2016, into the “Willard City, Box Elder County, Utah, Sewer Revenue Bonds Reserve Account” (the “Reserve Account--Series 2015”), which is hereby created an amount equal to the Reserve Fund Installment plus such additional amount as may be required to meet any monthly installment to the Reserve Account--Series 2015 not theretofore made in whole or in part, such deposits to continue for a period not exceeding ten (10) years or until there is accumulated in the Reserve Account--Series 2015 an amount equal to the Reserve Fund Requirement. If at any time any funds in the Reserve Account—Series 2015 are used for the purpose for which that account was created or is otherwise dissipated, the resulting deficiency shall be made up from the Net Revenues thereafter received not otherwise required to be used for current principal and interest payments on the Series 2015 Bonds, it being the intention hereof that there shall be as nearly as possible at all times in the Reserve Account—Series 2015 the amount required above. Amounts deposited into the Reserve Account--Series 2015 shall be used to make the principal payments falling due on the Series 2015 Bonds at any time when there are not sufficient funds in the Sinking Fund to pay the same, but pending such use may be invested as hereafter provided. When an amount equal to the Reserve Fund Requirement has been accumulated in the Reserve Account--Series 2015 for the Series 2015

Bonds, no further deposits into the Reserve Account--Series 2015 need be made unless payments from the Reserve Account--Series 2015 have reduced the balance thereof below the amount required by this paragraph, in which event allocations shall be resumed until such deficiency has been remedied.

The Issuer shall transfer all amounts in the Reserve Account with respect to the Refunded Bonds to the Reserve Account-Series 2015.

(d) After the payment of all the amounts required by subsections (a) through (c) above, the Issuer shall deposit monthly, on or before the tenth (10th) day of each month beginning May 10, 2016, into the "Willard City, Box Elder County, Utah, Sewer Revenue Bonds Emergency Repair and Replacement Account" (the "Emergency Repair and Replacement Account") which is hereby created the sum of \$1,492 plus such additional amount as may be required to meet any monthly installment to the Emergency Repair and Replacement Account not theretofore made in whole or in part, such deposits to continue for a period not exceeding ten (10) years or until there is accumulated in the Emergency Repair and Replacement Account an amount equal to \$358,000. If at any time any funds in the Emergency Repair and Replacement Account are used for the purpose for which that account was created or is otherwise dissipated, the resulting deficiency shall be made up from the Net Revenues next available after payment of all the amounts required in subsections (a) through (c) above. Funds on deposit in the Emergency Repair and Replacement Account shall be used solely for emergency repairs and replacements to the System as the need arises.

The Issuer shall transfer all amounts in the Emergency Repair and Replacement Account with respect to the Refunded Bonds to the Emergency Repair and Replacement Account with respect to the Series 2015 Bonds.

(e) After payment of all the amounts required by subsections (a) through (d) above, any amounts remaining in the Revenue Fund may be used by the Issuer (a) to prepay or redeem the Series 2015 Bonds in whole or in part, (b) to make extensions, improvements, additions, repairs, and replacements to the System, or (c) to be applied to any other lawful purpose as determined by the Issuer.

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

(g) Upon payment in full of (i) the principal of, premium or penalty, if any, and interest, if any, on the Series 2015 Bonds and (ii) any other amounts due hereunder with respect to the Series 2015 Bonds, any balance remaining

in the Sinking Fund and the Reserve Account—Series 2015 shall be transferred to the Revenue Fund and applied to the payment of debt service on any other obligations of the Issuer which are secured by a pledge of Net Revenues and, if there are no such obligations then outstanding, any remaining balance shall be transferred to the Issuer’s general fund for use by the Issuer as the Issuer’s City Council shall determine.

