



WEST VALLEY CITY MUNICIPAL BUILDING AUTHORITY  
3600 CONSTITUTION BOULEVARD  
WEST VALLEY CITY, UTAH 84119

KAREN LANGE, CHAIR  
STEVE BUHLER, VICE CHAIR

A Special Electronic Meeting of the West Valley City Municipal Building Authority will be held on Tuesday, February 28, 2017, at 6:30 PM, or as soon thereafter as the City Council Meeting is completed, in the City Council Chambers, West Valley City Hall, 3600 Constitution Boulevard, West Valley City, Utah. Members of the press and public are invited to attend.

Posted February 22, 2017, 1:00 PM

**A G E N D A**

1. Call to Order- Chair Karen Lang
2. Opening Ceremony
3. Roll Call
4. Resolutions:
  - A. 17-02: Authorize the Issuance and Sale of Not More Than \$52,500,000 Aggregate Principal Amount of Lease Revenue Bonds, Series 2017 (The "Series 2017 Bonds"); And Related Matters
5. Adjourn

- West Valley City does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services.
- If you are planning to attend this public meeting and, due to a disability, need assistance in understanding or participating in the meeting, please notify the City eight or more hours in advance of the meeting and we will try to provide whatever assistance may be required. The person to contact for assistance is Nichole Camac.
- Electronic connection may be made by telephonic or other means. In the event of an electronic meeting, the anchor location is designated as City Council Chambers, West Valley City Hall, 3600 Constitution Boulevard, West Valley City, Utah.

**Item:** MBA Reso 17-02  
**Fiscal Impact:** \$ 52,500,000  
**Funding Source:** General Fund  
**Account #:** \_\_\_\_\_  
**Budget Opening Required:** ☒

**ISSUE:**

A resolution of the West Valley City Municipal Building Authority; authorizing and approving the execution and delivery of a First Amendment to Master Lease Agreement by and between the City and the Municipal Building Authority of West Valley City, Utah and Ground Lease Agreement; authorizing the issuance and sale by The Authority of its Lease Revenue Bonds, Series 2017, in the aggregated principal amount of not more than \$52,500,000; authorizing and approving the execution and delivery by The Authority of a Supplemental Indenture of Trust, Bond Purchase Agreement, certain security documents required in connection therewith; authoring the taking of all other actions necessary to the consummation of the transaction contemplated by this resolution and related matters.

**BACKGROUND:**

The purpose of this bond issue is to provide funds to finance the acquisition, construction, equipping and furnishing of a new public safety building, a new court's building, parking facilities, HVAC and roof replacement for the Family Fitness Center and related improvements, fund capitalized interest with respect to the Series 2017 Bonds, fund any required deposits to a reserve fund, and pay costs associated with the issuance of the Series 2017 Bonds and for such other purposes as may be authorized under the General Indenture.

**RECOMMENDATION:**

Approval of resolution

**SUBMITTED BY:**

Jim Welch, Finance Director

NOTICE OF SPECIAL MEETING

TO THE MEMBERS OF THE GOVERNING BOARD OF THE MUNICIPAL  
BUILDING AUTHORITY OF WEST VALLEY CITY, UTAH:

NOTICE IS HEREBY GIVEN that a special meeting of the Governing Board of the Municipal Building Authority of West Valley City, Utah (the “Authority”) will be held at the Governing Board’s regular meeting place on February 28, 2017, for the purpose of authorizing the issuance and sale of the Authority’s Lease Revenue Bonds, Series 2017, in a total principal amount of not more than \$52,500,000, and related matters, and for the transaction of such other business incidental to the foregoing as may come before said meeting.

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Secretary-Treasurer

ACKNOWLEDGMENT OF NOTICE  
AND CONSENT TO SPECIAL MEETING

We, the Chair/President and Boardmembers of the Governing Board of the Authority, do hereby acknowledge receipt of the foregoing Notice of Special Meeting, and we hereby waive any and all irregularities, if any, in such notice and in the manner of service thereof upon us and consent and agree to the holding of such special meeting at the time and place specified in said notice, and to the transaction of any and all business which may come before said meeting.

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Chair/President

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Boardmember

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Boardmember

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Boardmember

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Boardmember

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Boardmember

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Boardmember

West Valley, Utah

February 28, 2017

The Boardmembers (the “Governing Board”) of the Municipal Building Authority of West Valley City, Utah (the “Authority”), met in special session in West Valley, Utah, on February 28, 2017, at 6:30 p.m., with the following Boardmembers being present:

Karen Lang	Chair/President
Steve Buhler	Vice Chair
Ron Bigelow	Boardmember
Don Christensen	Boardmember
Tom Huynh	Boardmember
Lars Nordfelt	Boardmember
Steve Vincent	Boardmember

Also present:

Wayne Pyle	Chief Executive Officer
Nichole Camac	Secretary-Treasurer

Absent:

After the meeting had been duly called to order and after other matters not pertinent to this resolution had been discussed, the Secretary-Treasurer presented to the Governing Board a Certificate of Compliance with Open Meeting Law with respect to this February 28, 2017, meeting, a copy of which is attached hereto as Exhibit A.

The following resolution was then introduced in written form, was fully discussed, and pursuant to motion duly made by Boardmember \_\_\_\_\_ and seconded by Boardmember \_\_\_\_\_, was adopted by the following vote:

AYE:

NAY:

The resolution was then signed by the Chair/President in open meeting and recorded by the Secretary-Treasurer in the official records of the Municipal Building Authority of West Valley City, Utah. The resolution is as follows:

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE MUNICIPAL BUILDING AUTHORITY OF WEST VALLEY CITY, UTAH (THE “AUTHORITY”) AUTHORIZING THE ISSUANCE AND SALE OF NOT MORE THAN \$52,500,000 AGGREGATE PRINCIPAL AMOUNT OF LEASE REVENUE BONDS, SERIES 2017 (THE “SERIES 2017 BONDS”); DELEGATING TO CERTAIN OFFICERS OF THE AUTHORITY THE ABILITY TO APPROVE THE FINAL TERMS AND PROVISIONS OF THE SERIES 2017 BONDS WITHIN THE PARAMETERS SET FORTH HEREIN; FIXING THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF THE SERIES 2017 BONDS, THE MAXIMUM NUMBER OF YEARS OVER WHICH THE SERIES 2017 BONDS MAY MATURE, THE MAXIMUM INTEREST RATE WHICH THE SERIES 2017 BONDS MAY BEAR, AND THE MAXIMUM DISCOUNT FROM PAR AT WHICH THE SERIES 2017 BONDS MAY BE SOLD; CALLING A PUBLIC HEARING; PROVIDING FOR THE PUBLICATION OF A NOTICE OF PUBLIC HEARING AND BONDS TO BE ISSUED; PROVIDING FOR THE RUNNING OF A CONTEST PERIOD; AUTHORIZING AND APPROVING THE EXECUTION BY THE AUTHORITY OF A SECOND SUPPLEMENTAL INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, A FIRST AMENDMENT TO MASTER LEASE AGREEMENT, SECURITY DOCUMENTS, GROUND LEASE(S), AN OFFICIAL STATEMENT, AND OTHER DOCUMENTS NECESSARY FOR THE ISSUANCE OF THE SERIES 2017 BONDS; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the City Council (the “Council”) of West Valley City, Utah (the “City”) has previously authorized and directed the creation of the Municipal Building Authority of West Valley City, Utah (the “Authority”); and

WHEREAS, pursuant to the direction of the City, the Authority has been duly and regularly created, established and is organized and existing as a nonprofit corporation under and by virtue of the provisions of the Constitution and the laws of the State of Utah, including, in particular, the provisions of the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended (the “Building Authority Act”); and

WHEREAS, pursuant to the provisions of the Building Authority Act and the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (collectively, with the Building Authority Act, the “Act”), the Governing Board (the “Governing Board”) of the Authority, has authority to issue its lease revenue bonds for the purpose of financing certain improvements for and on behalf of the Authority; and

WHEREAS, the Authority desires to issue its Lease Revenue Bonds, Series 2017 (to be issued in one or more series and with such other or further designation(s) as the Authority may determine) (the “Series 2017 Bonds”), in an aggregate principal amount of not to exceed \$52,500,000 to (a) finance the acquisition, construction, equipping and furnishing of a new public safety building, a new courts building, parking facilities, improvements to the City’s Family Fitness Center and related improvements (collectively, the “2017 Project”); (b) fund capitalized interest with respect to the Series 2017 Bonds; (c) fund a deposit to a debt service reserve fund; and (d) pay costs associated with the issuance of the Series 2017 Bonds; and

WHEREAS, the Act provides for the publication of a Notice of Public Hearing and Bonds to be Issued, and the Authority desires to publish such notice in compliance with the Act with respect to the Series 2017 Bonds to thereby initiate the running of a contest period; and

WHEREAS, pursuant to Sections 11-14-316, 11-14-318 and 17D-2-502 of the Act, the Notice of Public Hearing and Bonds to be Issued (a) shall constitute the notice of intent to issue bonds, (b) shall constitute notice of a public hearing to receive input from the public with respect to the Series 2017 Bonds, and (c) will provide for a 30-day period during which the active voters of the City may submit a written petition requesting an election to approve or disapprove the issuance of the Series 2017 Bonds; and

WHEREAS, the City is the owner of either a fee simple title or a leasehold interest to certain parcels on which portions of the 2017 Project are located and the Authority desires to lease such properties from the City pursuant to the terms and provisions of one or more Agreements (each a “Ground Lease”) in substantially the form presented to this meeting and attached hereto as Exhibit E and herein authorized and approved; and

WHEREAS, the Authority desires to lease the 2017 Project, as lessor, on an annually renewable basis, to the City, as lessee, pursuant to the terms and provisions of a Master Lease Agreement dated as of July 1, 2016 (the “Master Lease”) and a First Amendment to Master Lease Agreement dated as of April 1, 2017 (the “First Amendment to Master Lease” and together with the Master Lease, the “Lease”) each by and between the Authority and the City in substantially the form presented to this meeting and attached hereto as Exhibit C; and

WHEREAS, the Authority proposes to (i) finance the costs associated with the 2017 Project, (ii) fund capitalized interest account with respect to the Series 2017 Bonds, (iii) fund the deposit of any required reserve, and (iv) pay the costs of issuance of the Series 2017 Bonds by means of the issuance of the Series 2017 Bonds issued pursuant to a General Indenture of Trust dated as of July 1, 2016 (the “General Indenture”) between the Authority and a trustee (the “Trustee”), as supplemented by a Second Supplemental Indenture of Trust dated as of April 1, 2017 (the “Second Supplemental Indenture”) between the Trustee and the Authority, in substantially the form presented to this meeting and attached hereto as Exhibit B (the Supplemental Indenture and the General Indenture are sometimes collectively referred to herein as the “Indenture”); and

WHEREAS, to further secure its payment obligations under the Indenture, the Authority proposes to grant a lien on and security interest in the 2017 Project pursuant to one or more of the following: (i) a Leasehold Deed of Trust, Assignment of Rents and Security Agreement, (ii) a Deed of Trust, Assignment of Rents and Security Agreement, and (iii) an Assignment of Ground Lease in substantially the forms presented to this meeting and attached hereto as Exhibit D (collectively the “Security Documents”); and

WHEREAS, there has been presented to the Governing Board at this meeting a form of a Bond Purchase Agreement (the “Bond Purchase Agreement”) to be entered into between the Authority, the City, and the Underwriters or Underwriters selected by the Authority for the Series 2017 Bonds (the “Underwriters”), in substantially the form attached hereto as Exhibit F; and

WHEREAS, the Authority desires to authorize the use and distribution of a Preliminary Official Statement (the “Preliminary Official Statement”), and to approve a final Official Statement (the “Official Statement”) in substantially the form attached hereto as Exhibit G, and other documents relating thereto; and

WHEREAS, the Authority desires to improve and promote the local health and general welfare of the citizens of the City by entering into the documents and taking the actions described above; and

WHEREAS, the Council has or is expected to authorize, approve and direct the execution of the Ground Lease(s), the First Amendment to Master Lease, the Second Supplemental Indenture, the Bond Purchase Agreement and the Security Documents and to authorize the issuance of the Series 2017 Bonds and the financing of the 2017 Project by the Authority and to further authorize the execution of the Ground Lease(s), the First Amendment to Master Lease, the Second Supplemental Indenture, the Bond Purchase Agreement, the Official Statement and the Security Documents and certain other acts to be taken by the Authority in connection therewith; and

WHEREAS, in order to allow the Authority (with the consultation and approval of Lewis Young Robertson & Burningham, Inc., the Authority’s municipal advisor (the “Municipal Advisor”) flexibility in setting the pricing date of the Series 2017 Bonds to optimize debt service costs to the Authority, the Governing Board desires to grant to any two of the following: Chair/President, the Mayor, the City Manager, the City Finance Director or their appointees (the “Designated Officers”), the authority to approve the final interest rates, principal amounts, terms, maturities, redemption features, and purchase price at which the Series 2017 Bonds shall be sold, to select the Underwriters thereof, and any changes with respect thereto from those terms which were before the Governing Board at the time of adoption of this Resolution, provided such terms do not exceed the parameters set forth for such terms in this Resolution (the “Parameters”);

NOW, THEREFORE, it is hereby resolved by the Governing Board of the Municipal Building Authority of West Valley City, Utah, as follows:

Section 1. Terms defined in the foregoing recitals hereto shall have the same meaning when used in this Resolution.

Section 2. The Governing Board hereby finds and determines that it is in the best interests of the Authority and the residents of the City for the Authority to issue not more than Fifty-Two Million Five Hundred Thousand Dollars (\$52,500,000) aggregate principal amount of the Authority's Lease Revenue Bonds, Series 2017, to bear interest at a rate or rates of not to exceed five and one-half percent (5.50%) per annum, to mature in not more than thirty (30) years from their date or dates, and to be sold at a price not less than ninety-seven percent (97%) of the total principal amount thereof, plus accrued interest, if any, to the date of delivery of the Series 2017 Bonds, for the purpose of (i) financing the 2017 Project, (ii) funding capitalized interest; (iii) funding any required deposits to a debt service reserve fund, and (iv) paying costs of issuance, all pursuant to this resolution (this "Resolution"), the Second Supplemental Indenture and the First Amendment to Master Lease, all substantially in the forms attached hereto, as shall be approved by the Designated Officers, all within the Parameters set forth herein. The issuance of the Series 2017 Bonds shall be subject to the final approval of Bond Counsel and to the approval of the Attorney for the Authority.

Section 3. The final interest rate or rates for the Series 2017 Bonds shall be set by the Designated Officers, in consultation with the Municipal Advisor, at the rate or rates which, taking into account the purchase price offered by the Underwriters of the Series 2017 Bonds, will in the opinion of the Designated Officers and the Municipal Advisor result in the lowest cost of funding reasonably achievable given the manner of offering the Series 2017 Bonds at the time of the sale of the Series 2017 Bonds, as evidenced by the execution and delivery of the Bond Purchase Agreement.

Section 4. The form of the Second Supplemental Indenture attached hereto as Exhibit B is in all respects hereby authorized and approved, and the Chair/President or Vice Chair and Secretary-Treasurer is hereby authorized and directed to execute and deliver the same on behalf of the Authority.

Section 5. The Bond Purchase Agreement in the form presented to this meeting and attached hereto as Exhibit F is in all respects authorized, approved, and confirmed. The Chair/President or Vice Chair and the Secretary-Treasurer are hereby authorized to execute and deliver said Bond Purchase Agreement. The Designated Officers are each hereby authorized to select the Underwriters and to specify and agree as to the final principal amounts, terms, discounts, maturities, interest rates, redemption features, and purchase price with respect to the Series 2017 Bonds for and on behalf of the Authority, provided that such terms are within the Parameters set by this Resolution. The execution of the Bond Purchase Agreement will signify the approval of the Designated Officers.

Section 6. The First Amendment to Master Lease, the Ground Lease(s), and the Security Documents, in substantially the respective forms presented to this meeting and attached hereto as exhibits, are in all respects approved, authorized and confirmed,



and the Chair/President or Vice Chair and the Secretary-Treasurer are hereby authorized and directed to execute and deliver the same on behalf of the Authority.

Section 7. The Designated Officers of the Authority are authorized to make any alterations, changes or additions to the Second Supplemental Indenture, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, the First Amendment to Master Lease, the Security Documents, the Ground Lease(s), the Series 2017 Bonds, or any other document herein authorized and approved which may be necessary to conform the same to the final terms of the Series 2017 Bonds (within the Parameters set by this Resolution), to correct errors or omissions therein, to complete the same, to remove ambiguities therefrom, or to conform the same to other provisions of said instruments, to the provisions of this Resolution, or any resolution adopted by the City or the Authority, the agreements with the Underwriters or the provisions of the laws of the State of Utah or the United States.

Section 8. The Authority hereby authorizes the utilization of the Preliminary Official Statement, in the form attached hereto as Exhibit G in the marketing of the Series 2017 Bonds and hereby approves the Official Statement in substantially the same form as the Preliminary Official Statement. The Chair/President or Vice Chair is hereby authorized to execute the Official Statement evidencing its approval by the Authority.

Section 9. The form, terms, and provisions of the Series 2017 Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, and number shall be as set forth in the Indenture. The Chair/President or Vice Chair and Secretary-Treasurer are hereby authorized and directed to execute and seal the Series 2017 Bonds and to deliver said Series 2017 Bonds to the Underwriters. The signatures of the Chair/President or Vice Chair and the Secretary-Treasurer may be by facsimile or manual execution.

Section 10. Upon their issuance, the Series 2017 Bonds will constitute special limited obligations of the Authority payable solely from and to the extent of the sources set forth in the Series 2017 Bonds, the Indenture and the Security Documents. No provision of this Resolution, the Indenture, the Bond Purchase Agreement, the Lease, the Security Documents, the Ground Lease(s), the Series 2017 Bonds, or any other instrument, shall be construed as creating a general obligation of the Authority or the City or of creating a general obligation of the State of Utah or any political subdivision thereof, or as incurring or creating a charge upon the general credit of the Authority or the City or its taxing powers.

Section 11. The appropriate officials of the Authority, and each of them, are hereby authorized and directed to execute and deliver for and on behalf of the Authority 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 Resolution and the documents authorized and approved herein.

Section 12. After the Series 2017 Bonds are delivered to the Underwriters, and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until

the principal of the Series 2017 Bonds are deemed to have been duly discharged in accordance with the terms and provisions of the Indenture.

Section 13. The Authority shall hold a public hearing on March 28, 2017 at 6:30 p.m. to receive input with respect to (a) the Series 2017 Bonds, and (b) the potential economic impact that the 2017 Project will have on the private sector. In accordance with the Act, the Secretary-Treasurer shall cause the following “Notice of Public Hearing and Bonds to be Issued” to be published (A) once a week for two (2) consecutive weeks in The Salt Lake Tribune and The Deseret News, newspapers of general circulation in the City, (B) on the Utah Public Notice Website created under Section 63F-1-701, Utah Code Annotated 1953, as amended, and (C) on the Utah Legal Notices website ([www.utahlegals.com](http://www.utahlegals.com)) created under Section 45-1-101, Utah Code Annotated 1953, as amended, with the first such publications to be no less than fourteen (14) days before the public hearing date, and shall cause a copy of this Resolution (together with all exhibits hereto) to be kept on file in the office of the Secretary-Treasurer of the Authority for public examination during the regular business hours of the Authority for a period of at least thirty (30) days from and after the last date of publication thereof. The Issuer hereby directs its officer and staff to publish a “Notice of Public Hearing and Bonds to be Issued” in substantially the following form:

## NOTICE OF PUBLIC HEARING AND BONDS TO BE ISSUED

PUBLIC NOTICE IS HEREBY GIVEN pursuant to the provisions of the Local Municipal Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended and the Local Government Bonding Act, Title 11, Chapter 14, Utah Code, as amended (together, the “Act”), that on February 28, 2017, the Governing Board (the “Governing Board”) of the Municipal Building Authority of West Valley City, Utah (the “Authority”) adopted a resolution (the “Resolution”) declaring its intention to issue its Lease Revenue Bonds, Series 2017 (the “Bonds”), and calling a public hearing to receive input from the public with respect to the issuance of the Bonds.

### TIME, PLACE AND LOCATION OF PUBLIC HEARING

The Authority shall hold a public hearing on Tuesday, March 28, 2017, at the hour of 6:30 p.m. The location of the public hearing is at the City offices of West Valley City, Utah (the “City”) located at 3600 Constitution Blvd., West Valley, Utah. The purpose of the hearing is to receive input from the public with respect to: (a) the proposed Bonds, and (b) any potential economic impact that the improvements, facility or property financed in whole or in part with the proceeds of the Bonds may have on the private sector. All members of the public are invited to attend and participate.

### PURPOSE FOR ISSUING BONDS

The Authority intends to issue the Bonds to provide funds to (a) finance the acquisition, construction, equipping and furnishing of a new public safety building, a new courts building, parking facilities, improvements to the City’s Family Fitness Center and related improvements (collectively, the “2017 Project”); (b) fund capitalized interest with respect to the Bonds; (c) fund any required deposits to a debt service reserve fund; and (d) pay costs associated with the issuance of the Bonds.

### PARAMETERS OF THE BONDS

The Authority intends to issue the Bonds in a principal amount of not to exceed Fifty-Two Million Five Hundred Thousand Dollars (\$52,500,000), to bear interest at a rate or rates of not to exceed five and one-half percent (5.50%) per annum, to mature in not more than thirty (30) years from their date or dates, and to be sold at a price not less than ninety-seven percent (97%) of the total principal amount thereof, plus accrued interest, if any, to the date of delivery of the Bonds.

The Bonds are to be issued and sold by the Authority pursuant to the Resolution, including as attachments to said Resolution a General Indenture of Trust and a form of a Second Supplemental Indenture of Trust (collectively, the “Indenture”) and a Master Lease Agreement and a form of a First Amendment to Master Lease Agreement (collectively, the “Lease”), which were before the Governing Board at the time of the adoption of the Resolution. The Second Supplemental Indenture and the First Amendment to Master Lease Agreement are to be executed by the Authority and/or the City with such terms and provisions and any changes thereto as authorized by the Resolution

## SECURITY FOR THE BONDS

The Bonds are payable solely from the rents, revenues and other income received by the Authority from the leasing of the 2017 Project to the City on an annually renewable basis (the "Lease Revenues").

## OUTSTANDING BONDS SECURED BY LEASE REVENUES

The Authority currently has \$42,122,351 of bonds outstanding secured by Lease Revenues.