Section 3.5 Investment of Funds. Any funds allocated to the Sinking Fund, the Reserve Account--Series 2015 or the Emergency Repair and Replacement Account may, at the discretion of the Issuer, be invested in accordance with the State Money Management Act. All income derived from the investment of the funds of the Sinking Fund and Emergency Repair and Replacement Account shall be retained in such fund or account and disbursed along with the other moneys on deposit therein as provided herein. All income derived from the investment of the Reserve Account--Series 2015 shall at the end of each Sinking Fund Year be transferred by the Issuer to the Sinking Fund so long as the Reserve Account--Series 2015 after such transfer shall have funds equaling the Reserve Fund Requirement. In the event that the balance in the Reserve Account--Series 2015 is less than the Reserve Fund Requirement, then any income earned by the Reserve Account--Series 2015 shall be retained therein until its balance equals the Reserve Fund Requirement. There shall not be required to be in the Sinking Fund and the Reserve Account--Series 2015 at any time more than the total amount required to pay the total principal amount of the outstanding Series 2015 Bonds. Whenever the money in the Sinking Fund and the Reserve Account--Series 2015 equal the total principal amount of the Series 2015 Bonds outstanding, the money in that fund and account shall be used to prepay all of the Series 2015 Bonds.

ARTICLE IV
COVENANTS

Section 4.1 Covenants of Issuer. The Issuer hereby covenants and agrees with each and every holder of the Series 2015 Bonds the following:

(a) The Issuer covenants that it shall fund and maintain as provided herein all funds and accounts which were established pursuant to this Bond Resolution, until such time as the Series 2015 Bonds have been paid in full.

(b) The rates for all sewer service supplied by the System to the Issuer and its inhabitants and to all customers within or without the boundaries of the Issuer shall be sufficient for the retirement and/or redemption of the Series 2015 Bonds and any Parity Bonds (as defined in Section 4.2 hereof) that may be subsequently issued, provided such rates must be reasonable rates for the type, kind, and character of the service rendered. There shall be no free service and there shall be charged against all users of the System, including the Issuer, such rates and amounts as shall be adequate to meet the debt service payments on the Series 2015 Bonds and any Parity Bonds when due. The rates charged for sewer services provided by the System shall be sufficient to produce Net Revenues that are at least equal to 125% of Annual Debt Service. All Revenues, including those received from the Issuer, shall be available for and applied to the payment of the Operation and Maintenance Expenses of the System and the payment of the Series 2015 Bonds, as herein provided. Balances held in the Revenue Fund on the last day of each Fiscal Year in excess of 25% of the amount of the Operation and Maintenance Expenses for that Fiscal Year, after payment of all Operation and Maintenance Expenses and all deposits required by Section 3.4 of this Bond Resolution to that date have been made, shall be considered to be Revenues available for the next Fiscal Year.

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

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

(e) So long as any Series 2015 Bonds remain outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each Bondholder or any duly authorized agent or agents of such holder shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the

System and all properties constituting the System. Except as otherwise provided herein, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Sinking Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the System, and that such audit will be available for inspection by any Bondholder upon request; provided, however, during such periods of time as the Water Quality Board is the Registered Owner of the State Bonds, each such audit will be supplied to the Water Quality Board as soon as completed without prior request therefor by the Water Quality Board. At a minimum, each such audit shall include the following:

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

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

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

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

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

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

(vii) The total billings for the Sinking Fund Year and all schedules of rates and charges imposed for sewer service during the Sinking Fund Year.

Holders of the Series 2015 Bonds may waive the audit requirements set forth in this Subsection 4.1(e) for any particular Sinking Fund Year upon written request from the Issuer setting forth the reasons why a certified audit is not necessary or is impractical, provided, that such waiver shall not apply to the reporting requirements of the Issuer set forth in Subsection 4.1(f) herein.

(f) In addition to the reporting requirements set forth in Subsection 4.1(e) above, the Issuer shall submit to the Water Quality Board within one hundred eighty (180) days following the close of each Sinking Fund Year, a

summary report substantially in the form as provided by the Water Quality Board to the Issuer upon purchase of the Series 2015 Bonds.

All expenses incurred in compiling the information required by this section 4.1(e) shall be regarded and paid as an Operation and Maintenance Expense. If a Bondholder is other than the Water Quality Board, the Issuer agrees to furnish a copy of such information to such Bondholder at its request after the close of each Sinking Fund Year. Any Bondholder shall have the right to discuss with the accountant compiling such information the contents thereof and to ask for such additional information as it may reasonably require.

(g) Any holder of a Series 2015 Bond shall have the right at all reasonable times to inspect the System, and all records, accounts and data of the Issuer relating thereto, and upon request, the Issuer will furnish to the Bondholder financial statements and other information relating to the Issuer and the System as it may from time to time reasonably require.

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

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

(j) The Issuer may consolidate the bills submitted for sewer service with those submitted for water service, if applicable, for those persons who are liable for the payment of charges for such combined services and require that each such consolidated bill be paid in full as a unit, and refuse to permit payment of one portion without payment of the remainder. Any bill not paid within thirty (30) days from the date it is mailed to the customer shall be deemed delinquent. The Issuer hereby agrees that if any sewer bill remains delinquent for more than sixty (60) days, it will initiate proceedings to cause all water service to the delinquent water user to be terminated immediately.

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

(l) The Issuer will not grant a franchise for the operation of any competing sewer system within its limits as long as the Series 2015 Bonds authorized herein remain outstanding.

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

(n) All payments falling due on the Series 2015 Bonds shall be made to the Bondholder(s) thereof at par and all charges made by the Depository Bank for its services shall be paid by the Issuer.

(o) The Issuer will maintain its corporate identity, will make no attempt to cause its corporate existence to be abolished and will resist all attempts by other municipal corporations to annex all or any part of the territory now or hereafter in the Issuer or served by the System.

(p) The Issuer agrees, in accepting the proceeds of the Series 2015 Bonds, to comply with all applicable state and federal regulations related to the Utah State Revolving Fund administered by the Water Quality Board. These requirements include, but are not limited to, Title VI of the Clean Water Act of 1987, The Single Audit Act of 1996, the Utah Waste Water Loan Program policies and guidelines, the Utah Local Government Bonding Act, the Utah Money Management Act, the Utah Procurement Code, and the Utah Legal Compliance Audit Guide.

Section 4.2 Additional Indebtedness. No additional indebtedness, bonds or notes of the Issuer having priority over the Series 2015 Bonds with respect to payment from the Net Revenues from the System shall be created or incurred by the Issuer without the prior written consent of all holders of the Series 2015 Bonds. Furthermore, none of the Series 2015 Bonds shall be entitled to priority over any other Series 2015 Bonds in application of the Net Revenues of the System, regardless of when issued, it being the intention of the Issuer that there shall be no priority among the Series 2015 Bonds

authorized to be issued pursuant to this Bond Resolution regardless of the fact that they may be actually issued and delivered at different times. Except as provided below, the Issuer will not hereafter issue any bonds or obligations payable from the Net Revenues of the System, or any part thereof, or which constitute a lien on such Net Revenues or on the System until all Series 2015 Bonds have been paid in full unless such additional bonds are issued in such manner that they are in all respects subordinate to the Series 2015 Bonds.

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

(a) The Series 2015 Bonds or any part thereof may be refunded. The refunding bonds so issued shall enjoy a lien on the Net Revenues on a parity with the Series 2015 Bonds except that if fewer than all of the Series 2015 Bonds outstanding at the time are so refunded, no refunding bonds shall bear interest at a rate higher or mature at a date earlier than the corresponding Series 2015 Bond refunded thereby without the consent of the holders of all of the Series 2015 Bonds that are not refunded. In all other respects, refunding bonds may be secured in such manner and may be payable from such sources and be subject to other terms and provisions that may be provided in the resolution authorizing their issuance. Refunding bonds may be exchanged with the consent of the Bondholder for not less than a like principal amount of the Series 2015 Bonds authorized to be refunded, may be sold or may be exchanged in part or sold in part. If sold, the proceeds of the sale not required for the payment of expenses shall be used to refund that portion of the Series 2015 Bonds refunded.