## OTHER OUTSTANDING BONDS OF THE AUTHORITY

Information regarding all of the Authority's outstanding bonds may be found in the City's audited financial report (the "Financial Report") at <http://auditor.utah.gov/accountability/financial-reports-of-local-governments>. For additional information, including any more recent than as of the date of the Financial Report please contact Jim Welch, at (801) 966-3600.

## TOTAL ESTIMATED COST

Based on an estimate of the current interest rate and financing plan, the estimated total debt service cost of the Bonds, if held until maturity, is \$71,668,590.

A copy of the Resolution and the forms of Indenture and the Lease are on file in the City offices, located at 3600 S. Constitution Blvd., in West Valley City, Utah, where they may be examined during regular business hours from 7:00 a.m. to 6:00 p.m., Monday through Thursday (legal holidays excepted) for a period of at least thirty (30) days from and after the last date of publication of this notice.

NOTICE IS FURTHER GIVEN that a period of thirty (30) days from and after the date of the publication of this notice is provided by law during which (i) any person in interest shall have the right to contest the legality of the Resolution, the Second Supplemental Indenture, the First Amendment to Master Lease Agreement, or the Bonds, or any provision made for the security and payment of the Bonds, and after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause whatsoever, and (ii) active voters (as defined in Section 20A-1-102 of the Utah Code) within the City may sign a written petition requesting an election to authorize the issuance of the Bonds. If written petitions which have been signed by at least twenty percent (20%) of the active voters of the City are filed with the Authority during said 30-day period, the Authority shall be required to hold an election to obtain voter authorization prior to the issuance of the Bonds. If fewer than twenty percent (20%) of the active voters of the City file a written petition during said 30-day period, the Authority may proceed to issue the Bonds without an election.

DATED this February 28, 2017.

\_\_\_\_\_  
/s/ Nichole Camac  
Secretary-Treasurer

Section 14. The Authority hereby expresses its intent that funds of the City or the Authority may be advanced for costs of the 2017 Project and that it intends to reimburse such costs from proceeds of the Series 2017 Bonds.

Section 15. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this Resolution shall be in full force and effect immediately upon its approval and adoption.

APPROVED AND ADOPTED this February 28, 2017.

(SEAL)

By: \_\_\_\_\_  
Chair/President

ATTEST:

By: \_\_\_\_\_  
Secretary-Treasurer

(Other business not pertinent to the foregoing appears in the minutes of the meeting.)

Upon the conclusion of all business on the Agenda, the meeting was adjourned.

(SEAL)

By: \_\_\_\_\_  
Chair/President

ATTEST:

By: \_\_\_\_\_  
Secretary-Treasurer





EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

I, Nichole Camac, the undersigned Secretary-Treasurer of the Governing Board of the Municipal Building Authority of West Valley City, Utah (the "Authority"), do hereby certify, according to the records of the Authority 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 February 28, 2017, public meeting held by the Authority as follows:

(a) By causing a Notice, in the form attached hereto as Schedule 1, to be posted at the principal offices of the Authority on February \_\_\_\_, 2017, at least twenty-four (24) hours prior to the convening of the meeting, said Notice having continuously remained so posted and available for public inspection until the completion of the meeting;

(b) By causing a copy of such Notice, in the form attached hereto as Schedule 1, to be delivered to The Salt Lake Tribune and The Deseret News, on February \_\_\_\_, 2017, at least twenty-four (24) hours prior to the convening of the meeting; and

(c) By causing a copy of such Notice, in the form attached hereto as Schedule 1, to be posted on the Utah Public Notice Website (<http://pmn.utah.gov>) at least twenty-four (24) hours prior to the convening of the meeting.

The Authority meets on an "as needed" basis.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this February 28, 2017.

(SEAL)

By: \_\_\_\_\_  
Secretary-Treasurer

SCHEDULE 1

NOTICE OF MEETING

(attach Proof of Publication of  
Notice of Bonds to be Issued)

EXHIBIT B

GENERAL INDENTURE AND  
SUPPLEMENTAL INDENTURE

(See Transcript Document Nos. \_\_ and \_\_)

EXHIBIT C

MASTER LEASE AGREEMENT AND FIRST AMENDMENT  
TO MASTER LEASE AGREEMENT

(See Transcript Document Nos. \_\_ and \_\_)

EXHIBIT D

SECURITY DOCUMENTS

(See Transcript Document Nos. \_\_ and \_\_)

EXHIBIT E

GROUND LEASE(S)

(See Transcript Document No. \_\_)

EXHIBIT F

BOND PURCHASE AGREEMENT

(See Transcript Document No. \_\_)



EXHIBIT G

PRELIMINARY OFFICIAL STATEMENT

(See Transcript Document No. \_\_)

WHEN RECORDED, RETURN TO:

Bradley D. Patterson  
Gilmore & Bell, P.C.  
15 South West Temple, Suite 520  
Salt Lake City, Utah 84133

#### ASSIGNMENT OF GROUND LEASE AGREEMENT

THIS ASSIGNMENT, made and entered into this April 1, 2017, by the MUNICIPAL BUILDING AUTHORITY OF WEST VALLEY CITY, UTAH a Utah nonprofit corporation, whose address is 3600 Constitution Blvd., West Valley City, Utah 84119 (the "Assignor"), to and in favor of ZB, NATIONAL ASSOCIATION, a national banking association, having its principal office in Salt Lake City, Utah ("Trustee"), as Trustee under a General Indenture of Trust dated as of July 1, 2016, by and between the Assignor and the Trustee (the "General Indenture"), as further supplemented by a Second Supplemental Indenture of Trust, dated as of April 1, 2017 (the "Second Supplemental Indenture," and together with the General Indenture, the "Indenture").

#### WITNESSETH:

FOR VALUE RECEIVED, Assignor hereby grants, transfers and assigns to Trustee all the right, title and interest of Assignor in and to that certain Ground Lease Agreement (the "Ground Lease Agreement") dated as of April 1, 2017, between Assignor, as lessee, and West Valley City, Utah, as lessor, which Ground Lease Agreement demises the real property located in Salt Lake County, State of Utah, more particularly described in Exhibit A attached hereto and by this reference made a part hereof.

#### FOR THE PURPOSE OF SECURING:

(A) The payment and performance of each and every obligation of Assignor contained in the Indenture and in Assignor's Lease Revenue Bonds, Series 2017, and any Additional Bonds or Refunding Bonds (as defined in the Indenture) (collectively, the "Bonds"); and

(B) The payment of all sums expended or advanced by Trustee pursuant to the terms of this Assignment and the Indenture, or any instrument further evidencing or securing any obligation secured hereby, together with interest thereon as therein provided.

#### TO PROTECT THE SECURITY OF THIS ASSIGNMENT, ASSIGNOR AGREES:

(1) To faithfully abide by, perform and discharge every obligation, covenant and agreement of the Ground Lease Agreement to be performed by the lessee thereunder;

at the sole cost and expense of Assignor, to enforce or secure the performance of every obligation, covenant, condition and agreement of the Ground Lease Agreement to be performed by the lessor thereunder; not to modify, extend or in any way alter the terms of the Ground Lease Agreement without the prior written consent of Trustee. Assignor also agrees not to waive or in any manner release or discharge the lessor thereunder of or from the obligations, covenants, conditions and agreements to be performed by lessor.

(2) Not to declare the Ground Lease Agreement terminated nor to exercise any other right available to it upon breach by the lessor, without the prior written consent of Trustee.

(3) At Assignor's sole cost and expense, to appear in and defend any action or proceedings arising under, growing out of or in any manner connected with the Ground Lease Agreement or the obligations, duties or liabilities of lessor and lessee thereunder.

(4) That should the Assignor fail to make any payment or to do any act as herein provided, then Trustee, but without obligation so to do and without notice to or demand on Assignor, and without releasing Assignor from any obligation hereof, may make or do the same in such manner and to such extent as Trustee may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of Assignor contained in the Ground Lease Agreement.

#### IT IS MUTUALLY AGREED THAT:

(1) Upon or any time after default by Assignor in the payment of any indebtedness secured hereby or in the performance of any obligation, covenant or agreement herein or in said Indenture, Trustee may declare all sums secured hereby immediately due and payable, and may, at its option, without notice, either in person or by agent with or without bringing any action or proceedings, or by a receiver to be appointed by a court, enter upon, take possession of, manage and operate said demised premises or any part thereof make, cancel, enforce or modify leases; do any acts which Trustee deems proper to protect the security hereof, and either with or without taking possession of said property, in its own name sue for or otherwise collect and receive such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including reasonable attorneys' fees, upon any indebtedness secured hereby, and in the order set forth in the Indenture. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, and the application thereof as aforesaid shall not cure or waive any default or waive, modify, or effect notice of default under any instrument secured hereby or invalidate any act done pursuant to such notice. The remedies of the Trustee herein shall be subject to the limitations set forth in Article IX of the General Indenture.

Any default by Assignor in the performance of any obligation, covenant or agreement herein contained and the acceleration of the indebtedness secured hereby shall constitute and be deemed to be a default under the terms of the Indenture.

(2) Trustee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under the Ground Lease Agreement, or under or by reason of this Assignment.

(3) Until the indebtedness secured hereby shall have been paid in full, Assignor covenants and agrees to transfer and assign to Trustee any and all subleases upon all or any part of said demised premises upon the same or substantially the same terms and conditions as are herein contained, and to make, execute and deliver to Trustee, upon demand, any and all instruments that may be necessary therefor.

(4) Upon the payment in full of all indebtedness secured hereby, this Assignment shall become and be void and of no effect.

(5) This Assignment applies to, inures to the benefit of, and binds the parties hereto, their successors, and assigns.

(6) All notices, demands, or documents of any kind which Trustee may be required or may desire to serve upon Assignor hereunder, may be served by delivering the same to Assignor personally or by leaving a copy of such notice, demand or document addressed to Assignor at the address set forth in the beginning of this Assignment, or by depositing a copy of such notice, demand or document in the United States mail, postage prepaid, and addressed to Assignor at Assignor's address.

(7) Notwithstanding anything to the contrary contained herein, no deficiency judgment upon any foreclosure may be entered against the Assignor, West Valley City, Utah, the State of Utah or any of its political subdivisions.

EXECUTED as of the day and year first above written.

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH

(SEAL)

By: \_\_\_\_\_  
Chair/President

ATTEST:

By: \_\_\_\_\_  
Secretary-Treasurer

ZB, NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_

Title: \_\_\_\_\_

CONSENT TO ASSIGNMENT

West Valley City, Utah, as lessor under the Ground Lease Agreement hereby consents to the assignment by the Municipal Building Authority of West Valley City, Utah, of its interest in the Ground Lease Agreement to the within mentioned Trustee to secure the within described Indenture and Bonds.

Executed as of the day and year first above written.

WEST VALLEY CITY, UTAH

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Recorder

(SEAL)

STATE OF UTAH                    )  
   : ss.  
COUNTY OF SALT LAKE    )

On \_\_\_\_\_, 2017, the foregoing instrument was acknowledged before me  
by \_\_\_\_\_ and \_\_\_\_\_, the Chair/President and Secretary-Treasurer,  
respectively, of the Municipal Building Authority of West Valley City, Utah.

---

Notary Public

(SEAL)

STATE OF UTAH                    )  
   : ss.  
COUNTY OF SALT LAKE    )

On \_\_\_\_\_, 2017, the foregoing instrument was acknowledged before  
me by \_\_\_\_\_, a Vice President of ZB, National Association.

\_\_\_\_\_  
Notary Public

(SEAL)



EXHIBIT A

All real property located or the land located in Salt Lake County, Utah, described as follows:

BOND PURCHASE CONTRACT

\$ \_\_\_\_\_  
Municipal Building Authority of  
West Valley City, Utah  
Lease Revenue Bonds,  
Series 2017

\_\_\_\_\_, 2017

Municipal Building Authority of West Valley City, Utah  
3600 Constitution Boulevard  
West Valley City, Utah 84119

West Valley City  
3600 Constitution Boulevard  
West Valley City, Utah 84119

The undersigned, KeyBanc Capital Markets Inc., as representative (the “Representative”) of itself and \_\_\_\_\_, as underwriters (the “Underwriters”), and not as fiduciary or agent for you, offers to enter into this Bond Purchase Contract (the “Purchase Contract”) with the Municipal Building Authority of West Valley City, Utah (the “Issuer”) and West Valley City, Utah (the “City”) which, upon the acceptance by the Issuer and the City of this offer, shall be in full force and effect in accordance with its terms and shall be binding upon each of you and the Underwriters.

This offer is made subject to your acceptance and approval on or before 11:59 p.m. Utah Time, on the date hereof. Terms not otherwise defined herein shall have the same meanings as are set forth in the hereinafter referred to Official Statement.

ARTICLE I

SALE, PURCHASE AND DELIVERY

Section 1.1. (a) On the basis of the representations, warranties and agreements contained herein and upon the terms and conditions herein set forth, the Underwriters hereby agree to purchase, and the Issuer hereby agrees to sell to the Underwriters, all, but not less than all, of the Issuer’s \$ \_\_\_\_\_ aggregate principal amount of Lease Revenue Bonds, Series 2017 (the “Series 2017 Bonds”), at a purchase price of \$ \_\_\_\_\_ (representing the principal amount of the Series 2017 Bonds, plus a [net] reoffering premium of \$ \_\_\_\_\_ and less an Underwriters’ discount of \$ \_\_\_\_\_) from their dated date to the Closing Date (as hereinafter defined). The Series 2017 Bonds will mature on the dates and in the amounts and bear interest at the rates per annum as set forth in Schedule A hereto. Payment of principal of and interest on the Series 2017 Bonds when due is also secured by a municipal bond insurance policy (the “Bond Insurance Policy”) to be issued by Assured Guaranty Municipal Corp. (the “Insurer”).

The Insurer is also providing a debt service reserve instrument (the “Reserve Policy”) for deposit into the reserve fund for the Series 2017 Bonds.

(b) The Series 2017 Bonds shall be as described in the Official Statement dated \_\_\_\_\_, 2017 of the Issuer relating to the Series 2017 Bonds (together with all appendices thereto, the “Official Statement”), shall be issued and secured under and pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended (the “Building Authority Act”), and (ii) a General Indenture of Trust dated as of July 1, 2016 (the “General Indenture”), as heretofore supplemented and as further supplemented by a Second Supplemental Indenture of Trust dated as of April 1, 2017 (the “Second Supplemental Indenture,” and together with the General Indenture, the “Indenture”), each between the Issuer and ZB, National Association, as trustee (the Trustee). The Series 2017 Bonds are secured under the Indenture and the Security Documents (as defined in the Indenture). The Series 2017 Bonds are authorized pursuant to the resolution of the Issuer adopted on February 28, 2017 (the “Resolution”) by the Governing Board of the Issuer (the “Board”) which provides for the issuance of the Series 2017 Bonds and approved pursuant to the resolution of the City (the “Approval Resolution”) adopted by its City Council on February 28, 2017.

(c) The Series 2017 Bonds are being issued for the purpose of (i) financing the acquisition, construction, furnishing and equipping of a new public safety building, a new courts building, parking facilities, and related improvements (collectively the “2017 Projects”); (ii) funding a capitalized interest account; (iii) acquiring the Reserve Policy; and (iv) paying costs associated with the issuance of the Series 2017 Bonds. Pursuant to an annually renewable Master Lease Agreement dated as of July 1, 2016 (the “Master Lease”), as amended by a First Amendment to Master Lease, dated as of April 1, 2017 (the “First Amendment to Master Lease,” and together with the Master Lease, the “Lease”), the 2017 Projects and the Projects financed by the Issuer’s Series 2016 Bonds (the “2016 Projects,” and together with the 2017 Projects, the “Projects”) will be leased by the City from the Issuer in consideration of the payment of Rentals (as defined in the Lease).

(d) The Indenture, the Lease, the Security Documents, and the Ground Leases (as such terms are defined in the Official Statement), the Series 2017 Bonds, the Resolution, and the Continuing Disclosure Undertaking (defined below) and this Purchase Contract are sometimes referred to collectively herein as the “Transaction Documents.”

(e) The Underwriters agree to make an initial public offering of the Series 2017 Bonds at the offering prices or yields set forth on the inside front cover page of the Official Statement. The Underwriters may, however, change such initial offering prices or yields as it may deem necessary in connection with the marketing of the Series 2017 Bonds and offer and sell the Series 2017 Bonds

to certain dealers (including dealers depositing the Series 2017 Bonds into investment trusts) and others at prices lower than the initial offering prices or yields set forth in the Official Statement. The Underwriters also reserve the right (i) to engage in transactions that stabilize, maintain or otherwise affect the market prices of the Series 2017 Bonds and (ii) to discontinue such transactions, if commenced, at any time without prior notice.

Section 1.2. (a) By acceptance and approval of this Purchase Contract, the Issuer and the City hereby authorize the use of copies of the Official Statement. The Issuer and the City hereby agree to provide to the Underwriters within seven (7) business days of the date hereof sufficient copies of the Official Statement to enable the Underwriters to comply with the requirements of paragraph (b)(4) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board. The City has heretofore “deemed final” the Preliminary Official Statement for purposes of paragraph (b)(1) of Rule 15c2-12 and the Issuer and the City acknowledge and ratify the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Series 2017 Bonds.

(b) In order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12, the City will undertake, pursuant to a Continuing Disclosure Undertaking (the “Continuing Disclosure Undertaking”), to be dated as of the Closing Date to provide annual reports and notices of certain events. A form of the Continuing Disclosure Undertaking is set forth as APPENDIX D to the Preliminary Official Statement and will also be set forth as APPENDIX D to the Official Statement.

Section 1.3. At approximately 9:00 a.m., Utah time, on April 1, 2017, or on such later date as shall be agreed upon in writing by the Issuer, the City, and the Representative, the Issuer and the City will cause the Series 2017 Bonds to be delivered to or for the account of the Underwriters in definitive form, duly executed and authenticated, at such place designated by the Representative and will deliver to the Underwriters the other documents herein mentioned at the offices of Gilmore & Bell, P.C., 15 West South Temple, Suite 520, Salt Lake City, Utah, or such other location as may be mutually agreed upon by the Issuer, the City, and the Underwriters. The closing date of April \_\_, 2017, is herein referred to as the “Closing Date.” The Underwriters will accept such delivery and pay the purchase price of the Series 2017 Bonds as set forth in paragraph 1.1(a) hereof by wire transfer, payable in federal funds or other immediately available funds to the order of the Trustee (such delivery and payment are herein called the “Closing”). The Series 2017 Bonds shall be initially issued in the form of one fully registered Bond for each maturity of the Series 2017 Bonds, shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), and shall be made available to DTC or its agent for the account of the Underwriters in New York, New York (or such other place designated by the Underwriters).

ARTICLE II

REPRESENTATIONS, WARRANTIES AND  
AGREEMENTS OF ISSUER

By its acceptance hereof, the Issuer represents and warrants to and covenants with the Underwriters that:

Section 2.1. The Issuer shall provide such information, access to its properties and appropriate records and other cooperation, as may be reasonably requested until 25 days after the “end of the underwriting period” (as defined in Rule 15c2-12) (which underwriting period the Issuer may assume to have ended on the Closing Date unless notified to the contrary by the Representative) as, in the opinion of the Representative, may be required in connection with the offering of the Series 2017 Bonds.

Section 2.2. The Issuer is a nonprofit corporation created by the City Council of the City pursuant to the Building Authority Act and the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended (the “Nonprofit Corporation Act”). The Issuer has full power and authority (a) to adopt the Resolution; (b) to execute, deliver and perform its obligations under each of the Transaction Documents to which it is a party; (c) to execute, issue, sell and deliver the Series 2017 Bonds to the Underwriters for the purposes contemplated by the Preliminary Official Statement and as provided herein; (d) to own the Projects, and to lease the Projects to the City pursuant to the Lease; and (e) to carry out and to consummate the transactions on its part contained in the Transaction Documents and the Official Statement, to pledge and assign to the Trustee the Trust Estate (as defined in the Indenture), and to create a security interest in the Projects to secure the payment of the Series 2017 Bonds and all Additional Bonds and Refunding Bonds pursuant to the Indenture.

Section 2.3. The Board of the Issuer has duly adopted the Resolution, has duly authorized and approved the execution and distribution of the Preliminary Official Statement and the Official Statement and has duly authorized and approved the execution and delivery of, and the performance by the Issuer of the obligations on its part contained in the Transaction Documents and the Purchase Contract.

Section 2.4. The adoption of the Resolution, the execution and delivery of the Transaction Documents, the compliance by the Issuer with the provisions of any or all of the foregoing documents, and the application of the proceeds of the Series 2017 Bonds for the purposes described in the Official Statement do not and will not conflict with or result in the material breach of any of the terms, conditions or provisions of, or constitute a default under, any existing law, court or administrative regulation, decree or order, agreement, indenture, mortgage, lease or instrument to which the Issuer is a party or by which the Issuer or any of its property is or may be bound.

Section 2.5. The Issuer has duly authorized all necessary action to be taken by it for the adoption of the Resolution; the issuance and sale of the Series 2017 Bonds by

the Issuer upon the terms and conditions set forth herein and in the Official Statement and the Transaction Documents; and the execution, delivery and receipt of the Transaction Documents, and any and all such agreements, certificates and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, effectuate and consummate the transactions contemplated hereby and by the Official Statement, including but not limited to such certifications as may be necessary to establish and preserve the excludability from gross income for federal income tax purposes of interest on the Series 2017 Bonds.

Section 2.6. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against the Issuer or others (a) affecting the existence of the Issuer or the titles of its officers to their respective offices; (b) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2017 Bonds or the revenues or assets of the Issuer mortgaged, appropriated, encumbered or pledged pursuant to the Indenture; (c) in any way contesting or affecting the validity or enforceability of the Series 2017 Bonds or any of the Transaction Documents or the transactions contemplated thereby; (d) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (e) contesting the powers of the Issuer or any authority for the issuance of the Series 2017 Bonds or the execution and delivery of any of the Transaction Documents to which the Issuer is a party.

Section 2.7. When delivered to and paid by the Underwriters at the Closing in accordance with the provisions of this Purchase Contract, the Series 2017 Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding special limited obligations of the Issuer in conformity with, and entitled to the benefit and security of the Indenture.

Section 2.8. The Issuer is not in breach of or in default under any material existing law, court or administrative regulation, decree or order, ordinance, resolution, agreement, indenture, mortgage, lease, sublease or other instrument to which the Issuer is a party or by which the Issuer or its property is bound; and the execution and delivery of the Series 2017 Bonds and the Transaction Documents to which the Issuer is a party, and this Purchase Contract, and compliance with the provisions thereof, will not conflict with or constitute a material breach or a default under any law, administrative regulation, judgment, decree, loan agreement, mortgage, indenture, deed of trust, note, resolution, agreement or other instrument to which the Issuer or its property is or may be bound.