(b) Additional bonds may be issued on a parity with the Series 2015 Bonds herein authorized if all of the following conditions are met at the time of the issuance of such additional bonds (herein referred to as “Parity Bonds”):

(i) The Net Revenues of the System for the Sinking Fund Year preceding the year in which the Parity Bonds are to be issued must equal at least 125% of the average Annual Debt Service on all of the Bonds and Parity Bonds then outstanding and the Parity Bonds so proposed to be issued. For purposes of this subsection (b)(i), Net Revenues may include an amount equal to ninety-five percent (95%) of the amount by which such Net Revenues would increase due to any sewer rate increase which became effective prior to and in anticipation of the issuance of the proposed Parity Bonds. The requirement of this subsection (b)(i) may be waived or modified by the written consent of the registered owners and holders of 100% of the principal amount of the Bonds and Parity Bonds then outstanding.

(ii) All payments required by this Bond Resolution to be made into the Sinking Fund must have been made in full and there must be in the Reserve Account—Series 2015 the full amount required by this Bond Resolution to be accumulated therein.

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

(iv) The proceedings authorizing such Parity Bonds shall provide that the aggregate balance of all reserve accounts shall be increased to an amount not less than the maximum Annual Debt Service of all Bonds and Parity Bonds then outstanding and the Parity Bonds so proposed to be issued and that such balance shall be accumulated within ten (10) years after delivery of such Parity Bonds.

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

ARTICLE V

MISCELLANEOUS

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

(a) The Bondholder may require the Issuer to pay an interest penalty (the "Interest Penalty") equal to eighteen percent (18%) per annum of the outstanding principal amount on the Series 2015 Bonds, the Interest Penalty to accrue from the date of the notice from the Bondholder to the Issuer referenced above until the default is cured by the Issuer. The Interest Penalty shall be paid on each succeeding payment date until the default is cured by the Issuer.

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

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

Section 5.2 Amendments to this Bond Resolution. Provisions of this Bond Resolution shall constitute a contract between the Issuer and the Bondholders; and after the issuance of the Series 2015 Bonds, no change, variation or alteration of any kind in the provisions of this Bond Resolution shall be made in any manner until such time as all of the Series 2015 Bonds have been paid in full except as hereinafter provided.

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

Whenever the Issuer shall propose to amend or modify this Bond Resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be sent to all Bondholders of all Series 2015 Bonds then outstanding. Such notice shall (a) briefly set forth the nature of the proposed amendment, (b) state that copies thereof are on

file at the principal office of the Issuer for inspection by all Bondholders and (c) set forth the manner in which Bondholders are to give or withhold their consent to the proposed amendment. Upon receipt of Bondholder consents representing at least 75% of the aggregate principal amount of the Series 2015 Bonds then outstanding, the governing body of the Issuer may adopt by resolution the proposed amendment, and it shall become effective. Nothing in this Section shall permit or be construed as permitting an amendment to this Bond Resolution which would (A)(i) extend the stated maturity or reduce the principal amount of the Series 2015 Bonds or (ii) reduce the rate of or extend the time for paying interest due on the Series 2015 Bonds, including interest on delinquent payments of principal of or interest on the Series 2015 Bonds, without the consent of the holders of all the Series 2015 Bonds, or (B) reduce the amount of or extend the time for making any payment required by any fund or account established hereunder without the consent of the holders of all the Series 2015 Bonds which would be affected by such reduction or extension, or (C) change the rights of the holders of less than all Series 2015 Bonds then outstanding, without the consent of the holders of all the Series 2015 Bonds at the time outstanding which would be affected by such changes.

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

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

Section 5.3 Maintenance of Proceedings. A certified copy of this Bond Resolution and every amendatory or supplemental ordinance or resolution shall be kept on file in the office of the City Recorder where it shall be made available for inspection by any Bondholder or his or her agent. Upon payment of the reasonable cost of preparing the same, a certified copy of this Bond Resolution, including any amendatory or supplemental ordinance or resolution, will be furnished to any Bondholder. The Bondholders may, by suit, action, mandamus, injunction or other proceedings, either at law or in equity, enforce or compel performance of all duties and obligations required by this Bond Resolution to be done or performed by the Issuer. Nothing contained herein, however, shall be construed as imposing on the Issuer any duty or obligation to levy any tax either to pay the principal of or interest on the Series 2015 Bonds authorized herein or to meet any obligation contained herein concerning the Series 2015 Bonds.

Section 5.4 Defeasance of Series 2015 Bonds. If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to the

Registered Owners of the Series 2015 Bonds of the amounts due or to become due thereon at the times and in the manner stipulated therein, then the first lien pledge of the Net Revenues under this Bond Resolution and any and all estate, right, title and interest in and to any of the funds and accounts created hereunder (except moneys or securities held by a Depository Bank for the payment of the Series 2015 Bonds) shall be cancelled and discharged with respect to the Series 2015 Bonds.

Any Series 2015 Bond shall be deemed to be paid within the meaning of this Section when payment of the Series 2015 Bonds (whether such payment is made at maturity or upon prepayment or redemption) shall have been made in accordance with the terms thereof. At such time as the Series 2015 Bonds shall be deemed to be paid hereunder, they shall no longer be secured by or entitled to the benefits hereof (except with respect to the moneys and securities held by a Depository Bank for the payment of the Series 2015 Bonds).

Section 5.5 Sale of Series 2015 Bonds Approved. The sale of the Series 2015 Bonds to the Water Quality Board, at par, is hereby authorized, confirmed and approved and the sale of the Series 2015 Bonds at par upon delivery for cancellation of the Refunded Bonds is hereby authorized, confirmed, and approved.

The Issuer hereby ratifies the Parameters Resolution and all action taken with respect to the sewer system improvements and the Series 2015 Bonds.

Section 5.6 Bondholders Not Responsible. The holders of the Series 2015 Bonds shall not be responsible for any liabilities incurred by the Issuer in the acquisition or construction of the Project or for the failure of the System to function successfully after completion of the Project.

Section 5.7 Notice of Public Hearing and Bonds to be Issued. In accordance with the provisions of the Act, the City Recorder has caused a “Notice of Bonds to be Issued” (the “Notice”) to be published in the Box Elder News Journal, a newspaper having general circulation in the Issuer, and posted on the Utah Public Notice Website, which notice is hereby ratified.

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

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

Section 5.10 Statutory Authority for the Series 2015 Bonds. The Series 2015 Bonds are issued under the authority of the Act and each Series 2015 Bond certificate

shall so recite. By the adoption of this Bond Resolution, it is the intention of the Issuer to comply in all respects with the applicable provisions of the Act.

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

Section 5.12 Record of Proceedings. The City Recorder is hereby directed to complete and execute the Record of Proceedings to officially record the proceedings at which this Bond Resolution was considered for adoption.

ADOPTED AND APPROVED this July 9, 2015.

Mayor

ATTEST:

City Recorder

(S E A L)

RECORD OF PROCEEDINGS

The City Council (the “Council”) of Willard City, Box Elder County, Utah (the “Issuer”), met in regular session at the regular meeting place of the Council in Willard, Utah, on July 9, 2015 (the “Meeting”), at the hour of 6:30 p.m., with the following members of the Council being present:

Present:	Kenneth Braegger	Mayor
	Robert Beebe	Councilmember
	Del Fredde	Councilmember
	Michelle Mund	Councilmember
	Mike Crossley	Councilmember
	Josh Braegger	Councilmember

Also present:	Teri Fellenz	City Recorder
	Bryce Wheelwright	City Planner

Absent:

which constituted all the members thereof.