Section 2.9. No event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under the Transaction Documents, or which could have a material adverse effect on the financial condition of the Issuer, receipt by the Issuer of the Base Rentals or the transactions contemplated by the Transaction Documents, or have a material adverse effect on the validity or enforceability in accordance with their respective terms of the Transaction Documents or this Purchase Contract or in any way adversely affect the existence or any powers of the Issuer or the titles of its officers to their respective

positions or the excludability from gross income for federal income tax purposes of interest on the Series 2017 Bonds.

Section 2.10. The information contained in the Preliminary Official Statement was, as of its date, and will be, as of the Closing Date, true and correct in all material respects. The Preliminary Official Statement does not contain, and the Official Statement, as of its date and as of the Closing Date, will not contain any untrue statement of a material fact, and the Preliminary Official Statement does not omit and the Official Statement, as of its date and as of the Closing Date, will not omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not be deemed to cover or apply to (x) information provided to the Issuer in writing by the Underwriters and included on the inside front cover page of the Preliminary Official Statement or the Official Statement regarding the principal amount, interest rates, maturities and initial public offering prices of the Series 2017 Bonds or (y) statements in the Preliminary Official Statement or the Official Statement under the captions “THE SERIES 2017 BONDS—Book-Entry Only System,” “UNDERWRITING,” APPENDIX B, APPENDIX C, APPENDIX F, or APPENDIX G.

Section 2.11. The Issuer has full power and authority to receive and utilize the Base Rentals in accordance with the Indenture.

Section 2.12. The Issuer will not take or omit to take any action which will in any way cause the proceeds from the sale of the Series 2017 Bonds to be applied or result in such proceeds being applied in a manner inconsistent with the Transaction Documents.

Section 2.13. The Issuer hereby authorizes the use of the Official Statement, including all amendments and supplements thereto, by the Underwriters in connection with the public offering and sale of the Series 2017 Bonds and consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering and sale of the Series 2017 Bonds.

Section 2.14. The Issuer agrees to reasonably cooperate with the Underwriters in any endeavor to qualify the Series 2017 Bonds for offering and sale under the securities or “Blue Sky” laws of such jurisdictions of the United States as the Underwriters may request; provided, however, that the Issuer shall not be required with respect to the offer or sale of the Series 2017 Bonds to file written consent to suit or to file written consent to service of process in any jurisdiction. The Issuer hereby consents to the use of the Official Statement by the Underwriters in obtaining such qualification.

Section 2.15. If between the date of this Purchase Contract and 25 days following the “end of the underwriting period”, (which the Issuer can assume is the Closing Date unless otherwise notified in writing by the Representative) any event shall occur which might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstance under which

they were made, not misleading, the Issuer shall notify the Representative and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer will supplement or amend the Official Statement in a form and in a manner approved by the Representative. If the Official Statement is amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriters may terminate this Purchase Contract by notification to the Issuer and the City at any time prior to the Closing if, in the reasonable judgment of the Representative, such amendment or supplement has or will have a material adverse effect on the marketability of the Series 2017 Bonds.

Section 2.16. The Issuer has duly adopted the Resolution and approved the execution of the Transaction Documents to which it is a party and, as of the Closing Date, each will be in full force and effect and, as of the Closing Date, neither the Resolution nor any of the Transaction Documents to which it is a party will have been amended, supplemented, rescinded, repealed or otherwise modified except with the approval of the Representative.

Section 2.17. When executed by the respective parties thereto, this Purchase Contract and the Transaction Documents will constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms except that the rights and obligations under the Transaction Documents, and this Purchase Contract are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of Utah.

Section 2.18. The Issuer has complied, and will at the Closing for the Series 2017 Bonds be in compliance in all respects, with the obligations on its part contained in the Transaction Documents and this Purchase Contract and any and all other agreements relating thereto.

Section 2.19. Each representation, warranty or agreement stated in any certificate signed by any officer of the Issuer and delivered to the Underwriters at or before the Closing for the Series 2017 Bonds shall constitute a representation, warranty, or agreement by the Issuer upon which the Underwriters shall be entitled to rely.

Section 2.20. [Other than the Series 2016 Bonds and the Series 2017 Bonds,] the Issuer has not otherwise pledged or assigned or granted a security interest in the Trust Estate to the payment of any obligations of the Issuer.

### ARTICLE III

#### REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE CITY

In order to induce the Underwriters to enter into this Purchase Contract, with full realization and appreciation of the fact that the investment value of the Series 2017 Bonds



and the ability of the Issuer to sell and the Underwriters to resell the Series 2017 Bonds are dependent upon the credit standing of the City and in consideration of the foregoing and execution and delivery of this Purchase Contract, the City represents and warrants to and covenants with the Underwriters as follows:

Section 3.1. The City is and will be at the Closing Date a validly organized and existing municipal corporation under the laws of the State of Utah with full power and authority to execute, deliver and perform its obligations under the Transaction Documents to which it is a party, including the execution, delivery and/or approval of all documents and agreements referred to herein or therein;

Section 3.2. The execution and delivery of each of the Transaction Documents to which the City is a party, the approval by the City of this Purchase Contract and adoption of the Approval Resolution, and compliance by the City with the provisions of any or all of the foregoing documents and the application of the proceeds of the Series 2017 Bonds for the purposes described in the Preliminary Official Statement do not and will not conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any existing law, court or administrative regulation, decree or order, agreement, indenture, mortgage, lease or instrument to which the City is a party or by which the City or any of its property is or may be bound;

Section 3.3. The City has duly authorized all necessary action to be taken by it for: (a) the issuance and sale of the Series 2017 Bonds by the Issuer upon the terms and conditions set forth herein, in the Official Statement and in the Indenture and the approval of this Purchase Contract; and (b) the execution, delivery and receipt of each of the Transaction Documents to which the City is a party, and any and all such agreements, certificates and documents as may be required to be executed, delivered and received by the City in order to carry out, effectuate and consummate the transactions contemplated hereby and by the Official Statement;

Section 3.4. When executed by the respective parties thereto, the Transaction Documents to which the City is a party will constitute legal, valid and binding obligations of the City enforceable in accordance with their respective terms;

Section 3.5. The City has complied, and will at the Closing be in compliance in all respects, with the obligations on its part contained in the Transaction Documents to which the City is a party and any and all other agreements relating thereto;

Section 3.6. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against the City or others (a) affecting the existence of the City or the titles of its officers to their respective offices, (b) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2017 Bonds or the revenues or assets of the City appropriated or pledged or to be appropriated or pledged to pay the Base Rentals payable under the Lease or the pledge or appropriation thereof, (c) the validity or enforceability of the Series 2017 Bonds or any of the Transaction Documents, (d) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or (e)

contesting the powers of the City or any authority for the issuance of the Series 2017 Bonds, or the execution and delivery of any of the Transaction Documents or the transactions contemplated thereby;

Section 3.7. The City is not in breach of or default under any applicable law or administrative regulation of the State of Utah or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement, indenture, mortgage, lease, sublease or other instrument to which the City is a party or to which it or any of its property is otherwise subject; and the execution and delivery of the Series 2017 Bonds and the Transaction Documents to which the City is a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, agreement or other instrument to which the City is a party or to which it or any of its property is otherwise subject;

Section 3.8. No event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any of the Transaction Documents in any manner or to any extent which could have a material adverse effect on the financial condition of the City, the operation of the City, the due performance by the City of its obligations in connection with the issuance, sale and delivery of the Series 2017 Bonds, or the ability of the City to carry out the transactions contemplated by this Purchase Contract and the Preliminary Official Statement, or have an adverse effect on the validity or enforceability, in accordance with their respective terms, of the Series 2017 Bonds or any of the Transaction Documents or in any way adversely affect the existence or powers of the City;

Section 3.9. The City has never failed to pay principal and interest when due on any of its bonded indebtedness or other obligations nor has the City ever failed to appropriate sufficient amounts to timely pay any of its lease obligations;

Section 3.10. The City's audited financial statements as of, and for the year ended, June 30, 2016 copies of which have heretofore been delivered to the Underwriters, present fairly the financial position of the City at June 30, 2016 and the results of its operations and changes in financial position for the years then ended; any other statements and data submitted in writing by the City to the Underwriters in connection with the Lease and this Purchase Contract are true and correct in all material respects as of their respective dates; except as described in the Official Statement, since June 30, 2016 there has been no material adverse change in the condition, financial or otherwise, of the City from that set forth in the audited financial statements as of and for the year ended that date, and the City has not since June 30, 2016 incurred any material liabilities, directly or indirectly, whether or not arising in the ordinary course of its operations;

Section 3.11. The information contained in the Preliminary Official Statement relating to the City, the application of the proceeds of sale of the Series 2017 Bonds, and the participation by the City in the transactions contemplated by the Transaction Documents and the Preliminary Official Statement was, as of its date, and will be, as of the Closing Date, true and correct in all material respects. The Preliminary Official

Statement does not contain, and the Official Statement, as of its date and as of the Closing Date, will not contain any untrue statement of a material fact, and the Preliminary Official Statement does not omit and the Official Statement, as of its date and as of the Closing Date, will not omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not be deemed to cover or apply to (x) information provided in writing by the Underwriters and included on the inside front cover page of the Official Statement regarding the principal amount, interest rates, maturities and initial public offering prices of the Series 2017 Bonds or (y) statements in or omissions in the Preliminary Official Statement or the Official Statement under the captions “THE SERIES 2017 BONDS—Book-Entry Only System,” “UNDERWRITING,” APPENDIX B, APPENDIX C, APPENDIX F, or APPENDIX G.

Section 3.12. The City will not take or omit to take any action that will in any way cause the proceeds from the sale of the Series 2017 Bonds to be applied or result in such proceeds being applied in a manner inconsistent with the Lease and the Indenture;

Section 3.13. The City hereby authorizes the use of the Official Statement, including all amendments and supplements thereto, by the Underwriters in connection with the public offering and sale of the Series 2017 Bonds and consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering and sale of the Series 2017 Bonds;

Section 3.14. The City agrees reasonably to cooperate with the Underwriters in any endeavor to qualify the Series 2017 Bonds for offering and sale under the securities or “blue sky” laws of such jurisdictions of the United States as the Underwriters may request; provided, however, that the City shall not be required with respect to the offer or sale of the Series 2017 Bonds to file written consent to suit or to file written consent to service of process in any jurisdiction. The City hereby consents to the use of the Official Statement and the Transaction Documents by the Underwriters in obtaining such qualification;

Section 3.15. If at any time from the date of this Purchase Contract through twenty five (25) days following the “end of the underwriting period” (as defined in Rule 15c2-12) any event shall occur that might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriters and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will request that the Issuer supplement or amend the Official Statement in a form and in a manner approved by the Representative. If the Official Statement is so supplemented or amended prior to the Closing, such approval by the Representative of a supplement or amendment to the Official Statement shall not preclude the Underwriters from thereafter terminating this Purchase Contract, and if the Official Statement is amended or supplemented subsequent to the date hereof and prior to the Closing, the

Underwriters may terminate this Purchase Contract by notification to the City and the Issuer at any time prior to the Closing if, in the reasonable judgment of the Representative, such amendment or supplement has or will have a material adverse effect on the marketability of the Series 2017 Bonds;

Section 3.16. Each representation, warranty or agreement stated in any certificate signed by any officer of the City and delivered to either of the Underwriters or the Trustee at or before the Closing shall constitute a representation, warranty or agreement by the City upon which the Underwriters and the Trustee shall be entitled to rely.

Section 3.17. Any instances of non-compliance by the City within the last five years with each undertaking it has entered into pursuant to Rule 15c2-12, have been properly disclosed by the City in the Preliminary Official Statement and the Official Statement.

## ARTICLE IV

### UNDERWRITERS' CONDITIONS

Section 4.1. The Underwriters have entered into this Purchase Contract in reliance upon the performance by the Issuer of its obligations hereunder. The Underwriters' obligations under this Purchase Contract are and shall be subject to the following further conditions:

(a) At the time of Closing for the Series 2017 Bonds, (1) the Transaction Documents shall be in full force and effect and shall not have been revoked, rescinded, repealed, amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriters, and (2) the Issuer shall have duly adopted and there shall be in full force and effect such resolutions and ordinances as, in the opinion of Gilmore & Bell, P.C., bond counsel to the Issuer ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby.

(b) The Underwriters may terminate their obligations hereunder by written notice to the Issuer if, at any time subsequent to the date hereof and on or prior to the Closing Date for the Series 2017 Bonds:

(i) (A) Legislation shall have been enacted by the Congress, introduced in the Congress, or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or (B) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (C) an order, ruling, regulation,

or communication (including a press release) shall have been issued by the Treasury Department of the United States or the Internal Revenue Service or (D) any action shall be taken or statement made by or on behalf of the President of the United States or the Department of Treasury or the Internal Revenue Service or any member of the United States Congress which indicates or implies that legislation will be introduced in the current or next scheduled session of the United States Congress, with the purpose or effect, directly or indirectly, of requiring the inclusion in gross income for federal income tax purposes of interest to be received by any owners of the Series 2017 Bonds; or

(ii) Legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which, in the opinion of the Underwriters, has the effect of requiring the offer or sale of the Series 2017 Bonds to be registered under the Securities Act or any other “security,” as defined in the Securities Act, issued in connection with or as part of the issuance of the Series 2017 Bonds to be so registered or the Indenture to be qualified as an indenture under the Trust Indenture Act of 1939, as amended; or any event shall have occurred or shall exist which, in the reasonable judgment of the Underwriters, makes or has made untrue or incorrect in any respect any statement or information contained in the Official Statement or is not or was not reflected in the Official Statement but should be or should have been reflected therein in order to make the statements or information contained therein not misleading in any material respect; or

(iii) In the reasonable judgment of the Representative, it is impractical or inadvisable for the Underwriters to market or sell or enforce agreements to sell Series 2017 Bonds because (A) trading in securities generally shall have been suspended on the New York Stock Exchange, Inc., or a general banking moratorium shall have been established by federal or the State of Utah authorities or a material disruption in commercial banking or securities settlement or clearance services shall have occurred, or (B) the State of Utah shall have taken any action, whether administrative, legislative, judicial or otherwise, which would have a material adverse effect on the marketing or sale of the Series 2017 Bonds, including any action relating to (i) the tax status of the Series 2017 Bonds under federal or Utah law as set forth in the opinion of Bond Counsel attached as APPENDIX E to the Official Statement, or (ii) a limitation on the ability of the Issuer to receive the Base Rentals, or (C) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise; or (D) a war involving the United States of America shall have been declared or any other conflict involving the armed forces of the United States of America has escalated, in either case to such a magnitude as to materially adversely

affect the Underwriters' ability to market the Series 2017 Bonds; (E) there shall have occurred the declaration of a general banking moratorium by any authority of the United States or the States of New York or Utah or if any material disruption in commercial banking or securities settlement or clearance services shall have occurred; or

(iv) Any financial rating assigned to the Series 2017 Bonds or any other obligations of the Issuer by S&P Global Ratings ("S&P"), Fitch Ratings ("Fitch"), or Moody's Investors Service ("Moody's"), as the case may be, shall have been downgraded, withdrawn, or any other action taken, and such action, in the opinion of the Representative, has a material adverse effect on the marketability of the Series 2017 Bonds; or

(v) Any litigation shall be instituted, pending or threatened (A) to restrain or enjoin the issuance, sale or delivery of the Series 2017 Bonds, (B) to restrain or enjoin, or otherwise seek recovery of damages with respect to the receipt by the Issuer of the Base Rentals, (C) in any way contesting or affecting any authority for or the validity of the Series 2017 Bonds, any of the proceedings of the Issuer, the City, or the Trustee taken with respect to the issuance or sale thereof, the pledge, appropriation or application of any moneys or securities provided for the payment of the Series 2017 Bonds, or (D) in any way contesting or affecting the existence or powers of the Issuer or the Trustee or the titles of their officers to their respective offices; or

(vi) Any other event or circumstances shall have occurred which shall be beyond the reasonable control of the Underwriters and, in the opinion of the Underwriters, might in any way have a material adverse effect on the marketability of the Series 2017 Bonds.

(c) At or prior to the Closing for the Series 2017 Bonds, the Underwriters shall receive the following:

(i) The approving opinion of Gilmore & Bell, P.C., Bond Counsel, dated the Closing Date, in substantially the form attached as APPENDIX E to the Official Statement;

(ii) The opinion of Gilmore & Bell, P.C., as disclosure counsel, dated the Closing Date and addressed to the Underwriters, in standard form for similar transactions;

(iii) Opinions of the office of the City Attorney of the City, as counsel for the Issuer and the City, in standard form for similar transactions and satisfactory to Bond Counsel and the Representative;

(iv) The Issuer's certificate, dated the Closing Date, signed by the President of the Issuer and the Secretary of the Issuer and in form and substance satisfactory to the Representative and Bond Counsel, to the

effect that (A) the representations of the Issuer herein are true and correct in all material respects as of the Closing Date as if made on the Closing Date; (B) except as disclosed in the Official Statement, no litigation is pending or, to the best of their knowledge, threatened against the Issuer (i) to restrain or enjoin the issuance or delivery of any of the Series 2017 Bonds or the collection of moneys pledged under the Indenture, (ii) in any way contesting or affecting the authority for the issuance of the Series 2017 Bonds or the adoption of the Resolution or the execution and delivery of the Transaction Documents to which the Issuer is a party, the validity or enforceability of the Series 2017 Bonds, or the excludability from gross income for federal income tax purposes of interest on the Series 2017 Bonds, (iii) in any way contesting the organization, existence or powers of the Issuer or the titles of its officers to their respective offices, or (iv) contesting or attempting to restrain or enjoining the application of the proceeds thereof or the payment, collection or application of the moneys pledged under the Indenture or the pledge of the moneys pledged under the Indenture, or of other moneys, rights and interests pledged pursuant to the Indenture or the adoption of the Resolution; (C) the descriptions and information contained in the Official Statement relating to the Issuer, its organization and financial and other affairs, the Projects and the application of the proceeds of sale of the Series 2017 Bonds are correct in all material respects, as of the date of the Official Statement and as of said Closing Date; (D) such descriptions and information, as of the date of the Official Statement did not, and as of said Closing Date do not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (E) no event affecting the Issuer has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect; (F) the Transaction Documents to which the Issuer is a party have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, the Transaction Documents to which the Issuer is a party constitute legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and by the availability of equitable remedies; (G) the Resolution authorizing the execution and delivery of the Transaction Documents to which the Issuer is a party have been duly adopted and have not been modified, amended or repealed; and (H) the execution and delivery of the Transaction Documents to which the Issuer is a party, and this Purchase Contract and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not

in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any indenture, mortgage, deed of trust, agreement or other instrument to which the Issuer is a party or any law, public administrative rule or regulation, court order or consent decree to which the Issuer is subject;

(v) The City's certificate, dated the Closing Date, signed by the Mayor of the City and the City Recorder of the City and in form and substance satisfactory to the Underwriters and Bond Counsel, to the effect that (A) the representations of the City herein are true and correct in all material respects as of the Closing Date as if made on the Closing Date; (B) except as disclosed in the Official Statement, no litigation is pending or, to the best of their knowledge, threatened against the City (i) to restrain or enjoin the issuance or delivery of any of the Series 2017 Bonds or the collection of moneys pledged under the Indenture, (ii) in any way contesting or affecting the authority for the issuance of the Series 2017 Bonds or the adoption of the Approval Resolution or the execution and delivery of the Transaction Documents to which the City is a party, the validity or enforceability of the Series 2017 Bonds, or the excludability from gross income for federal income tax purposes of interest on the Series 2017 Bonds, (iii) questioning or challenging any power of the City, including its ability to levy taxes, or (iv) in any way contesting the organization, existence or powers of the City or the titles of its officers to their respective offices, or (v) contesting or attempting to restrain or enjoining the application of the proceeds thereof or the payment, collection or application of the moneys pledged under the Indenture or the pledge of the moneys pledged under the Indenture, or of other moneys, rights and interests pledged pursuant to the Indenture or the adoption of the Approval Resolution; (C) the descriptions and information contained in the Official Statement relating to the City, its organization and financial and other affairs, the Projects, and the application of the proceeds of sale of the Series 2017 Bonds are correct in all material respects, as of the date of the Official Statement and as of said Closing Date; (D) such descriptions and information, as of the date of the Official Statement did not, and as of said Closing Date do not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (E) no event affecting the City has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect; (F) the Transaction Documents to which the City is a party have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, the Transaction Documents to which the City is a party constitute legal, valid and binding agreements of the City enforceable in accordance with their



respective terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and by the availability of equitable remedies; (G) the Approval Resolution authorizing the execution and delivery of the Transaction Documents to which the City is a party have been duly adopted and have not been modified, amended or repealed; and (H) the execution and delivery of the Transaction Documents to which the City is a party, and this Purchase Contract and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any indenture, mortgage, deed of trust, agreement or other instrument to which the City is a party or any law, public administrative rule or regulation, court order or consent decree to which the City is subject;

(vi) A copy of each of the Transaction Documents, duly executed by each of the parties thereto;

(vii) A copy of the Tax Certificate of the Issuer and the City, relating to matters affecting the excludability from gross income for federal income tax purposes of interest on the Series 2017 Bonds, including the use of proceeds of sale of the Series 2017 Bonds and matters relating to arbitrage rebate pursuant to Section 148 of the Code and the applicable regulations thereunder, in form and substance satisfactory to Bond Counsel;

(viii) A copy of each of the Preliminary Official Statement and copies of the Official Statement executed on behalf of the Issuer by the President of the Issuer and on behalf of the City by the Mayor of the City or other authorized representative;

(ix) Evidence satisfactory to the Underwriters that the Series 2017 Bonds have received an insured rating of “\_\_\_” (Stable Outlook) from S&P and underlying ratings of “\_\_\_” and “\_\_\_,” from S&P and Fitch, respectively;

(x) Specimen copies of the Bond Insurance Policy and the Reserve Policy;

(xi) Such opinions and certificates of the Insurer as are customary for similar transactions; and

(xii) All documents, certificates and opinions required by the Indenture; and

(xiii) Such additional legal opinions, certificates, instruments and other documents as the Representative or Bond Counsel may reasonably request.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative, and the Representative shall have the right to waive any condition set forth in this Section.