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

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

Those voting YEA:

Those voting NAY:

Those Abstaining:

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

CERTIFICATE OF CITY RECORDER

I, Teri Fellenz, the duly appointed and qualified City Recorder of Willard City, Box Elder County, Utah (the "Issuer"), do hereby certify that the attached Resolution is a true, accurate and complete copy thereof as adopted by the City Council of the Issuer at a regular meeting duly held on July 9, 2015 (the "Meeting"). The Meeting was called and noticed as required by law as is evidenced by the attached Certificate of Compliance with Open Meeting Law. The persons present and the result of the vote taken at the Meeting are all as shown above. The Resolution, with all exhibits attached, was deposited in my office on July 9, 2015 and is officially of record in my possession.

I further certify that I caused a "Notice of Bonds to be Issued" to be (1) published in a newspaper of general circulation in the Authority and (2) posted on the Utah Public Notice Website.

IN WITNESS WHEREOF, I have hereunto subscribed my signature and impressed hereon the official seal of the Issuer, this July 9, 2015.

(S E A L)

City Recorder

CERTIFICATE OF COMPLIANCE WITH
OPEN MEETING LAW

I, Teri Fellenz, the undersigned City Recorder of Willard City, Box Elder County, Utah (the "Issuer") do hereby certify, according to the records of the Issuer in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated 1953, as amended, I gave not less than twenty-four (24) hours public notice of the agenda, date, time and place of the July 9, 2015 public meeting held by the Issuer as follows:

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

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

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

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this July 9, 2015.

City Recorder

(S E A L)

(Attach Meeting Notice and proof of posting thereof on Utah Public Notice Website)

EXHIBIT A-1

(FORM OF STATE BOND)

UNITED STATES OF AMERICA
STATE OF UTAH
BOX ELDER COUNTY
WILLARD CITY

TAXABLE SEWER REVENUE REFUNDING BONDS, SERIES 2015

\$10,740,000

Willard City, Box Elder County, Utah (the "Issuer"), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the State of Utah Department of Environmental Quality, Water Quality Board (the "Registered Owner") or registered assigns, the aggregate total principal amount of \$10,740,000, bearing no interest. Principal shall be payable in registered installments on May 1 of each of the years as set forth in the following Repayment Schedule:

REPAYMENT SCHEDULE

<u>May 1</u>	<u>Principal Maturing</u>
2016	\$53,000
2017	53,000
2018	53,000
2019	270,000
2020	273,000
2021	275,000
2022	278,000
2023	281,000
2024	284,000
2025	287,000
2026	298,000
2027	310,000
2028	321,000
2029	333,000
2030	345,000
2031	358,000
2032	371,000
2033	385,000
2034	398,000
2035	412,000
2036	429,000
	Principal

<u>May 1</u>	<u>Maturing</u>
2037	\$445,000
2038	462,000
2039	480,000
2040	498,000
2041	517,000
2042	537,000
2043	557,000
2044	577,000
2045	600,000

This Bond bears no interest except on delinquent payments.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, shall be payable upon surrender of this Bond at the offices of the Paying Agent, or of any successor Paying Agent. Payments of interest on this Bond shall be made to the Registered Owner hereof and shall be paid by check or draft mailed to the Registered Owner hereof at the address as it appears on the registration books of the Issuer maintained by the Registrar, or at such other address as is furnished to the Registrar in writing by such Registered Owner.

As long as the State of Utah Department of Environmental Quality, Water Quality Board (the "Water Quality Board") is the Registered Owner of this Bond, installment payments of principal and interest shall be made by check or draft mailed to the Water Quality Board as the Registered Owner at the address shown on the registration books maintained by the Registrar.

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

This Bond is payable solely from the Net Revenues (as defined in the Bond Resolution hereinafter described) derived from the operation of the Issuer's sewer system (the "System"), all as more fully described and provided in the Bond Resolution adopted by the governing body of the Issuer on July 9, 2015 (the "Bond Resolution"). The Bond Resolution requires that the Issuer deposit a sufficient amount of the Net Revenues of the System into a sinking fund designated "Willard City, Box Elder County, Utah, Sewer Revenue Bonds Sinking Fund" (the "Sinking Fund") to provide for the annual principal payment on the Series 2015 Bonds. Pursuant to the terms of the Bond Resolution, the Net Revenues of the System and the Sinking Fund have been pledged to the payment of the principal of this Bond.

This Bond is issued pursuant to (i) a Parameters Resolution adopted by the governing body of the Issuer on June 25, 2015, and the Bond Resolution, and (ii) the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated, 1953, as

amended, for the purposes of providing funds (a) to refinance the Issuer's Taxable Sewer Revenue Bonds, Series 2008 issued for costs of the acquisition and construction of a sewer system, including all equipment and necessary appurtenances thereto, and (b) to pay the costs incurred in connection with the issuance of the Series 2015 Bonds. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues of the System, which have been pledged to the payment of this Bond. This Bond does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Revenues of the System.

As provided in the Bond Resolution, bonds, notes and other obligations may be issued from time to time in one or more series in various principal amounts, which may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Bond Resolution, and the aggregate principal amount of such additional obligations which may be issued is not limited. Any additional obligations issued under the Bond Resolution must either be subordinate to or on parity with this Bond, provided certain conditions are met. If the additional obligations are issued on parity with this Bond, then the additional obligations and this Bond will be equally and ratably secured by a pledge of the Net Revenues of the System, except as otherwise expressly provided or permitted in or pursuant to the Bond Resolution.

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

This Bond is subject to mandatory redemption, beginning May 1, 2016, and every May 1 thereafter until the Series 2015 Bonds are paid in full, in an amount equal to \$71 for each such subscribed ERU in excess of 800 into the Bond Account to be used as a partial prepayment of the principal of the Series 2015 Bonds in the inverse order of maturities on the earliest redemption date possible, all as further described in the Bond Resolution.

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

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

Subject to the provisions of the Bond Resolution, this Bond is issued in fully registered form, without coupons, in a denomination equal to the Total Principal Sum set forth in the Certificate of Dates of Payment and Amount found at the end of this Bond,

but in no event more than a maximum principal amount of \$10,740,000 or, upon exchange for an Exchange Bond (as defined in the Bond Resolution), in a denomination of \$1,000 and any integral multiple thereof.

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

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

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

It is hereby declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in regular and due time, form and manner as required by law, that the amount of this Bond does not exceed any limitation prescribed by the Constitution or statutes of the State of Utah, that all of the Net Revenues to be derived from the operation of the System, including any future improvements, additions and extensions thereto, have been pledged and that a sufficient amount of the Net Revenues will be set aside into a special fund and account by the Issuer for the prompt payment of this Bond and all bonds, if any, issued on a parity with this Bond, and that the Net Revenues are not pledged, hypothecated or anticipated in any way other than by the issue of this Bond and all other bonds, if any, issued on a parity with this Bond.

REGISTRATION CERTIFICATE

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

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT A-2

(FORM OF EXCHANGE BOND)

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF BOX ELDER
WILLARD CITY

TAXABLE SEWER REVENUE REFUNDING BONDS, SERIES 2015

INTEREST RATE	MATURITY DATE	ISSUE DATE
0 %	May 1, 20__	

Registered Owner: _____

Principal Amount: _____ Dollars

Willard City, Box Elder County, Utah (the "Issuer"), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above, upon presentation and surrender thereof, the Principal Amount identified above. Principal and redemption price of this Bond shall be payable upon presentation of this Bond to the Paying Agent, or its successor as such paying agent, for payment at maturity.