## ARTICLE V

### EXPENSES

All expenses and costs in connection with the authorization, issuance and sale of the Series 2017 Bonds to the Underwriters, including rating agency fees, the costs of printing of the Series 2017 Bonds, the costs of printing the Official Statement and the Preliminary Official Statement, advertising costs, the initial fees of the Trustee in connection with the issuance of the Series 2017 Bonds, the fees and expenses of Bond Counsel, the fees and expenses of counsel to the Issuer, the municipal advisor to the Issuer, the premiums relating to title policies for the 2017 Projects, the premiums relating to the Bond Insurance Policy and the Reserve Policy, and travel and other expenses shall be costs and expenses of the Issuer and shall be paid by the Issuer.

## ARTICLE VI

### GENERAL

Any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to the Representative, KeyBanc Capital Markets Inc., 227 West Monroe, Suite 1700, Chicago, Illinois 60606, Attention: Tom Coverick. Any notice or other communication to be given to the Issuer under this Purchase Contract may be given by delivering the same in writing to Municipal Building Authority of West Valley City, Utah, 3600 Constitution Boulevard, West Valley City, Utah 84119, Attention: President, with a copy thereof to Issuer's counsel, Eric Bunderson, Esq., 3600 Constitution Boulevard, West Valley City, Utah 84119. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to West Valley City, 3600 Constitution Boulevard, West Valley City, Utah 84119, Attention: Mayor, with a copy thereof to the City's counsel, Eric Bunderson, Esq., 3600 Constitution Boulevard, West Valley City, Utah 84119. The approval or other action or exercise of judgment by the Underwriters shall be evidenced by a writing signed on behalf of the Underwriters and delivered to the Issuer.

This Purchase Contract is made solely for the benefit of the Issuer and the Underwriters (including its successors or assigns) and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties, covenants and agreements contained herein shall remain operative and in full force and effect and shall survive delivery of and payment of the Series 2017 Bonds hereunder and regardless of any investigation made by the Underwriters or on its behalf.

This Purchase Contract shall be governed by the laws of the State of Utah.

This Purchase Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Issuer and the City acknowledge and agree that (i) the purchase and sale of the Series 2017 Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction among the Issuer, the City and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as a principal and is not acting as the agent, advisor or fiduciary of the Issuer or the City, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the Issuer or the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or is currently providing other services to the Issuer or the City on other matters) and the Underwriters have no obligation to the Issuer or the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, (iv) the Underwriters are not acting as municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), and (v) the Issuer and the City consulted their own legal, financial and other advisors to the extent they deemed appropriate in connection with the offering of the Series 2017 Bonds.

This Purchase Contract contains the entire agreement between the parties relating to the subject matter hereof, and all previous representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof are superseded hereby.

This Purchase Contract shall become effective upon the execution by the Representative and the acceptance hereof by the Issuer.

Very truly yours,

KEYBANC CAPITAL MARKETS INC.,  
on behalf of itself and [\_\_\_\_\_]

By: \_\_\_\_\_

Its: \_\_\_\_\_

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH

By: \_\_\_\_\_  
Chairman/President

ATTEST:

By: \_\_\_\_\_  
Secretary

(AUTHORITY SEAL)

WEST VALLEY CITY, UTAH

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Recorder

(CITY SEAL)

SCHEDULE A

\$ \_\_\_\_\_  
MUNICIPAL BUILDING AUTHORITY OF  
WEST VALLEY CITY, UTAH  
LEASE REVENUE BONDS,  
SERIES 2017

Maturity Date ( <u>February 1</u> )	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>
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WHEN RECORDED, RETURN TO:

Bradley D. Patterson  
Gilmore & Bell, P.C.  
15 West South Temple, Suite 520  
Salt Lake City, Utah 84101

DEED OF TRUST,  
ASSIGNMENT OF RENTS  
AND  
SECURITY AGREEMENT

THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT ("Deed of Trust") is made as of April 1, 2017, by and among the Municipal Building Authority of West Valley City, Utah, a nonprofit corporation duly organized under the laws of the State of Utah ("Trustor") whose address for purposes of this agreement is 3600 Constitution Blvd. West Valley City, Utah, 84119; and \_\_\_\_\_, whose place of business is \_\_\_\_\_, Utah 840\_\_\_\_ ("Trustee"), as trustee under this Deed of Trust, and ZB, National Association, whose place of business is One South Main Street, 12<sup>th</sup> Floor, Salt Lake City, Utah 84133 (the "Beneficiary"), as trustee under a General Indenture of Trust dated as of June 1, 2016 (the "General Indenture"), as supplemented by a Second Supplemental Indenture of Trust dated as of April 1, 2017 (the "First Supplemental Indenture" and collectively with the General Indenture, the "Indenture") executed in connection with the issuance of the \$\_\_\_\_\_ Municipal Building Authority of West Valley City, Utah, Lease Revenue Bonds, Series 2017 (the "Series 2017 Bonds")

W I T N E S S E T H:

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, assigns, conveys and warrants to Trustee, IN TRUST, WITH POWER OF SALE, under and subject to the terms and conditions hereinafter set forth, all right, title and interest in that real property situated in Salt Lake County, Utah, as described on Exhibit A attached hereto (the "Property"), together with all of the Trustor's right, title and interest in and to all of the improvements on said Property and appurtenances financed with the proceeds of the Series 2017 Bonds. The interest of Trustor in the real property described in Exhibit A and all of the improvements and appurtenances relating thereto are collectively referred to hereinafter as the "Project";

TOGETHER WITH all rents, issues, profits, privileges, licenses, royalties, income and other benefits derived from the Project;

TOGETHER WITH all right, title and interest of Trustor in and to all leases or subleases covering the Project or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder, including, without limitation,

all cash or security deposits, advanced rentals, and deposits and payments of similar nature;

TOGETHER WITH all right, title and interest of Trustor in and to all options to purchase or lease the Project or any portion thereof or interest thereon, and any greater estate in the Project owned or hereafter acquired;

TOGETHER WITH all interests, estate or other claims, both in law and in equity, which Trustor now has or may hereafter acquire in the Project;

TOGETHER WITH all right, title and interest of Trustor in and to all easements, rights-of-way and rights used in connection with or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Project, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Project;

TOGETHER WITH all right, title and interest of Trustor in and to any and all buildings and improvements now or hereafter erected on the Property, including, but not limited to, the fixtures, fittings, and other articles attached to said buildings and improvements financed or refinanced with proceeds of the Series 2017 Bonds or any Additional Bonds or Refunding Bonds (each as defined herein), including but not limited to all machinery, equipment, material, appliances and fixtures now or hereafter installed or placed in said building or on the Property for the generation or distribution of air, water, heat, electricity, light, fuel or refrigeration or for ventilating or air conditioning purposes or for sanitary or drainage purposes, for the removal of dust, refuse or garbage, and including stoves, ranges, cabinets, laundry equipment, all elevators, awnings, window shades, venetian blinds, drapery rods and brackets, screens, floor coverings, including all rugs and carpets attached to floors, lobby furnishings and incinerators and all other similar items and things; all of the items and things so specified and all other similar items or things, whether now or hereafter placed on the Property, being hereby declared to be, and in all circumstances, shall be construed to be, for and in connection with the purposes and powers of this Deed of Trust, things affixed to and a part of the Project described herein; the specific enumerations herein not excluding the general (the "Improvements"); excepting any personal property or fixtures of any tenant which are not financed or refinanced with proceeds of the Series 2017 Bonds or any Additional Bonds or Refunding Bonds and which are not acquired to replace personal property or fixtures originally financed or refinanced with proceeds of the Series 2017 Bonds or any Additional Bonds or Refunding Bonds; and

TOGETHER WITH all the estate, interest, right, title and other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereof, which Trustor now has or may hereafter acquire in the Project, and any and all awards made for the taking from the Trustor by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Project, including

without limitation any awards resulting from a change of grade of streets and awards for severance damages; and

TOGETHER WITH all right, title and interest of Trustor in and to all tangible personal property financed or refinanced with proceeds of the Series 2017 Bonds, including all personal property in any way relating to or used in connection with all or any portion of the Project, including without limitation, (i) all licenses, permits, plans and specifications and approvals issued by any governmental or quasi-governmental authority; (ii) all equipment personal property; and (iii) any personal property financed or refinanced with proceeds of any Additional Bonds or Refunding Bonds (the "Personal Property") owned by Trustor and now or at any time hereafter located on or at the Project or used in connection therewith.

The entire estate, property and interest hereby conveyed to Trustee as described above may hereafter be referred to as the "Trust Estate." Notwithstanding the breadth of the foregoing, the property covered by this Deed of Trust shall not include: (i) personal property which may be owned by lessees or other occupants of any portion of the Project, rather than by Trustor, or which may be leased by such lessees or other occupants from a party other than Trustor; or (ii) material, equipment, tools, machinery or other personal property which has been brought upon the Project only for use in construction, maintenance or repair and which is not intended to remain after the completion of such construction, maintenance or repair, and which is not necessary for occupancy, maintenance or use of the Project, provided, however, that this provision shall not limit Trustor's right to assert a landlord's lien against a defaulting tenant.

FOR THE PURPOSES OF SECURING:

(a) (1) Payment of the principal, interest and premium, if any, of the Series 2017 Bonds of Trustor, issued pursuant to the Indenture, and payable at the times, in the manner and with interest and premium, if any, as therein set forth, and any extensions and/or renewals or modifications thereof; (2) payment of the principal, interest and premium, if any, on any Additional Bonds or Refunding Bonds (these and all terms herein commencing with initial capital letters and not otherwise defined herein shall have meanings as defined in the Indenture) issued pursuant to the Indenture, and payable at the times, in the manner and with interest and premium as therein set forth, and any extensions and/or renewals or modifications thereof (the Series 2017 Bonds and Additional Bonds and Refunding Bonds are collectively referred to herein as the "Bonds"); (3) the performance of each agreement of Trustor contained in the Bonds, the Indenture, the Master Lease (as defined in the Indenture) with respect to the Project, and this Deed of Trust and any other instrument securing payment of the Bonds; and (4) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms of this Deed of Trust (including, but not limited to the payments outlined in 1.11 and 1.18 of this Deed of Trust), any other instrument securing payment of the Bonds, the Indenture, or the Master Lease, together with interest thereon as provided in the Indenture.



(b) Performance of all obligations of Trustor under the Indenture and each agreement of Trustor incorporated by reference therein or herein, or contained therein or herein.

(c) Performance of all obligations of Trustor contained in this Deed of Trust, the Bonds, the Indenture, and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby.

This Deed of Trust, the Bonds, the Indenture, the Master Lease, and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby may hereafter be referred to as the "Loan Instruments."

TO PROTECT THE SECURITY OF THE LOAN INSTRUMENTS TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

## ARTICLE I

### COVENANTS AND AGREEMENTS OF TRUSTOR

1.1 Payment of Secured Obligations. Trustor hereby covenants and agrees to pay when due the principal of, premium, if any, and the interest on, the indebtedness evidenced by the Bonds (as set forth therein), all charges, fees and all other sums as provided in the Loan Instruments, the principal of, and interest on, any future advances secured by this Deed of Trust.

1.2 Maintenance, Repair, Alterations. Trustor hereby covenants and agrees to keep the Trust Estate or cause the Trust Estate to be kept in good condition and repair; not to remove, demolish or materially alter (except such alterations as may be required by laws, ordinances or regulations) any buildings or fixtures constituting part of the Improvements in such a manner as to in any way damage the Improvements or in any way reduce the fair rental value of the Improvements to less than the fair rental value of the Improvements immediately prior to such alteration; to complete promptly and in good and workmanlike manner any improvement which may be constructed on the Project and, to the extent provided in the Indenture and in the Master Lease, promptly restore in like manner any Improvements which may be damaged or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Trust Estate or any part thereof or requiring any alterations or improvements; not to commit or permit any waste or deterioration of the Trust Estate, to keep and maintain or cause to be kept and maintained, grounds, sidewalks, roads, parking and landscaped areas in good and neat order and repair; not to commit, suffer or permit any act to be done in or upon the Trust Estate in violation of any law, ordinance or regulation. Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Trustor under this Section, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

1.3 Required Insurance. Trustor hereby covenants and agrees at all times to provide, maintain and keep in force or cause to be kept in force such insurance as is set forth in Article IX of the Master Lease with respect to the Improvements.

1.4 Payment of Premiums. In the event Trustor fails to provide, maintain, keep in force or deliver and furnish to Beneficiary policies of insurance required by Article IX of the Master Lease, Beneficiary, in addition to all other rights it may have hereunder, including, without limitation, those set forth in Article III hereof, may, but shall not be required to, procure such insurance or single interest insurance for such risks covering Beneficiary's interest, and Trustor will pay, or cause to be paid, all premiums thereon promptly upon demand by Beneficiary, and until such payment is made by Trustor therefor the amount of all such premiums which have been paid by Beneficiary shall bear interest at a rate per annum provided in Article IX of the Master Lease. Trustor shall, upon Beneficiary's reasonable request, deposit, or cause to be deposited, with Beneficiary in monthly installments, an amount equal to one-twelfth of the estimated aggregate annual insurance premiums on all policies of insurance required by this Deed of Trust. Trustor further agrees, upon Beneficiary's request, to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Beneficiary. Upon receipt of such bills, statements or other documents, and provided Trustor has deposited sufficient funds with Beneficiary pursuant to this 1.4, Beneficiary shall pay such amounts as may be due thereunder out of the funds so deposited with Beneficiary. If at any time and for any reason the funds deposited with Beneficiary are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary shall notify Trustor and Trustor shall immediately deposit, or cause to be deposited, an amount equal to such deficiency with Beneficiary. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this 1.4. Beneficiary may commingle said reserve with its own funds and Trustor shall be entitled to no interest thereon.

1.5 Insurance Proceeds. After the happening of any casualty to the Trust Estate or any part thereof, Trustor shall give prompt written notice thereof to Beneficiary.

(a) In the event of any damage or destruction of the Project, Trustor shall apply the insurance proceeds in the manner set forth in Article X of the Master Lease.

(b) In the event of such loss or damage, all proceeds of insurance shall be payable pursuant to subparagraph (a) above. Except as otherwise provided in the Master Lease, Trustor may settle, adjust or compromise any claims for loss, damage or destruction under any policy or policies of insurance only with written approval of Beneficiary.

(c) Except to the extent that insurance proceeds are received by Trustor and applied to the indebtedness secured hereby, pursuant to the Indenture and the Master Lease, nothing herein contained shall be deemed to excuse Trustor from repairing or maintaining the Trust Estate as provided in 1.2 hereof or

restoring all damage or destruction to the Trust Estate, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount, and the application or release by Beneficiary of any insurance proceeds shall not cure or waive any default or notice of default under this Deed of Trust or invalidate any act done pursuant to such notice.

1.6 Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Trust Estate in extinguishment, in whole or in part, of the debt secured hereby, all right, title and interest of Trustor in and to all policies of insurance required by this Deed of Trust shall inure to the benefit of and pass to the successor in interest to Trustor or the purchaser or grantee of the Trust Estate.

1.7 Indemnification; Subrogation; Waiver of Offset.

(a) If Beneficiary is made a party defendant to any litigation, commenced by anyone other than Trustor, concerning this Deed of Trust or the Trust Estate or any part thereof or interest therein, or the occupancy thereof by Trustor, then Trustor shall, to the extent permitted by law, indemnify, defend and hold Beneficiary harmless from and against all liability by reason of said litigation (including any appeals), including reasonable attorneys' fees and expenses incurred by Beneficiary in any such litigation, whether or not any such litigation is prosecuted to judgment. If Beneficiary commences an action against Trustor to enforce any of the terms hereof or because of the breach by Trustor of any of the terms hereof, or for the recovery of any sum secured hereby, Trustor shall pay to Beneficiary reasonable attorneys' fees and expenses actually incurred (including Beneficiary's attorney's fees and costs associated with all appeals), and the right to such attorney's fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Trustor breaches any term of this Deed of Trust, Beneficiary may employ an attorney or attorneys to protect its rights hereunder, and in the event of such employment following any breach by Trustor, Trustor shall pay Beneficiary reasonable attorney's fees and expenses incurred by Beneficiary (including those associated with any appeal), whether or not an action is actually commenced against Trustor by reason of breach.

(b) Trustor waives any and all right to claim or recover against Beneficiary, its officers, employees, agents and representatives, for loss or damage to Trustor, the Trust Estate, Trustor's property or the property of others under Trustor's control from any cause insured against or required to be insured against by the provisions of this Deed of Trust.

(c) All sums payable by Trustor hereunder shall be paid without notice, demand, counterclaim, setoff, recoupment, deduction or defense (except payment) and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein)

by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof; (ii) any restriction or prevention of or interference with any use of the Trust Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Project or any part thereof by title paramount or otherwise; or (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; whether or not Trustor shall have notice or knowledge of any of the foregoing.

#### 1.8 Taxes and Impositions.

(a) Trustor agrees to pay, prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including without limitation non-governmental levies or assessments such as maintenance charges, association dues or charges or fees, and levies or charges resulting from covenants, conditions and restrictions affecting the Trust Estate, which are assessed or imposed upon the Trust Estate or become due and payable, and which create or may create a lien upon the Trust Estate, or any part thereof, or upon any equipment or other facility used by Trustor in the operation or maintenance thereof (all of which taxes, assessments and other governmental charges of like nature are hereinafter referred to as "Impositions"); provided, however, that if, by law, any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, Trustor may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest.

(b) If any time after the date hereof there shall be assessed or imposed (i) a tax or assessment on the Trust Estate in lieu of or in addition to the Impositions payable by Trustor pursuant to subparagraph (a) hereof, or (ii) a license fee, tax or assessment imposed on Beneficiary and measured by or based in whole or in part upon the amount of the outstanding obligations secured hereby, then all such taxes, assessments, or fees shall be deemed to be included within the term "Impositions" as defined in subparagraph (a) hereof, and Trustor shall pay and discharge the same as herein provided with respect to the payment of Impositions. Anything to the contrary notwithstanding, Trustor shall have no obligation to pay any franchise, estate, inheritance, income, excess profits or similar tax levied on Beneficiary or on the obligations secured hereby.

(c) Trustor covenants to furnish Beneficiary within thirty (30) days after the date upon which any such Imposition is due and payable by Trustor, official receipts of the appropriate taxing authority or other proof satisfactory to Beneficiary, evidencing the payment thereof.

(d) Trustor covenants and agrees not to suffer, permit or initiate the joint assessment of the real and personal property, or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Trust Estate as a single lien.

(e) If requested by Beneficiary, Trustor shall cause to be furnished to Beneficiary a tax reporting service covering the Trust Estate of the type, duration and with a company satisfactory to Beneficiary.

(f) Trustor has the right to contest Impositions to the extent permitted by Section 9.3 of the Master Lease.

1.9 Utilities. Trustor hereby covenants and agrees to pay when due all utility charges which are incurred by Trustor for the benefit of the Trust Estate or which may become a charge or lien against the Trust Estate for gas, electricity, water or sewer services furnished to the Trust Estate and all other assessments or charges of a similar nature, whether public or private, affecting the Trust Estate or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

1.10 Actions Affecting Trust Estate. Trustor hereby covenants and agrees to appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees, in any such action or proceeding in which Beneficiary or Trustee may appear.

1.11 Actions by Trustee and/or Beneficiary to Preserve Trust Estate. Should Trustor fail to make any payment or to do any act as and in the manner provided in any of the Loan Instruments, Beneficiary and/or Trustee, each in its own discretion, without obligation so to do but without releasing Trustor from any obligations, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. In connection therewith (without limiting their general powers), Beneficiary and/or Trustee shall have and are hereby given the right, but not the obligation (i) to enter upon and take possession of the Trust Estate; (ii) to make additions, alterations, repairs and improvements to the Trust Estate which they or either of them may consider necessary or proper to keep the Trust Estate in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect or appears to affect the security of this Deed of Trust (including condemnation or eminent domain proceedings) or which may result in the creation of any lien (except the lien created by the Indenture) against the Trust Estate; and (iv) in exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. Trustor shall, immediately upon demand therefor by Beneficiary, pay all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing rights, including without limitation, costs of evidence of title, court costs, appraisals, surveys and attorney's fees, together with interest thereon accruing at the rate set forth in the Indenture.

1.12 Survival of Warranties. Subject to the limitations set forth in 3.9 herein, Trustor hereby covenants and agrees to fully and faithfully satisfy and perform the obligations of Trustor contained in the Loan Instruments and each agreement of Trustor incorporated by reference therein or herein, and any modification or amendment thereof. All representations, warranties and covenants of Trustor contained therein or incorporated by reference shall survive funding of the loan evidenced by the Bonds and shall remain continuing obligations, warranties and representations of Trustor during any time when any portion of the obligations secured by this Deed of Trust remain outstanding.

1.13 Eminent Domain. Should the Trust Estate, or any material part thereof or interest therein, be taken from Trustor or damaged by reason of any public improvement or condemnation proceeding, or in any other manner (“Condemnation”), or should Trustor receive any notice or other information regarding such proceeding, Trustor shall give prompt written notice thereof to Beneficiary and all proceeds payable therefrom shall be utilized in the manner set forth in Article X of the Master Lease.

1.14 Additional Security. In the event Beneficiary at any time holds additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder.

1.15 Appointment of Successor Trustee. Beneficiary may, from time to time, by complying with the provisions of the applicable law of the State of Utah substitute a successor or successors to the Trustee named herein or acting hereunder.

1.16 Successors and Assigns. This Deed of Trust applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term “Beneficiary” shall be deemed to include the Registered Owners of the Bonds and any trustee therefor, whether or not named as Beneficiary herein.

1.17 Inspections. Beneficiary, or his agents, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Trust Estate for the purpose of inspecting the Trust Estate and performing any of the acts it is authorized to perform under the terms of any of the Loan Instruments.

1.18 Liens. Trustor hereby covenants and agrees to pay and promptly discharge in accordance with the terms thereof or of the indebtedness secured thereby, at Trustor’s cost and expense, all liens, encumbrances and charges upon the Trust Estate, or any part thereof or interest therein; provided that the existence of any mechanic’s, laborer’s, materialman’s, supplier’s or vendor’s lien or right thereto shall not constitute a violation of this Section if payment is not yet due under the contract which is the foundation thereof and if such contract does not postpone payment for more than 60 days after the performance thereof. Trustor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge. In the event of any such contest, the Trustor may permit the lien, encumbrance or charge so contested to remain unpaid during

the period of such contest and any appeal therefrom unless the Trustee or Beneficiary shall notify the Trustor that, in the opinion of Independent Counsel, by nonpayment of any such items the security afforded pursuant to the Indenture and the Master Lease or this Deed of Trust will be materially endangered or the Trust Estate or any portion thereof will be subject to loss or forfeiture, in which event such lien, encumbrance or charge shall be paid forthwith. Prior to commencing such contest, Trustor shall first deposit, or cause to be deposited, with Beneficiary, or in court, a bond or other security satisfactory to Beneficiary, at Beneficiary's election, in such amounts as Beneficiary shall reasonably require, but not more than one hundred ten percent (110%) of the amount of the claim, and provided further that Trustor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Trustor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge or purchase the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond or the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law.

1.19 Trustee's Powers. At any time, or from time to time, without liability therefor, and without notice, upon written request of Beneficiary and presentation of this Deed of Trust, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of said Trust Estate, Trustee may, (i) reconvey any part of said Trust Estate; (ii) consent in writing to the making of any map or plat thereof; or (iii) join in granting any easement or creating any restriction affecting this Deed of Trust or any agreement subordinating the lien or charge hereof.

1.20 Beneficiary's Powers. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Trust Estate not then or theretofore released as security for the full amount of all unpaid obligations, Beneficiary may, from time to time and without notice (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligation, (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel, portion or all of the Trust Estate, (v) take or release any other or additional security for any obligation herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto. Trustor hereby consents to the foregoing powers and rights of Beneficiary, and, to the extent permitted by law, waives any right to assert that such actions by the Beneficiary shall constitute a breach by the Beneficiary under this Deed of Trust, under any of the Loan Instruments or under applicable law.

1.21 Hazardous Substances. Trustor represents and warrants to Beneficiary that to the best of Trustor's knowledge after due and diligent inquiry, no hazardous or toxic waste or substances are being stored on the Property or any adjacent property nor have any such waste or substances been released, stored or used on the Property or any adjacent property prior to Trustor's ownership, possession or control of the Property. Trustor agrees to provide written notice to Beneficiary immediately upon Trustor

becoming aware that the Property or any adjacent property is being or has been contaminated with hazardous or toxic waste or substances. Trustor will not cause nor permit any activities on the Property which directly or indirectly could result in the Property's or any other property's becoming contaminated with hazardous or toxic waste or substances. For purposes of this Deed of Trust, the term "hazardous or toxic waste or substances" means any substance or material defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term by any applicable federal, state or local statute, regulation, or ordinance now or hereafter in effect, as amended, including without limitation the statutes listed below (collectively, "Environmental Laws"):

Federal Resource Conservation and Recovery Act of 1979, 42 USC Section 6901, et seq.

Federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 USC Section 9601, et seq.

Federal Clean Air Act, 42 USC Sections 7401-7624.

Federal Water Pollution Control Act, Federal Clean Water Act of 1977, 33 USC Section 1251, et seq.

Federal Insecticide, Fungicide, and Rodenticide Act, 7 USC Section 135, et. seq.

Federal Toxic Substances Control Act, 15 USC Section 2601, et seq.

Federal Safe Drinking Water Act, 42 USC Section 300(f), et seq.

Beneficiary and its representatives may enter the Property at any time for the purpose of conducting an environmental assessment, committing only such damage to the Property as may be necessary to conduct the environmental assessment. Beneficiary shall not be required to remedy any such injury or compensate Trustor therefor. Trustor shall cooperate in all respects in the performance of the assessment. At any time, and from time to time, if the Beneficiary reasonably requests, the Trustor shall have an environmental review, audit, assessment, or report relating to the Property performed or updated, at the sole expense of Trustor, by an independent environmental consultant selected by Trustor with the consent of Beneficiary.

## ASSIGNMENT OF RENTS, ISSUES AND PROFITS

1.22 Assignment of Rents. Trustor hereby assigns and transfers to Beneficiary all the rents, issues and profits of the Trust Estate, and hereby gives to and confers upon



Beneficiary the right, power and authority to collect such rents, issues and profits. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at the option of Beneficiary at any time and from time to time, to demand, receive and enforce payment, to endorse instruments payable to Trustor, and to give receipts, releases and satisfactions for all such rents, issues and profits and apply the same to the indebtedness secured hereby. The assignment of the rents, issues and profits of the Trust Estate in this Article II is intended to be an absolute assignment from Trustor to Beneficiary and not merely the passing of a security interest.

1.23 Collection Upon Default. Upon any event of default under any of the Loan Instruments, and after the passage of any applicable grace period, Beneficiary may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Trust Estate, or any part thereof, and in its own name sue for or otherwise collect such rents, issues and profits of the Trust Estate, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The collection of rents, issues and profits, or the entering upon and taking possession of the Trust Estate, or the application thereof as aforesaid, shall not cure or waive any default, notice of default, or notice of sale hereunder or invalidate any act done in response to such default or pursuant to such notice of default. Failure or discontinuance by Beneficiary at any time or from time to time to collect any such rents, issues or profits shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power and authority to collect the same.

## ARTICLE II

### SECURITY AGREEMENT

2.1 Creation of Security Interest. Trustor hereby grants to Beneficiary a security interest in the Personal Property for the purpose of securing all obligations of Trustor contained in any of the Loan Instruments or herein. This Deed of Trust shall be deemed the Security Agreement as defined in the Uniform Commercial Code of Utah and the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be (i) as prescribed herein, or (ii) as provided by general law, or (iii) as to such part of the security which is also reflected in any financing statement or statements (the "Financing Statement") as provided by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code of Utah, all at Beneficiary's sole election. The mention in any such Financing Statement of (1) the rights in or the proceeds of any fire and/or hazard insurance, (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) the Trustor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the premises shall never be construed as in any wise altering any of the rights of Beneficiary as determined by this Deed of Trust or impugning the priority of the Beneficiary's lien granted hereby or by any other recorded document, but such mention in the Financing Statement is declared to be for the protection of Beneficiary in the event

any court or judge shall at any time with respect to (1), (2) or (3) rule that notice of Beneficiary's priority of interest to be effective against a particular class of persons, divisions or entity of the Federal Government, must be filed in the Uniform Commercial Code records.

2.2 Warranties, Representations and Covenants of Trustor. Trustor hereby warrants, represents and covenants as follows:

(a) Trustor is, and as to portions of the Personal Property to be acquired after the date hereof will be, the sole Owner of the Personal Property, free from any adverse lien, security interest, encumbrance or adverse claims thereon of any kind whatsoever except for the Permitted Encumbrances defined in the Master Lease and except for the security interest granted hereby. Trustor will notify Beneficiary of, and will defend the Personal Property against, all claims and demands of all persons at any time claiming the same or any interest therein.

(b) Trustor will not sell the Personal Property without the prior written consent of Beneficiary unless said personal property is promptly replaced by personal property of like quality and value.

(c) The Personal Property is not used or bought for personal, family or household purposes.

(d) The Personal Property (with the exception of funds held by Beneficiary) will be kept on or at the Project and, except as otherwise provided in the Master Lease, Trustor will not remove the Personal Property from the Project without the prior written consent of Beneficiary, except such portions or items of Personal Property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Trustor.

(e) Trustor maintains a place of business in the State of Utah and Trustor will immediately notify Beneficiary in writing of any change in its place of business as set forth in the beginning of this Deed of Trust.

(f) At the request of Beneficiary, Trustor will join Beneficiary in executing one or more financing statements, continuation statements and renewals and amendments thereof pursuant to the Uniform Commercial Code of Utah in form satisfactory to Beneficiary, and will pay the cost of filing the same in all public offices wherever filing is deemed by Beneficiary to be necessary or desirable.

All covenants and obligations of Trustor contained herein relating to the Trust Estate shall be deemed to apply to the Personal Property whether or not expressly referred to herein.

## REMEDIES UPON DEFAULT

2.3 Events of Default. Any of the following events shall be deemed an event of default hereunder.

(a) Default shall be made in the payment of any installment of principal or interest or any other sum secured hereby; or

(b) There shall occur an Event of Default set forth in Section 9.1 of the Indenture, or 14.1 of the Master Lease or any other default under any of the Loan Instruments, including but not limited to any breach in the due observance or performance of any covenant, condition or agreement contained therein.

2.4 Acceleration Upon Default, Additional Remedies. Time is of the essence hereof. In the event of any event of default hereunder, Beneficiary may declare all indebtedness secured hereby to be due and payable by written notice to the Trustor as outlined in Section 9.2 of the Indenture and the same shall thereupon become due and payable without presentment, demand, protest or notice of any kind. Thereafter Beneficiary may exercise any or all of the following remedies, or any other remedies which Beneficiary is entitled to under any of the Loan Instruments or applicable law:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Trust Estate, or any part thereof, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Trust Estate, or a part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Trust Estate, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorney's fees, upon any indebtedness secured hereby, all in such order as Beneficiary may determine. The entering upon and taking possession of the Trust Estate, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Trust Estate or the collection, receipt and application of rents, issues or profits, Trustee and/or Beneficiary shall be entitled to exercise every right provided for in any of the Loan Instruments or by law upon occurrence of any event of default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof; and/or

(c) Cause Trustor's interest in the Trust Estate to be sold by the Trustee under the power of sale set forth herein.

2.5 Foreclosure by Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and such receipts and evidence of expenditures made and secured hereby as Trustee may require; provided, however, that the Trustee shall also notify the County of the Event of Default and of the County's right to a 90-day notice of its option to purchase the Project as more fully outlined in Section 9.2 of the Indenture.

(a) Upon receipt of such notice from Beneficiary, Trustee shall exercise on behalf of Beneficiary the power of sale granted herein by complying with all requirements of applicable law. Trustee shall execute and deliver to the purchaser or purchasers of the Trust Estate its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers from claims arising by, through or under Trustor.

(b) After deducting all costs, fees and expenses of Trustee and of this trust, including, but not limited to, attorney fees and costs, and costs of evidence of title in connection with the sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest per annum as set forth in the Indenture; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the county clerk of the county in which the sale took place.

(c) The person conducting the sale may, for any cause such person deems expedient, postpone the sale in accordance with Utah law and, in every case, notice of such postponement shall be given by public declaration by such person at the time and place last appointed for the sale.

2.6 Foreclosure as Mortgage. Should Beneficiary elect to foreclose this Deed of Trust in the manner provided by law for the foreclosure of mortgages on real property, Beneficiary shall be entitled to recover in such proceeding all costs and expenses incident thereto, including a reasonable attorney's fee in such amount as shall be fixed by the court, including all appeals. To the extent permitted by law, Beneficiary shall be entitled to possession of the Project during any redemption period allowed under the laws of the State of Utah.

2.7 Appointment of Receiver. If any event of default described in 2.3 of this Deed of Trust shall have occurred and be continuing, Beneficiary, as a matter of right and without notice to Trustor or anyone claiming under Trustor, and without regard to the

then value of the Trust Estate or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all powers and duties of Beneficiary in case of entry as provided in 2.4(a) above and shall continue as such and exercise all such powers until the date of confirmation of sale of the Trust Estate unless such receivership is sooner terminated. Beneficiary's rights under this Section shall be in addition to, and not a limitation of, Beneficiary's rights under 1.23 and 2.4(a) of this Deed of Trust.

2.8 Remedies Not Exclusive. Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Deed of Trust, under any Loan Instrument or other agreement, and under any laws now or hereafter in force, notwithstanding that some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Instruments to Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies.

2.9 Request for Notice. Trustor hereby requests a copy of any Notice of Default or Notice of Sale hereunder be mailed to it at the address set forth in the first paragraph of this Deed of Trust.

### ARTICLE III

#### MISCELLANEOUS

3.1 Governing Law; Severability of Provisions of Loan Instruments; Waivers, etc. This Deed of Trust shall be governed by the laws of the State of Utah. In the event that any provision of any of the Loan Instruments conflicts with applicable laws, such conflicts shall not affect other provisions of such Loan Instruments which can be given effect without the conflicting provision, and to this end the provisions of the Loan Instruments are declared to be severable. This instrument cannot be waived, changed,

discharged or terminated orally, but only by an instrument in writing signed by the parties against whom enforcement of any waiver, change, discharge or termination is sought.

3.2 Limitation of Interest. It is the intent of Trustor and Beneficiary in the execution of this Deed of Trust and the Bonds and all other instruments securing the Bonds to contract in strict compliance with the laws of the State of Utah governing the loan evidenced by the Bonds. In furtherance thereof, Trustor stipulates and agrees that none of the terms and provisions contained in the Loan Instruments shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Utah governing the loan evidenced by the Bonds. Trustor or any guarantor, endorser or other party now or hereafter becoming liable for the payment of the Bonds shall never be liable for unearned interest on the Bonds and shall never be required to pay interest on the Bonds at a rate in excess of the maximum interest that may be lawfully charged under the laws of the State of Utah and the provisions of this Section shall control over all other provisions of the Bonds and any other instrument executed in connection herewith which may be in apparent conflict herewith. In the event any holder of the Bonds shall collect monies which are deemed to constitute interest which would otherwise increase the effective interest rate on the Bonds to a rate in excess of that permitted to be charged by the laws of the State of Utah, all such sums deemed to constitute interest in excess of the legal rate shall be immediately returned to the Trustor upon such determination.

3.3 Statements by Trustor. Trustor, within ten (10) days after receiving a request from the Beneficiary, will furnish to Beneficiary a written statement stating the unpaid principal and any interest on the Bonds and any other amounts secured by this Deed of Trust and stating whether any offset or defense exists against such principal and interest.

3.4 Reconveyance by Trustee. Portions of the Property may be released by the Trustee upon compliance with the provisions of Section 11.6 of the Master Lease as defined in the Indenture. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment by Trustor of Trustee's fees, Trustee shall reconvey to the person or persons legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

3.5 Notices. Whenever Beneficiary, Trustor or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or four (4) days after being mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the address set forth at the beginning of this Deed of Trust. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change.

3.6 Acceptance by Trustee. Trustee shall be deemed to have accepted this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

3.7 Captions. The captions or headings at the beginning of each Section hereof are for convenience of the parties and are not a part of this Deed of Trust.

3.8 No Merger. If both the Trustor's and Beneficiary's estates in any portion of the Trust Estate shall at any time become vested in one owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger, and in such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, upon the foreclosure of the lien created by this Deed of Trust on the Trust Estate pursuant to the provisions hereof, any leases or subleases then existing and created by Trustor shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice thereof to such tenant or subtenant.

3.9 Limited Right of Bondholders Against the Trustor. Notwithstanding anything else contained herein to the contrary, the rights of the Trustee, Beneficiary and the Bondholders are subject to the terms and provisions of the Indenture and the Master Lease, in particular but not limited to Article XIV of the Master Lease and Article IX of the Indenture. Additionally, no deficiency judgment upon foreclosure may be entered against Trustor, West Valley City, Utah, the State of Utah or any of its political subdivisions.

3.10 No Waiver. Failure on the part of beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default or acceptance of payment of any sum secured hereby after its due date shall not constitute a waiver of any other subsequent default.

3.11 Severability. The terms and provisions of this Deed of Trust are intended to be performed in accordance with, and only to the extent permitted by, applicable law. If any provision hereof, or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this instrument nor the application of such provision to other persons or circumstances shall be affected thereby, but rather, the same shall be enforced to the greatest extent permitted by law.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH

(SEAL)

By: \_\_\_\_\_  
Chair/President

ATTEST AND COUNTERSIGN:

By \_\_\_\_\_  
Secretary-Treasurer



STATE OF UTAH                    )  
   : ss.  
COUNTY OF SALT LAKE    )

The foregoing instrument was acknowledged before me this July \_\_\_\_, 2017, by Don Christensen and Nichole Camac, respectively the Chair/President and Secretary-Treasurer of the Municipal Building Authority of West Valley City, Utah.

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Notary Public

(SEAL)

EXHIBIT A

THE PROPERTY

That certain Real Property located in Salt Lake County, Utah, to wit:

FIRST AMENDMENT TO MASTER LEASE AGREEMENT

Dated as of April 1, 2017

between

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH

and

WEST VALLEY CITY, UTAH

Amending the Master Lease Agreement  
Dated as of July 1, 2016

## FIRST AMENDMENT TO MASTER LEASE AGREEMENT

THIS FIRST AMENDMENT TO MASTER LEASE AGREEMENT (the “First Amendment”) dated as of April 1, 2017, entered into by and between the MUNICIPAL BUILDING AUTHORITY OF WEST VALLEY CITY, UTAH (the “Authority”), a nonprofit corporation duly organized, existing, and in good standing under the laws of the State of Utah, and WEST VALLEY CITY, UTAH (the “City”), a political subdivision and body politic under the laws of the State of Utah, amending and supplementing the Master Lease Agreement dated as of July 1, 2016, as heretofore amended and supplemented (referred to herein as “the Original Lease”), by and between the Authority, as lessor and the City, as lessee, and made of record by a Notice of Master Lease Agreement recorded in the official records of the Salt Lake County Recorder on July \_\_\_\_, 2016, as Entry No. \_\_\_\_, Book \_\_\_\_, Pages \_\_\_\_.

### WITNESSETH:

WHEREAS, pursuant to the provisions of the Original Lease, and a General Indenture of Trust dated as of July 1, 2016, as heretofore supplemented (the “Original Indenture”) by and between the Authority and ZB, National Association, as Trustee (the “Trustee”), the Authority has previously issued its Lease Revenue Bonds, Series 2016 (the “Series 2016 Bonds”) to among other things (a) finance the acquisition and construction of a new fire station and the remodeling of an existing fire station and, related improvements (the “Fire Station Projects”) and (b) refinance the Maverik Center (the “Maverik Center Project” and together with the Fire Station Projects, the “Prior Project” and together with the 2017 Project, the “Projects”), by refunding the Authority’s outstanding lease revenue bonds relating to the Maverik Center Project; and

WHEREAS, the City and the Authority now desire to authorize the issuance and sale of its Lease Revenue Bonds, Series 2017 in the aggregate principal amount of \$ \_\_\_\_ (the “Series 2017 Bonds”) to (a) finance the acquisition, construction, and equipping of a new public safety building, a new courts building, parking facilities, improvements to the City’s Family Fitness Center and related improvements (collectively, the “2017 Project”); (b) fund capitalized interest with respect to the Series 2017 Bonds; (c) fund any necessary deposit to a debt service reserve fund and (d) pay costs associated with the issuance of the Series 2017 Bonds pursuant to a Second Supplemental Indenture dated as of April 1, 2017 (the “Second Supplemental Indenture” and together with the Original Indenture as previously supplemented, the “Indenture”), by and between the Authority and the Trustee; and

WHEREAS, the City has leased, as lessee, on an annually renewable basis, the Prior Project from the Authority, and the Authority has leased, as lessor, the Prior Project to the City under the terms and provisions set forth in the Original Lease, and the City, as lessee, now desires to lease the 2017 Project from the Authority, as lessor, pursuant to the Original Lease, as amended by this First Amendment (collectively the “Lease”); and

WHEREAS, Section 15.6 of the Original Lease provides that Original Lease may be amended, changed modified, altered or terminated in accordance with the terms of the

General Indenture. Section 12.1 of the General Indenture provides that the Authority and the Trustee shall without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Original Lease as may be required in connection with the issuance of Additional Bonds; and

WHEREAS, under the provisions of a resolution dated February 28, 2017 (the “City Resolution”), the City has authorized and approved the execution of this First Amendment and has authorized certain actions to be taken by the Authority in connection with the financing of the 2017 Project, funding capitalized interest with respect to the Series 2017 Bonds and funding any required deposit to a debt service reserve fund, and the paying costs of issuance of the Series 2017 Bonds, including the issuance by the Authority under the Second Supplemental Indenture of its Series 2017 Bonds in the aggregate principal amount of \$ \_\_\_\_\_; and

WHEREAS, pursuant to the provisions of a resolution dated February 28, 2017, the Governing Board of the Authority (the “Governing Board”) has authorized, approved, and directed the execution of this First Amendment and the Second Supplemental Indenture, and has authorized, approved, and directed certain actions to be taken by the Authority in connection with the acquisition of the 2017 Project, including the issuance of the Series 2017 Bonds; and

WHEREAS, the Series 2017 Bonds will be secured as provided in the Indenture, including by Security Documents (as defined in the Indenture) and by a pledge and assignment of the Lease and the revenues and receipts derived by the Authority from the Projects, as more fully set forth in the Indenture;

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Amendments to Definitions in Original Lease; Additional Definitions. The following definitions set forth in the Original Lease are hereby amended as follows:

[Add if any]

The following definitions are hereby added to the definitions set forth in the Original Lease:

“2017 Project” means acquisition, construction, equipping and furnishing of a new public safety building, a new courts building, parking facilities, improvements to the City’s Family Fitness Center and related improvements.

“First Amendment” means this First Amendment to Master Lease Agreement dated as of April 1, 2017.

“Prior Bonds” means collectively, (a) the acquisition and construction of a new fire station and the remodeling of an existing fire station and, related improvements (the “Fire Station Projects”) and (b) refinance the Maverik Center (the “Maverik Center Project” and together with the Fire Station Projects.

“Projects” means collectively, the Prior Project and the 2017 Project.

“Series 2017 Bonds” means the Authority’s Lease Revenue Bonds, Series 2017 issued in the aggregate principal amount of \$\_\_\_\_\_.

“Second Supplemental Indenture” means the Second Supplemental Indenture of Trust dated as of April 1, 2017, by and between the Authority and ZB, National Association, as trustee.

Section 2. Demising Clause. The City, as lessee, in consideration for the Lease Payments made hereunder, leases the 2017 Project from the Authority, as lessor

Section 3. City Not in Default. The City is not in default under any of the provisions of the laws of the State which default would affect its existence or its powers referred to in Section 2.1(a) of the Original Lease. Neither the execution and delivery of this First Amendment nor the issuance and sale by the Authority of its Series 2017 Bonds, nor the performance by the City of its obligations under the Lease will constitute on the part of the City a breach of or a default under, any existing law, court or administrative regulation, decree, order or any material agreement, indenture, mortgage, lease or any other instrument to which the City is subject or by which it is or may be bound.

Section 4. No Pending Litigation. There is no action, suit or proceeding pending or, to the best knowledge of the City, threatened, or any basis therefor, before any court or administrative agency which may adversely affect the City or Authority or ability of the City or Authority, each to perform its obligations under the Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the City and Authority of this First Amendment or in connection with the carrying out by the City of its obligations under this Lease have been obtained.

Section 5. Amendment to 6.2 of the Original Lease. The Base Rental Payment Schedules with respect to the Prior Project referenced in Section 6.2 and attached to the Original Lease as Schedule I are amended and replaced in full with the Base Rental Payment Schedules attached to this First Amendment as Exhibit A. The City may not elect to renew the Lease in part and in the event it desires to renew the Lease, must appropriate an amount sufficient to pay Base Rentals attributable to all of the Projects leased pursuant to the Lease and all of the Bonds issued under the Indenture.

Section 6. Continuation of Lease Terms. Except as amended herein, all of the provisions of the Original Lease shall continue unmodified and the City shall continue to make all payments thereunder as provided in the Original Lease.

Section 7. Miscellaneous Provisions.

(a) [Reporting Requirements. The City will furnish, or cause to be furnished to the Purchaser the following:

(i) Annual Budget. Subject to Section 6.6 of the Original Lease, prior to the beginning of each Fiscal Year, the City shall prepare and adopt a budget showing an annual appropriation of funds to service the Series 2017 Bonds for the next ensuing Fiscal Year. At the end of the first six (6) months of each Fiscal Year, the City shall review its budget for such Fiscal Year, and in the event actual appropriations or other requirements do not substantially correspond with such budget, the City shall prepare an amended budget for the remainder of such Fiscal Year. The Issuer also may adopt at any time an amended budget for the remainder of the then current Fiscal Year.

(ii) Not later than 210 days after the end of the Fiscal Year, the City shall provide to the Purchaser audited financial statements of the City prepared by an independent certified public accountant.]

(b) Confirmation of Original Lease. As modified and supplemented by this First Amendment, the Original Lease is in all things and respects hereby ratified and confirmed. The provisions of the Original Lease shall apply to this First Amendment to the extent such provisions have not been deleted or modified by, or are not inconsistent with the specific provisions of this First Amendment.

(c) First Amendment Construed with Original Lease. All of the provisions of this First Amendment shall be deemed to be and construed as part of the Original Lease and the provisions of the Original Lease are hereby incorporated by reference into this First Amendment.

(d) Estimated Useful Life. The estimated useful life of the 2017 Project, as certified by the architect or engineer responsible for the designing and planning of the 2017 Project is not less than [40] years assuming proper maintenance and repair and assuming that the 2017 Project is used as presently contemplated.

(e) Sufficient Funds. In accordance with Section 4.1 of the Original Lease, the Authority has heretofore appropriated sufficient moneys to pay the Rentals coming due under the Lease for the current Renewal Term thereunder.

(f) No Event of Default. No event has occurred and no condition exists which the passage of time or giving of notice of both would constitute an “Event of Default” or an “Event of Nonappropriation” under the Original Lease and the Authority has budgeted and appropriated amounts sufficient to pay Rental due for the current and each prior Renewal Term under the Lease and has paid all Rentals heretofore due and payable under the Lease when due.

(g) Base Rental Commencement Date. The Base Rental Commencement Date under the Original Lease has occurred, and the Authority hereby acknowledges its obligation to pay Rentals in accordance with the terms of the Lease.

(h) Environmental Compliance. The 2017 Project (i) is not in a 100-year flood plain, (ii) complies in all respects with applicable zoning, environmental and safety ordinances and (iii) is the same property which is the subject of the title insurance policy of which this First Amendment is a part.

(i) Binding Effect. This First Amendment shall inure to the benefit of and shall be binding upon the Authority, the City, and their respective successors and assigns.

(j) Severability. In the event any provision of this First Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or of the Original Lease and in the event any provision of this First Amendment were to invalidate the Series 2017 Bonds, such provision shall be rendered invalid and unenforceable, but shall not invalidate or render unenforceable any other provision hereof.

(k) Execution in Counterparts. This First Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(l) Applicable Law. This First Amendment shall be governed by and construed in accordance with the laws of the State.



IN WITNESS WHEREOF, the Authority has caused this First Amendment to be executed in its corporate name with its corporate seal hereunto affixed and attested by a duly authorized officer. The City has executed this First Amendment in its name with the seal of its City Recorder hereunto affixed and attested by a duly authorized officer. All of the above occurred as of the date first above written.

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY UTAH

(SEAL)

By: \_\_\_\_\_  
Chair/President

ATTEST:

By: \_\_\_\_\_  
Secretary-Treasurer

WEST VALLEY CITY, UTAH

(SEAL)

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Recorder

STATE OF UTAH )  
 : ss.  
COUNTY OF SALT LAKE )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ 2017,  
by \_\_\_\_\_ and \_\_\_\_\_, respectively, the Chair/President and the Secretary-  
Treasurer of the Municipal Building Authority of West Valley City.

NOTARY PUBLIC

STATE OF UTAH )  
 )  
 ) : ss.  
COUNTY OF SALT LAKE )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ 2017,  
by \_\_\_\_\_ and \_\_\_\_\_, respectively, the Mayor and City  
Recorder of West Valley City.

NOTARY PUBLIC

EXHIBIT A

BASE RENTAL PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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All lease payments are subject to adjustment as provided in the Indenture, and the Master Lease Agreement, as revised.

WHEN RECORDED, RETURN TO:

Bradley D. Patterson  
Gilmore & Bell, P.C.  
15 West South Temple, Suite 520  
Salt Lake City, Utah 84101

GROUND LEASE AGREEMENT

Dated as of April 1, 2017

between

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH, AS LESSEE

A Nonprofit Corporation Organized Under the Laws  
of the State of Utah

and

WEST VALLEY CITY, UTAH, AS LESSOR

A Body Corporate and Politic  
of the State of Utah

## GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (this “Ground Lease”) dated as of April 1, 2017, entered into by and between the MUNICIPAL BUILDING AUTHORITY OF WEST VALLEY CITY, UTAH (the “Authority”), as lessee hereunder, a nonprofit corporation duly organized, existing and in good standing under the laws of the State of Utah, and also acting as grantor under a certain General Indenture of Trust of even date herewith, and WEST VALLEY CITY, UTAH (the “City”), as lessor hereunder, a body corporate and politic duly existing under the laws of the State of Utah;

### W I T N E S S E T H:

WHEREAS, the City is the owner in fee simple of [of a leasehold interest in] the real property described in the attached Exhibit A (the “Property”); and

WHEREAS, at the request of the City, the Authority desires to issue its Lease Revenue Bonds, Series 2017, in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2017 Bonds”) for the purpose of (a) financing the acquisition, construction, equipping and furnishing of a new public safety building, a new courts building, parking facilities, improvements to the City’s Family Fitness Center and related improvements (collectively, the “2017 Project”); (b) funding capitalized interest with respect to the Series 2017 Bonds; (c) funding any required deposits for a debt service reserve fund; and (d) paying costs associated with the issuance of the Series 2017 Bonds; and

WHEREAS, the Authority desires to lease, as ground lessee, from the City the site on which the 2017 Project is located as described as Exhibit A attached hereto (the “Property”); and

WHEREAS, the City desires to lease the Property, as ground lessor, to the Authority under the terms and provisions set forth in this Ground Lease; and

WHEREAS, under, among other things, the provisions of a resolution adopted on February 28, 2017, the City has authorized and approved (i) the execution of this Ground Lease, (ii) a Master Lease Agreement dated as of July 1, 2016 (the “Original Master Lease”) as amended by a First Amendment to Master Lease Agreement dated as of April 1, 2017 (the “First Amendment to Master Lease” and collectively with the Original Master Lease, the “Master Lease”) between the City and the Authority, wherein the Authority will lease to the City the 2017 Project and (iii) certain actions to be taken by the Authority in connection with the financing of the 2017 Project, including the issuance by the Authority of the Series 2017 Bonds under a General Indenture of Trust dated as of July 1, 2016 (the “General Indenture”), as supplemented by a Second Supplemental Indenture of Trust dated as of April 1, 2017 (the “Second Supplemental Indenture” and collectively with the General Indenture, the “Indenture”), each between the Authority and ZB, National Association, as trustee (the “Trustee”); and

WHEREAS, pursuant to the provisions of a resolution adopted on February 28, 2017, the Governing Board of the Authority has authorized, approved and directed the execution of this Ground Lease, has authorized and approved the execution of the Master

Lease, the Indenture and the other Security Documents (as defined in the Indenture) and has authorized, approved and directed certain actions to be taken by the Authority in connection with the financing of the 2017 Project, including the issuance of the Series 2017 Bonds:

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants herein contained, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

Terms defined in the above recitals shall have the same meaning when used herein. Unless the context otherwise requires or unless otherwise specified herein, all terms defined in Article I of the General Indenture, Article I of the Second Supplemental Indenture Article I of the Master Lease, and Article I of the First Amendment to Master Lease shall have the same meaning where used in this Ground Lease. In addition, unless the context otherwise requires, the terms defined in this Article I shall, for purposes of this Ground Lease, have the meaning herein specified.

“Event of Default” means one or more events of default as defined in Section 12.1 of this Ground Lease.

“Ground Lease Term” means the duration of the leasehold estate created in the Property as provided in Article IV of this Ground Lease.

“Property” has the meaning ascribed thereto in the recitals to this Ground Lease.

“Rentals” means the rental payments payable by the Authority hereunder.

“State” means the State of Utah.



## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the City. The City represents, covenants and warrants for the benefit of the Authority and the Trustee as follows:

(a) The City is a duly existing political subdivision and body corporate and politic within the State under the Constitution and laws of the State. Under the provisions of the Constitution and laws of the State, the City is authorized to enter into the transactions contemplated by this Ground Lease and to carry out its obligations hereunder. The City has duly authorized and approved the execution and delivery of this Ground Lease.

(b) The City warrants that it holds the [fee simple/leasehold] interest in the Property, and that all the Property is free from any encumbrances other than Permitted Encumbrances.

Section 2.2 Representations, Covenants and Warranties of the Authority. The Authority represents, covenants and warrants for the benefit of the City and the Trustee as follows:

(a) The Authority is a nonprofit corporation duly incorporated and in good standing in the State of Utah and is duly qualified to transact business in the State of Utah, is not in violation of any provision of its Articles of Incorporation or its Bylaws, has the corporate power and authority to enter into this Ground Lease and has duly authorized and approved the execution and delivery of this Ground Lease by proper corporate action.

(b) The Authority will take no action or fail to take any action, which action or failure to act would constitute a default under the Master Lease or this Ground Lease.

### ARTICLE III

#### DEMISING CLAUSE

The City hereby demises and leases the Property to the Authority and the Authority leases the Property from the City, subject only to Permitted Encumbrances, in accordance with the provisions of this Ground Lease, to have and to hold for the Ground Lease Term unless sooner terminated as expressly provided herein.

## ARTICLE IV

### GROUND LEASE TERM

Section 4.1 Commencement of Ground Lease Term. The Ground Lease Term shall commence as of the date of issuance of the Series 2017 Bonds, and shall terminate on June 30, 20\_\_, unless sooner terminated in accordance with the provisions of Section 4.2 hereof.

Section 4.2 Termination of Ground Lease Term. The Ground Lease Term shall terminate upon the first to occur of any of the following events:

(a) The expiration of the Ground Lease Term as provided in Section 4.1 hereof; or

(b) The conveyance of the 2017 Project to the City under the provisions of Section 12.1 of the Master Lease.

Section 4.3 Option to Renew Ground Lease. Notwithstanding anything contained elsewhere herein to the contrary, in the event the capital actually invested (as defined in the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated, 1953 as amended) by the Authority in improvements constructed upon the Property has not been fully repaid by the City at the expiration of the term of this Ground Lease, or upon an Event of Nonappropriation or Event of Default as described in Sections 6.6 and 14.1 respectively of the Master Lease, the Ground Lease shall automatically be renewed on the same terms and conditions as set forth herein, for an additional term sufficient to repay said capital, which term, when added to the number of years for which this Ground Lease has theretofore been in effect, shall not exceed thirty (30) years.

## ARTICLE V

### ENJOYMENT OF PROPERTY

Subject to the provisions of the Master Lease, the City hereby covenants to provide the Authority during the Ground Lease Term with quiet use and enjoyment of the Property and the Authority shall during the Ground Lease Term peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the City, except as expressly set forth herein. The City shall not interfere with such quiet use and enjoyment during the Ground Lease Term so long as no Event of Default shall have occurred. The City shall, at the request of the Authority, join in any legal action in which the Authority asserts its right to such possession and enjoyment, to the extent that the City may lawfully do so. In addition, the Authority may at its own expense join in any legal action affecting its possession and enjoyment of the Property and shall be joined in any action affecting its liabilities hereunder.

The City shall have the right at all reasonable times during business hours to enter into and upon the Property for the purpose of inspecting the same.

## ARTICLE VI

### PAYMENTS BY THE AUTHORITY

The Authority shall pay Rental Payments to the City in the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (being one dollar (\$1) per year for a maximum of \_\_\_ years), which amount represents the total Rental Payments due hereunder during the Ground Lease Term (including all renewal option periods). The parties hereto hereby acknowledge that said Rental Payments have been paid in full on the date hereof in lawful money of the United States of America at the principal office of the City Council of the City. The City and the Authority hereby determine and agree that the Rental Payments payable hereunder during the Ground Lease Term, together with other good and valuable consideration received by the City under and pursuant to the Master Lease, represent reasonable rental for the use of the Property. In making such determination, the City and the Authority have given consideration to the current value of the Property, the execution by the City and the Authority of the Master Lease and the rentals payable thereunder, the financing by the City of the 2017 Project, the uses and purposes for which the 2017 Project will be employed by the City, the benefit to the citizens of the City by reason of the improvement of the 2017 Project and the use and occupancy of such facilities pursuant to the terms and provisions of the Master Lease.

## ARTICLE VII

### NONSUBORDINATION OF THE CITY'S INTEREST

The Authority intends to finance the 2017 Project by the issuance of the Series 2017 Bonds in accordance with the provisions of the Master Lease and Indenture; however, it is understood and agreed that only the Authority's leasehold interest in the Property will be used as security for the payment of the principal, premium, if any, and interest on such Series 2017 Bonds. Consequently, it is understood and agreed by and between the City and the Authority that the City has not subordinated, and shall not be required to subordinate, its interest in and to the Property to secure such financing. However, it is hereby acknowledged that improvements constructed on the Property, including but not limited to the 2017 Project, will or may be used as security for the Series 2017 Bonds. In addition, it is understood that the Authority intends to assign its interest, as lessee, in and to this Ground Lease to the Trustee to secure the Series 2017 Bonds. The City hereby consents to such assignment.

## ARTICLE VIII

### TITLE; LIMITATIONS ON ENCUMBRANCES

Section 8.1 Title to the Property and the 2017 Project. Subject to the leasehold interest created hereby, title to the Property shall at all times be held in the name of the City. Except personal property purchased by the City at its own expense, title to the 2017 Project and any and all additions and modifications thereto and replacements thereof shall be held in the name of the Authority. The City shall have no right, title or interest in the 2017 Project or any additions and modifications thereto or replacements thereof, except its reversionary rights by law as lessor and except as expressly set forth herein and in the Master Lease. On termination of this Ground Lease, the City shall become the title owner of all improvements affixed to the Property, including the 2017 Project. The Authority agrees to execute such documents on termination of this Ground Lease as are required to convey said improvements to the City as herein provided.

Section 8.2 No Encumbrance, Mortgage or Pledge. Neither the Authority nor the City shall directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, except for Permitted Encumbrances as defined in the Master Lease.

Section 8.3 Encumbrance of Leasehold Interest. The Authority may encumber by mortgage or deed of trust, and may convey, assign or sublease, its leasehold interest and estate in the Property, alone or together with its interests in the 2017 Project as a whole, for the benefit of the holders of the Series 2017 Bonds. The execution of any such mortgage, deed of trust, assignment or other instrument or the foreclosure thereof or any sale thereunder, either by judicial proceeding or by virtue of any power reserved in such mortgage, deed of trust, assignment or conveyance by the Authority for the benefit of the holders of the Series 2017 Bonds, or the exercising of any right, power or privilege set forth therein, shall not be held as a violation of any of the terms or conditions hereof. The assignee or grantee of any conveyance or assignment of the Authority may, at its option, at any time before the rights of the Authority have been terminated as provided herein, pay any of the Rentals due hereunder or pay any taxes and assessments, or do any other act or thing required of the Authority by the terms hereof, or do any act or thing which may be necessary or proper to be done in the observance of the covenants and conditions thereof, or to prevent the termination hereof; all payments so made, and all things so done and performed by such party or entity shall be effective to prevent a forfeiture of the rights of the Authority hereunder as the same would have been if done and performed by said Authority.

## ARTICLE IX

### MAINTENANCE, TAXES AND OTHER CHARGES

Section 9.1 Maintenance of the Property by the Authority. In the event that the Ground Lease Term extends beyond the date of termination of the Master Lease, the Authority agrees that at all times during the Ground Lease Term the Authority will maintain, preserve and keep the Property or cause the Property to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair, working order and condition and that the Authority will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals with respect to the Property, so that it will continue to be suitable for use as contemplated by the Master Lease.

Section 9.2 Other Governmental Charges and Utility Charges. In the event that the Ground Lease Term extends beyond the date of termination of the Master Lease and in the event that the Property or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body which may be secured by a lien against the Property, the Authority shall pay an amount equal to the amount of all such taxes, assessments and governmental charges then due. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Authority shall be obligated to pay such amounts only for such installments as are required to be paid during the Ground Lease Term. In the event that the Ground Lease Term extends beyond the date of termination of the Master Lease, the Authority shall also pay as the same respectively become due, all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Property.

The Authority may, at the expense and in the name of the Authority, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom. In the event that the Authority shall fail to pay any of the foregoing items required by this Section 9.2 to be paid by the Authority, the City may (but shall be under no obligation to) pay the same, which amounts, together with interest thereon at the rate of ten percent (10%) per annum, the Authority agrees to pay.



## ARTICLE X

### CONDEMNATION; DESTRUCTION

If during the Ground Lease Term, title to, or the temporary or permanent use of the Property or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Authority and the City shall cooperate in the collection and disposition of the proceeds of condemnation such that the net proceeds of such condemnation allocable to the Property and to the Authority's leasehold interest in the Property created hereunder shall be deposited and utilized by the Trustee in accordance with the provisions of the Master Lease and the Indenture and the net proceeds of such condemnation allocable solely to the City's reversionary interest in the Property will be payable to the City. Except as otherwise provided in the Master Lease, if during the Ground Lease Term, the 2017 Project or any material portion thereof, shall be destroyed (in whole or in part), or damaged by fire or other casualty, the Net Proceeds of any insurance policy shall be deposited and utilized by the Trustee in accordance with the provisions of the Master Lease and the Indenture.

## ARTICLE XI

### DISCLAIMER OF WARRANTIES; COMPLIANCE WITH LAWS

#### AND RULES; OTHER COVENANTS

Section 11.1 Further Assurances and Corrective Instruments. The City and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be, or for carrying out the intention hereof.

Section 11.2 City and Authority Representatives. Whenever under the provisions hereof the approval of the City or the Authority is required, or the City or the Authority is required to take some action at the request of the other, such approval or such request shall be given for the City by the City Representative and for the Authority by the Authority Representative, and any party hereto and the Trustee shall be authorized to act on any such approval or request.

Section 11.3 Requirements of Law. During the Ground Lease Term, the City and the Authority shall observe and comply promptly with all laws, ordinances, orders, rules and regulations of the federal, state, county and city governments and of all courts or other governmental authorities having jurisdiction over the 2017 Project or any portion thereof and of all their respective departments, bureaus and officials, and of the insurance regulatory agencies having jurisdiction over the 2017 Project, or any portion thereof, or any other body exercising similar functions, and of all insurance companies writing policies covering the 2017 Project or any portion thereof, whether the same are in force at the commencement of the Ground Lease Term or may in the future be passed, enacted or directed.

## ARTICLE XII

### EVENTS OF DEFAULT AND REMEDIES

Section 12.1 Events of Default Defined. The following shall be an “Event of Default” under this Ground Lease: failure by the Authority to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, for a period of ninety (90) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Authority and the Trustee by the City, unless the City shall agree in writing to an extension of time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the City shall not unreasonably withhold its consent to an extension of such time if corrective action shall be instituted by the Authority or the Trustee within the applicable period and diligently pursued until the default is corrected.

The foregoing provisions of this Section are subject to the following limitations: if, by reason of force majeure, the Authority shall be unable in whole or in part to carry out any agreement on its part herein contained, the Authority shall not be deemed in default during the continuance of such inability. The Authority agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Authority from carrying out its agreement; provided, however, that the settlement of strikes, lockout and other industrial disturbances shall be entirely within the discretion of the Authority, and the Authority shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Authority unfavorable to the Authority. A copy of any Notice required by this Section shall also be provided to the Trustee.

Section 12.2 Remedies on Default. Whenever any Event of Default referred to in Section 12.1 of this Ground Lease shall have happened and be continuing, the City, shall have the right, at its option without any further demand or notice, to take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Ground Lease.

Section 12.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved in this Article XII, it shall not be necessary to give any notice, other than such notice as may be required in this Article XII.

Section 12.4 Agreement to Pay Attorney’s Fees and Expenses. In the event that either party hereto shall default under any of the provisions hereof and the nondefaulting party shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein

contained, the defaulting party agrees that it shall on demand therefor pay to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party, to the extent that such attorney's fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the obligation of the City under this Section 12.4 shall be subject to the availability of City Funds and the obligation of the Authority shall be subject to the legal availability of such funds.

Section 12.5 No Additional Waiver Implied by One Waiver. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 12.6 No Termination of Ground Lease Term. Notwithstanding the remedies provided above, the Ground Lease Term of this Ground Lease may not be terminated prior to the end of the Term described in Article IV hereof by reason of an Event of Default hereunder.

## ARTICLE XIII

### INSURANCE, INDEMNIFICATION AND ENVIRONMENTAL MATTERS

Section 13.1 Insurance. The Authority hereby covenants and agrees to at all times provide, maintain and keep in force or cause to be kept in force such insurance as set forth in Article IX of the Master Lease (as defined in the Indenture) with respect to the 2017 Project.

Section 13.2 Public Liability Insurance. Unless the City is otherwise required to carry the insurance required by Section 9.5 of the Master Lease, the Authority agrees to carry or cause to be carried public liability insurance with one or more reputable insurance companies in minimum amounts of \$500,000 for personal injury or death to one person and \$1,000,000 for personal injury or death for each occurrence and \$300,000 for property damage for any occurrence. The insurance required by this Section may be by blanket insurance policy or policies or self-insurance. If self-insurance is not utilized, the policies may have a deductible clause in such amount as shall be approved by the Authority, the City and the Trustee or absent such approval \$50,000.

Section 13.3 Workers' Compensation Coverage. Unless the City is otherwise required to carry such insurance pursuant to the Master Lease, at all times from the date hereof until the end of the Master Lease Term, the Authority shall maintain, or cause to be maintained, workers' compensation coverage with respect to officers, agents and employees of the Authority working in, on or about the 2017 Project, including coverage for occupational diseases.

Section 13.4 Indemnification Covenants. To the extent of the net proceeds of the insurance coverage of the Authority, the Authority shall and hereby agrees to indemnify and save the City harmless against and from all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, the 2017 Project during the Lease Term from: (i) any condition of the 2017 Project; and (ii) any act or negligence of the Authority or of any of its agents, contractors or employees or any violation of law or the breach of any covenant or warranty hereunder. To the extent of available moneys as set forth above, or in the event the Authority is self insured, or the insurance coverage has a deductible amount, then from moneys to be appropriated under budget proceedings for future years, if such appropriations are then made, the Authority shall indemnify and save the City harmless, from any such claim arising as aforesaid from (i) or (ii) above, or in connection with any action or proceeding brought thereon and, upon notice from the City, shall defend it in any action or proceeding.

In exchange for the Authority's agreement to indemnify the City as provided in this Section, the City hereby agrees to assert any cause of action that it might individually have against any third parties for the benefit of the Authority. Furthermore, in no event will the City voluntarily settle or consent to the settlement of any proceeding arising out of any claim applicable to the 2017 Project without the written consent of the Authority.

Section 13.5 Environmental Matters. The City hereby makes the following covenants, warranties, representations and promises with respect to the Property for the benefit of the Authority, the Trustee and the owner of the Bonds:

(a) The City will comply with any and all applicable federal, State, and local laws, rules, regulations or orders with respect to the discharge and remediations of any hazardous or toxic wastes, and shall pay, to the extent permitted by law and solely from and to the extent of City Funds (as defined in the Master Lease) at its sole cost and expense when due, the cost of any future reasonable and appropriate remediations of any such wastes, and shall take appropriate steps to keep the Property free of any lien imposed pursuant to such laws, rules, regulations or orders.

(b) In the event that the Environmental Protection Agency, any agency of the State, or any other federal, State or local governmental agency should rightfully initiate any action for the remediation of any “hazardous substance,” as that term is defined in Title 42 of the United States Code, Section 9601(14), from the Property, the City hereby agrees, to the extent permitted by law and solely from and to the extent of City Funds, to indemnify and hold harmless the Authority, the Trustee and the owners of the Bonds from any liability, costs and expenses, including reasonable attorney’s fees, incurred in such action.

(c) To the best knowledge of the City and after reasonable investigation, the Property does not contain any hazardous or toxic substances, wastes or materials as defined in any applicable Federal, State or local laws or regulations.

## ARTICLE XIV

### MISCELLANEOUS

Section 14.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows: if to the Authority, Municipal Building Authority of West Valley City, Utah, 3600 Constitution Blvd., West Valley City, Utah, 84119, Attention: Chair/President; if to the City, 3600 Constitution Blvd., West Valley City, Utah, 84119, Mayor; and if to the Trustee as provided in the Master Lease. The Authority, the City and the Trustee, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 14.2 Binding Effect. This Ground Lease shall inure to the benefit of and shall be binding upon the Authority, the City and their respective successors and assigns.

Section 14.3 Severability. In the event any provision of this Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 14.4 Amendments, Changes and Modifications. Subsequent to the issuance of the Series 2017 Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Ground Lease may not be effectively amended, changed, modified, altered or terminated without the written consent of Trustee.

Section 14.5 Execution in Counterparts. This Ground Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14.6 Applicable Law. This Ground Lease shall be governed by and construed in accordance with the laws of the State.

Section 14.7 Captions. The captions or headings in this Ground Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Ground Lease.

Section 14.8 Assignment. This Ground Lease may be assigned and reassigned by the Authority and the Authority's interest in the Property transferred in accordance with the terms hereof and of the Master Lease. This Ground Lease may not be assigned by the City for any reason.

Section 14.9 No Merger. The parties hereto agree that the doctrine of merger shall not operate to destroy or terminate the leasehold interest granted to the Authority under this Ground Lease.

IN WITNESS WHEREOF, the Authority has caused this Ground Lease to be executed with its corporate seal hereunto affixed and attested by its duly authorized officers. The City has executed this Ground Lease in its name with its seal hereunto affixed and attested by its duly authorized officers. All of the above occurred as of the date first above written.

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH

(SEAL)

By: \_\_\_\_\_  
Chair/President

ATTEST AND COUNTERSIGN:

By: \_\_\_\_\_  
Secretary-Treasurer



WEST VALLEY CITY, UTAH

(SEAL)

By: \_\_\_\_\_  
Mayor

ATTEST AND COUNTERSIGN:

By: \_\_\_\_\_  
City Recorder

STATE OF UTAH                    )  
  : ss.  
COUNTY OF SALT LAKE    )

On \_\_\_\_\_, 2017 the foregoing instrument was acknowledged before me  
by \_\_\_\_\_ and \_\_\_\_\_, the Chair/President and Secretary-  
Treasurer, respectively, of the Municipal Building Authority of West Valley City, Utah.

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF UTAH                    )  
  : ss.  
COUNTY OF SALT LAKE    )

On \_\_\_\_\_, 2017, the foregoing instrument was acknowledged before me  
by \_\_\_\_\_ and \_\_\_\_\_, the Mayor and City Recorder, respectively, of West  
Valley City, Utah.

\_\_\_\_\_  
NOTARY PUBLIC

EXHIBIT A

DESCRIPTION OF PROPERTY SITE FOR  
2017 PROJECT

A description of that certain Real Property located in Salt Lake County, Utah, to wit:

WHEN RECORDED, RETURN TO:

Bradley D. Patterson  
Gilmore & Bell P.C.  
15 West South Temple, Suite 520  
Salt Lake City, Utah 84191

LEASEHOLD DEED OF TRUST,  
ASSIGNMENT OF RENTS  
AND  
SECURITY AGREEMENT

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT ("Deed of Trust") is made as of April 1, 2017, by and among the Municipal Building Authority of West Valley City, Utah, a nonprofit corporation duly organized under the laws of the State of Utah ("Trustor") whose address for purposes of this agreement is 3600 Constitution Blvd. West Valley City, Utah, 84119; and \_\_\_\_\_, whose place of business is \_\_\_\_\_ ("Trustee"), as trustee under this Deed of Trust, and ZB, National Association, whose place of business is One South Main Street, 12<sup>th</sup> Floor, Salt Lake City, Utah 84133 (the "Beneficiary"), as trustee under a General Indenture of Trust dated as of July 1, 2016 (the "General Indenture"), as supplemented by a Second Supplemental Indenture of Trust dated as of April 1, 2017 (the "Second Supplemental Indenture" and together with the General Indenture, the "Indenture") executed in connection with the issuance of the \$ \_\_\_\_\_ Municipal Building Authority of West Valley City, Utah, Lease Revenue Bonds, Series 2017 (the "Series 2017 Bonds").

W I T N E S S E T H:

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, assigns, conveys and warrants to Trustee for the benefit of the Beneficiary, IN TRUST, WITH POWER OF SALE, under and subject to the terms and conditions hereinafter set forth, that estate created by and all right, title and interest of the Trustor as lessee under that certain Ground Lease Agreement dated as of April 1, 2017 (the "Ground Lease") by and between West Valley City, Utah (the "City"), as lessor, and Trustor, as lessee, which Ground Lease demises and leases all that property situated in Salt Lake County, Utah described in Exhibit A attached hereto (the "Property"), including, but not limited to, all of Trustor's right, title and interest in and to all the improvements on said Property and appurtenances. The interests of Trustor in the Property as described in the attached Exhibit A and all of the improvements and appurtenances relating thereto are collectively referred to hereinafter as the "Project";

TOGETHER WITH all rents, issues, profits, privileges, licenses, royalties, income and other benefits derived from the Project (collectively the “rents”);

TOGETHER WITH all right, title and interest of Trustor in and to all leases or subleases covering the Project or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits and payments of similar nature;

TOGETHER WITH all right, title and interest of Trustor in and to all options to purchase or lease the Project or any portion thereof or interest thereon, and any greater estate in the Project owned or hereafter acquired;

TOGETHER WITH all interests, estate or other claims, both in law and in equity, which Trustor now has or may hereafter acquire in the Project;

TOGETHER WITH all right, title and interest of Trustor in and to all easements, rights-of-way and rights used in connection with or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Project, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Project;

TOGETHER WITH all right, title and interest of Trustor in and to any and all buildings and improvements now or hereafter erected on the Property, including, but not limited to, the fixtures, fittings, and other articles attached to said buildings and improvements financed or refinanced with proceeds of the Series 2017 Bonds or any Additional Bonds or Refunding Bonds (each as defined herein), including but not limited to all machinery, equipment, material, appliances and fixtures now or hereafter installed or placed in said building or on the Property for the generation or distribution of air, water, heat, electricity, light, fuel or refrigeration or for ventilating or air conditioning purposes or for sanitary or drainage purposes, for the removal of dust, refuse or garbage, and including stoves, ranges, cabinets, laundry equipment, all elevators, awnings, window shades, venetian blinds, drapery rods and brackets, screens, floor coverings, including all rugs and carpets attached to floors, lobby furnishings and incinerators and all other similar items and things; all of the items and things so specified and all other similar items or things, whether now or hereafter placed on the Property, being hereby declared to be, and in all circumstances, shall be construed to be, for and in connection with the purposes and powers of this Deed of Trust, things affixed to and a part of the Project described herein; the specific enumerations herein not excluding the general (the “Improvements”); excepting any personal property or fixtures of any tenant which are not financed or refinanced with proceeds of the Series 2017 Bonds or any Additional Bonds or Refunding Bonds; and

TOGETHER WITH all the estate, interest, right, title and other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereof, which Trustor now has or may hereafter acquire in the Project, and any and all awards made for the taking from the Trustor by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Project, including without limitation any awards resulting from a change of grade of streets and awards for severance damages; and

TOGETHER WITH all right, title and interest of Trustor in and to all tangible personal property financed or refinanced with proceeds of the Series 2017 Bonds or any Additional Bonds or Refunding Bonds (the "Personal Property") owned by Trustor and now or at any time hereafter located on or at the Project or used in connection therewith, including, but not limited to: furnishings, machinery and equipment, together with all substitutions, replacements and renewals thereof.

The entire estate, Property and interest hereby conveyed to Trustee as described above may hereafter be referred to as the "Trust Estate." Notwithstanding the breadth of the foregoing, the property covered by this Deed of Trust shall not include: (i) personal property which may be owned by lessees or other occupants of any portion of the Project, rather than by Trustor, or which may be leased by such lessees or other occupants from a party other than Trustor; or (ii) material, equipment, tools, machinery or other personal property which has been brought upon the Project only for use in construction, maintenance or repair and which is not intended to remain after the completion of such construction, maintenance or repair, and which is not necessary for occupancy, maintenance or use of the Project or the improvements thereon, provided, however, that this provision shall not limit Trustor's right to assert a landlord's lien against a defaulting tenant.

#### FOR THE PURPOSES OF SECURING:

(A) (1) Payment of the principal, interest and premium, if any, of the Series 2017 Bonds of Trustor, issued pursuant to the Indenture, and payable at the times, in the manner and with interest and premium, if any, as therein set forth, and any extensions and/or renewals or modifications thereof; (2) payment of the principal, interest and premium, if any, on any Additional Bonds or Refunding Bonds (these and all terms herein commencing with initial capital letters and not otherwise defined herein shall have meanings as defined in the Indenture) issued pursuant to the Indenture, and payable at the times, in the manner and with interest and premium as therein set forth, and any extensions and/or renewals or modifications thereof (the Series 2017 Bonds and Additional Bonds and Refunding Bonds are collectively referred to herein as the "Bonds"); (3) the performance of each agreement of Trustor contained in the Bonds, the Indenture, the Master Lease (as defined in the Indenture) with respect to the Project and this Deed of Trust and any other instrument securing payment of the Bonds; and (4) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms of this Deed of Trust (including, but not limited to the payments outlined in Sections 1.11 and 1.18 of this Deed of Trust), any other instrument securing payment of the Bonds, the Indenture or the Master Lease, together with interest thereon as provided in the Indenture.

(B) Performance of all obligations of Trustor under the Indenture and each agreement of Trustor incorporated by reference therein or herein, or contained therein or herein.

(C) Performance of all obligations of Trustor contained in this Deed of Trust, the Bonds, the Indenture and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby.

This Deed of Trust, the Bonds, the Indenture, the Ground Lease, the Master Lease and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby may hereafter be referred to as the “Bond Documents.”

TO PROTECT THE SECURITY OF THE BOND DOCUMENTS TRUSTOR  
HEREBY COVENANTS AND AGREES AS FOLLOWS:

## ARTICLE I

### COVENANTS AND AGREEMENTS OF TRUSTOR

1.1 Payment of Secured Obligations. Trustor hereby covenants and agrees to pay when due the principal of, premium, if any, and the interest on, the indebtedness evidenced by the Bonds (as set forth therein), all charges, fees and all other sums as provided in the Bond Documents, and the principal of, and interest on, any future advances secured by this Deed of Trust.

1.2 Maintenance, Repair, Alterations. Trustor hereby covenants and agrees to keep the Trust Estate or cause the Trust Estate to be kept in good condition and repair; not to remove, demolish or materially alter (except such alterations as may be required by laws, ordinances or regulations) any buildings or fixtures constituting part of the Improvements in such a manner as to in any way damage the Improvements or in any way reduce the fair rental value of the Improvements to less than the fair rental value of the Improvements immediately prior to such alteration; to complete promptly and in good and workmanlike manner any improvement which may be constructed on the Project and, to the extent provided in the Indenture and in the Master Lease, promptly restore in like manner any Improvements which may be damaged or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Trust Estate or any part thereof or requiring any alterations or improvements; not to commit or permit any waste or deterioration of the Trust Estate, to keep and maintain or cause to be kept and maintained, grounds, sidewalks, roads, parking and landscaped areas in good and neat order and repair; not to commit, suffer or permit any act to be done in or upon the Trust Estate in violation of any law, ordinance or regulation. Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Trustor under this Section, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

1.3 Required Insurance. Trustor hereby covenants and agrees to at all times provide, maintain and keep in force or cause to be kept in force such insurance as is set forth in Article IX of the Master Lease with respect to the Improvements.

1.4 Payment of Premiums. In the event Trustor fails to provide (as may be evidenced by certificate), maintain, keep in force or deliver and furnish to Beneficiary policies of insurance required by Article IX of the Master Lease, Beneficiary, in addition to all other rights it may have hereunder, including, without limitation, those set forth in Article III hereof, may, but shall not be required to, procure such insurance or single interest insurance for such risks covering Beneficiary's interest, and Trustor will pay, or cause to be paid, all premiums thereon promptly upon demand by Beneficiary, and until such payment is made by Trustor therefor the amount of all such premiums which have been paid by Beneficiary shall bear interest at a rate per annum provided in Article IX of the Master Lease. Trustor shall, upon Beneficiary's reasonable request, deposit, or cause to be deposited, with Beneficiary in monthly installments, an amount equal to one-twelfth of the estimated aggregate annual insurance premiums on all policies of insurance



required by this Deed of Trust. Trustor further agrees, upon Beneficiary's request, to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Beneficiary. Upon receipt of such bills, statements or other documents, and provided Trustor has deposited sufficient funds with Beneficiary pursuant to this Section 1.4, Beneficiary shall pay such amounts as may be due thereunder out of the funds so deposited with Beneficiary. If at any time and for any reason the funds deposited with Beneficiary are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary shall notify Trustor and Trustor shall immediately deposit, or cause to be deposited, an amount equal to such deficiency with Beneficiary. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this Section 1.4.

1.5 Insurance Proceeds. After the happening of any casualty to the Trust Estate or any part thereof, Trustor shall give prompt written notice thereof to Beneficiary.

(a) In the event of any damage or destruction of the Project, Trustor shall apply the insurance proceeds in the manner set forth in Article X of the Master Lease.

(b) In the event of such loss or damage, all proceeds of insurance shall be payable pursuant to subparagraph (a) above. Except as otherwise provided in the Master Lease, Trustor may settle, adjust or compromise any claims for loss, damage or destruction under any policy or policies of insurance only with written approval of Beneficiary.

(c) Except to the extent that insurance proceeds are received by Trustor and applied to the indebtedness secured hereby, pursuant to the Indenture and the Master Lease, nothing herein contained shall be deemed to excuse Trustor from repairing or maintaining the Trust Estate as provided in Section 1.2 hereof or restoring all damage or destruction to the Trust Estate, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount, and the application or release by Beneficiary of any insurance proceeds shall not cure or waive any default or notice of default under this Deed of Trust or invalidate any act done pursuant to such notice.

1.6 Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Trust Estate in extinguishment, in whole or in part, of the debt secured hereby, all right, title and interest of Trustor in and to all policies of insurance required by this Deed of Trust shall inure to the benefit of and pass to the successor in interest to Trustor or the purchaser or grantee of the Trust Estate.

1.7 Indemnification; Subrogation; Waiver of Offset.

(a) If Beneficiary is made a party defendant to any litigation, commenced by anyone other than Trustor, concerning this Deed of Trust or the

Trust Estate or any part thereof or interest therein, or the occupancy thereof by Trustor, except in cases of fraud, gross negligence or willful misconduct on the part of Beneficiary, then Trustor shall, to the extent permitted by law, indemnify, defend and hold Beneficiary harmless from and against all liability by reason of said litigation (including any appeals), including reasonable attorneys' fees and expenses incurred by Beneficiary in any such litigation, whether or not any such litigation is prosecuted to judgment. If Beneficiary commences an action against Trustor to enforce any of the terms hereof or because of the breach by Trustor of any of the terms hereof, or for the recovery of any sum secured hereby, Trustor shall pay to Beneficiary reasonable attorneys' fees and expenses actually incurred (including Beneficiary's attorney's fees and costs associated with all appeals), and the right to such attorney's fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Trustor breaches any term of this Deed of Trust, Beneficiary may employ an attorney or attorneys to protect its rights hereunder, and in the event of such employment following any breach by Trustor, Trustor shall pay Beneficiary reasonable attorney's fees and expenses incurred by Beneficiary (including those associated with any appeal), whether or not an action is actually commenced against Trustor by reason of breach.

(b) Trustor waives any and all right to claim or recover against Beneficiary, its officers, employees, agents and representatives, for loss or damage to Trustor, the Trust Estate, Trustor's property or the property of others under Trustor's control from any cause insured against or required to be insured against by the provisions of this Deed of Trust.

(c) All sums payable by Trustor hereunder shall be paid without notice, demand, counterclaim, setoff, recoupment, deduction or defense (except payment) and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof; (ii) any restriction or prevention of or interference with any use of the Trust Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Project or any part thereof by title paramount or otherwise; or (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; whether or not Trustor shall have notice or knowledge of any of the foregoing.

#### 1.8 Taxes and Impositions.

(a) Trustor agrees to pay, prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including without limitation non-governmental levies or assessments such as maintenance charges, association dues or charges or fees,

and levies or charges resulting from covenants, conditions and restrictions affecting the Trust Estate, which are assessed or imposed upon the Trust Estate or become due and payable, and which create or may create a lien upon the Trust Estate, or any part thereof, or upon any equipment or other facility used by Trustor in the operation or maintenance thereof (all of which taxes, assessments and other governmental charges of like nature are hereinafter referred to as "Impositions"); provided, however, that if, by law, any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, Trustor may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest.

(b) If any time after the date hereof there shall be assessed or imposed (i) a tax or assessment on the Trust Estate in lieu of or in addition to the Impositions payable by Trustor pursuant to subparagraph (a) hereof, or (ii) a license fee, tax or assessment imposed on Beneficiary and measured by or based in whole or in part upon the amount of the outstanding obligations secured hereby, then all such taxes, assessments, or fees shall be deemed to be included within the term "Impositions" as defined in subparagraph (a) hereof, and Trustor shall pay and discharge the same as herein provided with respect to the payment of Impositions. Anything to the contrary notwithstanding, Trustor shall have no obligation to pay any franchise, estate, inheritance, income, excess profits or similar tax levied on Beneficiary or on the obligations secured hereby.

(c) Trustor covenants to furnish Beneficiary within thirty (30) days after the date upon which any such Imposition is due and payable by Trustor, official receipts of the appropriate taxing authority or other proof satisfactory to Beneficiary, evidencing the payment thereof.

(d) Trustor covenants and agrees not to suffer, permit or initiate the joint assessment of the real and personal property, or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Trust Estate as a single lien.

(e) If requested by Beneficiary, Trustor shall cause to be furnished to Beneficiary a tax reporting service covering the Trust Estate of the type, duration and with a company satisfactory to Beneficiary.

(f) Trustor has the right to contest Impositions to the extent permitted by Section 9.3 of the Master Lease.

1.9 Utilities. Trustor hereby covenants and agrees to pay when due all utility charges which are incurred by Trustor for the benefit of the Trust Estate or which may become a charge or lien against the Trust Estate for gas, electricity, water or sewer services furnished to the Trust Estate and all other assessments or charges of a similar

nature, whether public or private, affecting the Trust Estate or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

1.10 Actions Affecting Trust Estate. Trustor hereby covenants and agrees to appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees, in any such action or proceeding in which Beneficiary or Trustee may appear.

1.11 Actions by Trustee and/or Beneficiary to Preserve Trust Estate. Should Trustor fail to make any payment or to do any act as and in the manner provided in any of the Bond Documents, Beneficiary and/or Trustee, each in its own discretion, without obligation so to do but without releasing Trustor from any obligations, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. In connection therewith (without limiting their general powers), Beneficiary and/or Trustee shall have and are hereby given the right, but not the obligation (i) to enter upon and take possession of the Trust Estate; (ii) to make additions, alterations, repairs and improvements to the Trust Estate which they or either of them may consider necessary or proper to keep the Trust Estate in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect or appears to affect the security of this Deed of Trust (including condemnation or eminent domain proceedings) or which may result in the creation of any lien (except the lien created by the Indenture) against the Trust Estate; and (iv) in exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. Trustor shall, immediately upon demand therefor by Beneficiary, pay all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing rights, including without limitation, costs of evidence of title, court costs, appraisals, surveys and attorney's fees, together with interest thereon accruing at the rate set forth in the Indenture.

1.12 Survival of Warranties. Subject to the limitations set forth in Section 5.9 herein, Trustor hereby covenants and agrees to fully and faithfully satisfy and perform the obligations of Trustor contained in the Bond Documents and each agreement of Trustor incorporated by reference therein or herein, and any modification or amendment thereof. All representations, warranties and covenants of Trustor contained therein or incorporated by reference shall survive funding of the loan evidenced by the Bonds and shall remain continuing obligations, warranties and representations of Trustor during any time when any portion of the obligations secured by this Deed of Trust remain outstanding.

1.13 Eminent Domain. Should the Trust Estate, or any material part thereof or interest therein, be taken from Trustor or damaged by reason of any public improvement or condemnation proceeding, or in any other manner ("Condemnation"), or should Trustor receive any notice or other information regarding such proceeding, Trustor shall give prompt written notice thereof to Beneficiary and all proceeds payable therefrom shall be utilized in the manner set forth in Article X of the Master Lease.

1.14 Additional Security. In the event Beneficiary at any time holds additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder.

1.15 Appointment of Successor Trustee. Beneficiary may, from time to time, by complying with the provisions of the applicable law of the State of Utah substitute a successor or successors to the Trustee named herein or acting hereunder.

1.16 Successors and Assigns. This Deed of Trust applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall be deemed to include the Registered Owners of the Bonds and any trustee therefor, whether or not named as Beneficiary herein.

1.17 Inspections. Beneficiary, or his agents, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Trust Estate for the purpose of inspecting the Trust Estate and performing any of the acts it is authorized to perform under the terms of any of the Bond Documents.

1.18 Liens. Trustor hereby covenants and agrees to pay and promptly discharge in accordance with the terms thereof or of the indebtedness secured thereby, at Trustor's cost and expense, all liens, encumbrances and charges upon the Trust Estate, or any part thereof or interest therein; provided that the existence of any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right thereto shall not constitute a violation of this Section if payment is not yet due under the contract which is the foundation thereof and if such contract does not postpone payment for more than 60 days after the performance thereof. Trustor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge. In the event of any such contest, the Trustor may permit the lien, encumbrance or charge so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee or Beneficiary shall notify the Trustor that, in the opinion of Independent Counsel, by nonpayment of any such items the security afforded pursuant to the Indenture and the Master Lease or this Deed of Trust will be materially endangered or the Trust Estate or any portion thereof will be subject to loss or forfeiture, in which event such lien, encumbrance or charge shall be paid forthwith. Prior to commencing such contest, Trustor shall first deposit, or cause to be deposited, with Beneficiary, or in court, a bond or other security satisfactory to Beneficiary, at Beneficiary's election, in such amounts as Beneficiary shall reasonably require, but not more than one hundred ten percent (110%) of the amount of the claim, and provided further that Trustor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Trustor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge or purchase the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond or the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law.

1.19 Trustee's Powers. At any time, or from time to time, without liability therefor, and without notice, upon written request of Beneficiary and presentation of this Deed of Trust, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of said Trust Estate, Trustee may, (i) reconvey any part of said Trust Estate; (ii) consent in writing to the making of any map or plat thereof; or (iii) join in granting any easement or creating any restriction affecting this Deed of Trust or any agreement subordinating the lien or charge hereof.

1.20 Beneficiary's Powers. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Trust Estate not then or theretofore released as security for the full amount of all unpaid obligations, Beneficiary may, from time to time and without notice (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligation, (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel, portion or all of the Trust Estate, (v) take or release any other or additional security for any obligation herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto. Trustor hereby consents to the foregoing powers and rights of Beneficiary, and, to the extent permitted by law, waives any right to assert that such actions by the Beneficiary shall constitute a breach by the Beneficiary under this Deed of Trust, under any of the Bond Documents or under applicable law.

## ARTICLE II

### ASSIGNMENT OF RENTS, ISSUES AND PROFITS

2.1 Assignment of Rents. Trustor hereby assigns and transfers to Beneficiary all the rents, issues and profits of the Trust Estate, and hereby gives to and confers upon Beneficiary the right, power and authority to collect such rents, issues and profits. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at the option of Beneficiary at any time and from time to time, to demand, receive and enforce payment, to endorse instruments payable to Trustor, and to give receipts, releases and satisfactions for all such rents, issues and profits and apply the same to the indebtedness secured hereby. The assignment of the rents, issues and profits of the Trust Estate in this Article II is intended to be an absolute assignment from Trustor to Beneficiary and not merely the passing of a security interest.

2.2 Collection Upon Default. Upon any event of default under any of the Bond Documents, and after the passage of any applicable grace period, Beneficiary may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Trust Estate, or any part thereof, and in its own name sue for or otherwise collect such rents, issues and profits of the Trust Estate, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The collection of rents, issues and profits, or the entering upon and taking possession of the Trust Estate, or the application thereof as aforesaid, shall not cure or waive any default, notice of default, or notice of sale hereunder or invalidate any act done in response to such default or pursuant to such notice of default. Failure or discontinuance by Beneficiary at any time or from time to time to collect any such rents, issues or profits shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power and authority to collect the same.

ARTICLE III  
SECURITY AGREEMENT

3.1 Creation of Security Interest. Trustor hereby grants to Beneficiary a security interest in the Personal Property for the purpose of securing all obligations of Trustor contained in any of the Bond Documents or herein. This Deed of Trust shall be deemed the Security Agreement as defined in the Uniform Commercial Code of Utah and the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be (i) as prescribed herein, or (ii) as provided by general law, or (iii) as to such part of the security which is also reflected in any financing statement or statements (the "Financing Statement") as provided by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code of Utah, all at Beneficiary's sole election. The mention in any such Financing Statement of (1) the rights in or the proceeds of any fire and/or hazard insurance, (2) any award in eminent domain proceedings for a taking or for loss of value, or (3) the Trustor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the premises shall never be construed as in any wise altering any of the rights of Beneficiary as determined by this Deed of Trust or impugning the priority of the Beneficiary's lien granted hereby or by any other recorded document, but such mention in the Financing Statement is declared to be for the protection of Beneficiary in the event any court or judge shall at any time with respect to (1), (2) or (3) rule that notice of Beneficiary's priority of interest to be effective against a particular class of persons, divisions or entity of the Federal Government, must be filed in the Uniform Commercial Code records.

3.2 Warranties, Representations and Covenants of Trustor. Trustor hereby warrants, represents and covenants as follows:

Trustor is, and as to portions of the Personal Property to be acquired after the date hereof will be, the sole Owner of the Personal Property, free from any adverse lien, security interest, encumbrance or adverse claims thereon of any kind whatsoever except for the Permitted Encumbrances defined in the Master Lease and except for the security interest granted hereby. Trustor will notify Beneficiary of, and will defend the Personal Property against, all claims and demands of all persons at any time claiming the same or any interest therein.

Trustor will not sell the Personal Property without the prior written consent of Beneficiary unless said personal property is promptly replaced by personal property of like quality and value.

The Personal Property is not used or bought for personal, family or household purposes.

The Personal Property (with the exception of funds held by Beneficiary) will be kept on or at the Project and, except as otherwise provided in the Master Lease, Trustor will not remove the Personal Property from the Project without the prior written consent



of Beneficiary, except such portions or items of Personal Property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Trustor.

Trustor maintains a place of business in the State of Utah and Trustor will immediately notify Beneficiary in writing of any change in its place of business as set forth in the beginning of this Deed of Trust.

At the request of Beneficiary, Trustor will join Beneficiary in executing one or more financing statements, continuation statements and renewals and amendments thereof pursuant to the Uniform Commercial Code of Utah in form satisfactory to Beneficiary, and will pay the cost of filing the same in all public offices wherever filing is deemed by Beneficiary to be necessary or desirable.

All covenants and obligations of Trustor contained herein relating to the Trust Estate shall be deemed to apply to the Personal Property whether or not expressly referred to herein.

## ARTICLE IV

### REMEDIES UPON DEFAULT

4.1 Events of Default. Any of the following events shall be deemed an event of default hereunder.

(a) Default shall be made in the payment of any installment of principal or interest or any other sum secured hereby; or

(b) There shall occur an Event of Default set forth in Section 9.1 of the Indenture, or 14.1 of the Master Lease or any other default under any of the Bond Documents, including but not limited to any breach in the due observance or performance of any covenant, condition or agreement contained therein.

4.2 Acceleration Upon Default, Additional Remedies. Time is of the essence hereof. In the event of any event of default hereunder, Beneficiary may declare all indebtedness secured hereby to be due and payable by written notice to the Trustor as outlined in Section 9.2 of the General Indenture and the same shall thereupon become due and payable without presentment, demand, protest or notice of any kind. Thereafter Beneficiary may exercise any or all of the following remedies, or any other remedies which Beneficiary is entitled to under any of the Bond Documents or applicable law:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Trust Estate, or any part thereof, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Trust Estate, or a part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Trust Estate, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorney's fees, upon any indebtedness secured hereby, all in such order as Beneficiary may determine. The entering upon and taking possession of the Trust Estate, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Trust Estate or the collection, receipt and application of rents, issues or profits, Trustee and/or Beneficiary shall be entitled to exercise every right provided for in any of the Bond Documents or by law upon occurrence of any event of default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof; and/or

(c) Cause Trustor's interest in the Trust Estate to be sold by the Trustee under the power of sale set forth herein.

4.3 Foreclosure by Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and such receipts and evidence of expenditures made and secured hereby as Trustee may require; provided, however, that the Trustee shall also notify the City of the Event of Default and of the City's right, within 90 days following its receipt of such notice, to exercise its option and purchase the Project as more fully outlined in Section 9.2 of the General Indenture and Article XII of the Master Lease. If the City fails to exercise such option and purchase the Project on or prior to the expiration of such 90 day period, the Trustee shall proceed as follows:

(a) Trustee shall exercise on behalf of Beneficiary the power of sale granted herein by complying with all requirements of applicable law. Trustee shall execute and deliver to the purchaser or purchasers of the Trust Estate its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers from claims arising by, through or under Trustor.

(b) After deducting all costs, fees and expenses of Trustee and of this trust, including, but not limited to, attorney fees and costs, and costs of evidence of title in connection with the sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest per annum as set forth in the Indenture; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the county clerk of the county in which the sale took place.

(c) The person conducting the sale may, for any cause such person deems expedient, postpone the sale in accordance with Utah law and, in every case, notice of such postponement shall be given by public declaration by such person at the time and place last appointed for the sale.

4.4 Foreclosure as Mortgage. Should Beneficiary elect to foreclose this Deed of Trust in the manner provided by law for the foreclosure of mortgages on real property, Beneficiary shall be entitled to recover in such proceeding all costs and expenses incident thereto, including a reasonable attorney's fee in such amount as shall be fixed by the court, including all appeals. To the extent permitted by law, Beneficiary shall be entitled to possession of the Project during any redemption period allowed under the laws of the State of Utah.

4.5 Appointment of Receiver. If any event of default described in Section 4.1 of this Deed of Trust shall have occurred and be continuing, Beneficiary, as a matter of

right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Trust Estate or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all powers and duties of Beneficiary in case of entry as provided in Section 4.2(a) and shall continue as such and exercise all such powers until the date of confirmation of sale of the Trust Estate unless such receivership is sooner terminated. Beneficiary's rights under this Section shall be in addition to, and not a limitation of, Beneficiary's rights under Section 2.2 and 4.2(a) of this Deed of Trust.

4.6 Remedies Not Exclusive. Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Deed of Trust, under any Loan Instrument or other agreement, and under any laws now or hereafter in force, notwithstanding that some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Bond Documents to Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies.

4.7 Request for Notice. Trustor hereby requests a copy of any Notice of Default or Notice of Sale hereunder be mailed to it at the address set forth in the first paragraph of this Deed of Trust.

## ARTICLE V

### MISCELLANEOUS

5.1 Governing Law; Severability of Provisions of Bond Documents; Waivers, etc. This Deed of Trust shall be governed by the laws of the State of Utah. In the event that any provision of any of the Bond Documents conflicts with applicable laws, such conflicts shall not affect other provisions of such Bond Document which can be given effect without the conflicting provision, and to this end the provisions of the Bond Document are declared to be severable. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the parties against whom enforcement of any waiver, change, discharge or termination is sought.

5.2 Limitation of Interest. It is the intent of Trustor and Beneficiary in the execution of this Deed of Trust and the Bonds and all other instruments securing the Bonds to contract in strict compliance with the laws of the State of Utah governing the loan evidenced by the Bonds. In furtherance thereof, Trustor stipulates and agrees that none of the terms and provisions contained in the Bond Documents shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Utah governing the loan evidenced by the Bonds. Trustor or any guarantor, endorser or other party now or hereafter becoming liable for the payment of the Bonds shall never be liable for unearned interest on the Bonds and shall never be required to pay interest on the Bonds at a rate in excess of the maximum interest that may be lawfully charged under the laws of the State of Utah and the provisions of this Section shall control over all other provisions of the Bonds and any other instrument executed in connection herewith which may be in apparent conflict herewith. In the event any holder of the Bonds shall collect monies which are deemed to constitute interest which would otherwise increase the effective interest rate on the Bonds to a rate in excess of that permitted to be charged by the laws of the State of Utah, all such sums deemed to constitute interest in excess of the legal rate shall be immediately returned to the Trustor upon such determination.

5.3 Statements by Trustor. Trustor, within ten (10) days after receiving a request from the Beneficiary, will furnish to Beneficiary a written statement stating the unpaid principal and any interest on the Bonds and any other amounts secured by this Deed of Trust and stating whether any offset or defense exists against such principal and interest.

5.4 Reconveyance by Trustee. Portions of the Property may be released by the Trustee upon compliance with the provisions of Section 11.6 of the Master Lease as defined in the Indenture. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment by Trustor of Trustee's fees, Trustee shall reconvey to the person or persons legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters

or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as “the person or persons legally entitled thereto.”

5.5 Notices. Whenever Beneficiary, Trustor or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or four (4) days after being mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the address set forth at the beginning of this Deed of Trust. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change.

5.6 Acceptance by Trustee. Trustee shall be deemed to have accepted this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

5.7 Captions. The captions or headings at the beginning of each Section hereof are for convenience of the parties and are not a part of this Deed of Trust.

5.8 No Merger. If both the Trustor’s and Beneficiary’s estates in any portion of the Trust Estate shall at any time become vested in one owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger, and in such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, upon the foreclosure of the lien created by this Deed of Trust on the Trust Estate pursuant to the provisions hereof, any leases or subleases then existing and created by Trustor shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice thereof to such tenant or subtenant.

5.9 Limited Right of Bondholders Against the Trustor. Notwithstanding anything else contained herein to the contrary, the rights of the Trustee, Beneficiary and the Bondholders to exercise remedies against the Trustor in accordance with this Deed of Trust are subject to the terms and provisions of the Indenture and the Master Lease, in particular but not limited to Article XIV of the Master Lease and Article IX of the General Indenture. Additionally, no deficiency judgment upon foreclosure may be entered against Trustor, West Valley City, Utah, the State of Utah or any of its political subdivisions.

5.10 No Waiver. Failure on the part of beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default or acceptance of payment of any sum secured hereby after its due date shall not constitute a waiver of any other subsequent default.

5.11 Severability. The terms and provisions of this Deed of Trust are intended to be performed in accordance with, and only to the extent permitted by, applicable law. If any provision hereof, or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this instrument nor the application of such provision to other persons or circumstances shall be affected thereby, but rather, the same shall be enforced to the greatest extent permitted by law.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH

(SEAL)

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Chair/President

ATTEST AND COUNTERSIGN:

By \_\_\_\_\_  
Secretary-Treasurer



STATE OF UTAH                    )  
   : ss.  
COUNTY OF SALT LAKE    )

On \_\_\_\_\_, 2017 the foregoing instrument was acknowledged before  
me by \_\_\_\_\_ and \_\_\_\_\_, the Chair/President and Secretary-  
Treasurer, respectively, of the Municipal Building Authority of West Valley City, Utah.

\_\_\_\_\_  
Notary Public

(SEAL)

EXHIBIT A

PROPERTY

The real property located in Salt Lake County, Utah, described as follows:

SECOND SUPPLEMENTAL INDENTURE OF TRUST

Dated as of April 1, 2017

between

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH

and

ZB, NATIONAL ASSOCIATION, as Trustee

Supplementing the General Indenture of Trust  
Dated as of June 1, 2016

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## SECOND SUPPLEMENTAL INDENTURE OF TRUST

This SECOND SUPPLEMENTAL INDENTURE OF TRUST, dated as of April 1, 2017 (the “Second Supplemental Indenture”), by and between the MUNICIPAL BUILDING AUTHORITY OF WEST VALLEY CITY, UTAH, a nonprofit corporation duly organized and existing under the laws of the State of Utah (the “Authority”), and ZB, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, authorized by law to accept and execute trusts and having its principal office in Salt Lake City, Utah (the “Trustee”),

### W I T N E S S E T H:

WHEREAS, the Authority has previously entered into a General Indenture of Trust, dated as of July 1, 2016 (the “General Indenture”) with the Trustee; and

WHEREAS, West Valley City, Utah (the “City”) has previously authorized and directed the creation of the Authority; and

WHEREAS, the Authority has been duly and regularly created, established and is organized and existing as a nonprofit corporation under and by virtue of the provisions of the constitution and laws of the State of Utah, including, in particular, the provisions of the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended (the “Local Building Authority Act”), and the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the “Local Government Bonding Act” and together with the Local Building Authority Act and the Local Government Bonding Act, the “Act”); and

WHEREAS, under the Articles of Incorporation of the Authority (the “Articles”) and the Act, the objects and purposes for which the Authority has been founded and incorporated are to acquire, improve or extend one or more projects and to finance their costs on behalf of the City in accordance with the procedures and subject to the limitations of the Act in order to accomplish the public purposes for which the City exists; and

WHEREAS, the Authority is possessed under the Articles with all powers set forth in the Act and the Constitution and other laws of the State of Utah, including, without limitation, the power to acquire, own, hold, lease and improve real and personal property, and to enter into agreements providing for a lease, mortgage or other conveyance of real and personal property and to issue its notes, bonds or other obligations; and

WHEREAS, the Authority desires to (a) finance the acquisition, construction, and equipping of a new public safety building, a new courts building, parking facilities, improvements to the City’s Family Fitness Center and related improvements (collectively, the “2017 Project”); (b) fund capitalized interest with respect to the hereinafter defined Series 2017 Bonds; (c) fund any required deposit to a debt service reserve fund and (d) pay costs associated with the issuance of the Series 2017 Bonds; and

WHEREAS, in order to (a) finance the costs associated with the 2017 Project, (b) fund capitalized interest with respect to the Series 2017 Bonds, (c) fund any required deposit to a debt service reserve fund, and (d) pay costs associated with the issuance of the Series 2017 Bonds (hereinafter defined), the Authority has determined to issue its Lease Revenue Bonds, Series 2017, in the aggregate principal amount of \$ \_\_\_\_\_ (the "Series 2017 Bonds"); and

WHEREAS, \_\_\_\_\_. (the "Underwriter") has offered to purchase the Series 2017 Bonds in accordance with the terms and conditions of a Bond Purchase Agreement dated \_\_\_\_\_ 2017 (the "Bond Purchase Agreement"), by and among the Authority, the City, and the Underwriter; and

WHEREAS, the Authority desires to sell the Series 2017 Bonds to the Underwriter in accordance with the terms and condition of the Bond Purchase Agreement; and

WHEREAS, the City is the owner of [fee simple title/leasehold interest] to the site[s] upon which the 2017 Project is located (the "Project Site") and has agreed to lease such Project Site to the Authority pursuant to a Ground Lease Agreement dated as of April 1, 2017 (the "Ground Lease"); and

WHEREAS, the Series 2017 Bonds will be authorized, issued and secured under the General Indenture as supplemented by this Second Supplemental Indenture (collectively with the General Indenture, and any amendments thereto or hereto, the "Indenture"); and

WHEREAS, pursuant to a Master Lease Agreement dated as of July 1, 2016 (the "Original Master Lease"), between the Authority and the City, as amended by a First Amendment to Master Lease dated as of April 1, 2017, (the "First Amendment to Master Lease" and together with the Original Master Lease, the "Master Lease"), the City, as lessee, has agreed to lease the 2017 Project from the Authority, as lessor; and

WHEREAS, to further secure its payment obligations under the Indenture, the Authority proposes to grant a lien on and security interest in the 2017 Project pursuant to (i) a [Leasehold] Deed of Trust, Assignment of Rents and Security Agreement (as hereinafter defined); and (ii) an Assignment of Ground Lease (as hereinafter defined); and

WHEREAS, under the provisions of a resolution adopted by the City Council of the City on February 28, 2017, the City has authorized and approved the execution of the First Amendment to Master Lease and has authorized and approved certain actions to be taken by the Authority in connection with the issuance of the Series 2017 Bonds, including the execution, delivery and performance of the General Indenture and this Second Supplemental Indenture; and

WHEREAS, under the provisions of a resolution adopted on February 28, 2017, the Governing Board of the Authority (the "Governing Board") has authorized, approved and directed the execution of the First Amendment to Master Lease and this Second

Supplemental Indenture and has authorized and approved certain actions to be taken by the Authority in connection with the issuance of the Series 2017 Bonds hereunder; and

WHEREAS, the execution and delivery of the Series 2017 Bonds and of this Second Supplemental Indenture have in all respects been duly authorized and all things necessary to make the Series 2017 Bonds, when executed by the Authority and authenticated by the Trustee, the valid and binding legal obligations of the Authority and to make the General Indenture, as amended and supplemented by this Second Supplemental Indenture, a valid assignment and pledge of the amounts pledged to the payment of the principal of and premium, if any, and interest on the Series 2017 Bonds and a valid assignment of the rights of the Authority with respect to the 2017 Project under the Master Lease (except the rights of the Authority under Sections 6.3(d), 6.3(j), 13.3 and 14.5 of the Master Lease) have been done and performed.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants herein contained, the parties hereto agree as follows:



## ARTICLE I

### SUPPLEMENTAL INDENTURE; DEFINITIONS

Section 1.1. Supplemental Indenture. This Second Supplemental Indenture is supplemental to, and is adopted in accordance with and pursuant to Articles II and XI of the General Indenture.

Section 1.2. Uniform Definitions. Unless the context clearly requires otherwise and except as otherwise defined in Section 1.3 hereof, all terms used herein shall have the meanings set forth in Article I of the General Indenture and Article I of this Second Supplemental Indenture, and Article I of the Master Lease.

Section 1.3. Amended Definitions. The following definitions contained in Article I of the General Indenture are hereby amended to read as follows:

“Interest Payment Date” means with respect to the Series 2017 Bonds, each \_\_\_\_\_ and \_\_\_\_\_, commencing \_\_\_\_\_, 201\_\_.

Section 1.4. Additional Definitions. Defined terms used in the preambles to this Second Supplemental Indenture shall have the meanings given to such terms therein. In addition, for purposes of the General