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

This Bond is one of an authorized issue of bonds of like date, term and effect except as to maturity, in the aggregate principal amount of _____ Dollars (\$ _____), issued in exchange for the conversion of the Issuer's Taxable Sewer Revenue Refunding Bonds, Series 2015 dated _____, 201_, originally issued in the total principal sum of \$ _____ (the "Series 2015 Bonds"), all as authorized by a Bond Resolution of the Issuer duly adopted on July 9, 2015 (the "Bond Resolution"). This Bond and the issue of Bonds of which it is a part is issued pursuant to (i) a Parameters Resolution adopted by the governing body of the Issuer on June 25, 2015, and the Bond Resolution and (ii) the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated, 1953, as amended, for the purposes of providing funds (a) to refinance the Issuer's Taxable Sewer Revenue Bonds, Series 2008 issued for costs of the acquisition and construction of a sewer system, including all equipment and necessary appurtenances thereto, and (b) to pay the costs incurred in connection with the issuance of the Series 2015 Bonds. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the

Bond Resolution) of the System, which have been pledged for the payment of this Bond. This Bond does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Net Revenues of the System.

As provided in the Bond Resolution, bonds, notes and other obligations may be issued from time to time in one or more series in various principal amounts, which may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Bond Resolution, and the aggregate principal amount of the additional obligations which may be issued is not limited. Any additional obligations issued under the Bond Resolution must either be subordinate to or on parity with this Bond, provided certain conditions are met. If the additional obligations are issued on parity with this Bond, then the additional obligations and this Bond will be equally and ratably secured by a pledge of the Net Revenues of the System, except as otherwise expressly provided or permitted in or pursuant to the Bond Resolution.

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

This Bond is subject to mandatory redemption, beginning May 1, 2016, and every May 1 thereafter until the Series 2015 Bonds are paid in full, in an amount equal to \$71 for each such subscribed ERU in excess of 800 into the Bond Account to be used as a partial prepayment of the principal of the Series 2015 Bonds in the inverse order of maturities on the earliest redemption date possible, all as further described in the Bond Resolution.

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

Subject to the provisions of the Bond Resolution, the Series 2015 Bonds are issuable in fully registered form, without coupons, in denomination equal to the principal amount of the bonds or, upon exchange, in the denomination of \$1,000 or any integral multiple thereof.

The Issuer covenants and agrees that it will fix rates for sewer service sufficient to pay the principal of and any interest on this Bond when due, and the principal of and interest on all bonds, if any, subsequently issued pursuant to the Bond Resolution on parity with this Bond, as the same fall due, provided such rates must be reasonable rates for the type, kind and character of the service rendered; collect and account for the

Revenues (as defined in the Bond Resolution) to be received for such service; and set aside a sufficient amount of the Net Revenues of the System to pay the principal of and any interest on this Bond according to the payment terms set forth herein and in the Bond Resolution and the principal of and any interest on any bonds subsequently issued on a parity with this Bond.

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

This Bond is transferable by the registered holder hereof in person or by his or her attorney duly authorized in writing at the office of the City Recorder (the "Registrar") in Willard, Utah, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same series and the same maturity and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor.

It is hereby declared and certified that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in regular and due time, form and manner as required by law, that the amount of this Bond does not exceed any limitation prescribed by the Constitution or statutes of the State of Utah, that the Net Revenues to be derived from the operation of the System have been pledged and that a sufficient amount of the Net Revenues will be set aside into a special fund and account by the Issuer for the prompt payment of this Bond and all bonds, if any, subsequently issued on a parity with this Bond, and that the Net Revenues are not pledged, hypothecated or anticipated in any way other than by the issue of this Bond and all bonds issued on a parity with this Bond, if any.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor and countersigned by its City Recorder with the seal of said Issuer affixed, all as of _____, 20__.

By /s/ _____ (Do Not Sign)
Mayor

COUNTERSIGNED:

/s/ _____ (Do Not Sign)
City Recorder

(S E A L)

ASSIGNMENT

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

_____ (Tax Identification or Social Security No. _____) the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

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

Signature Guaranteed:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad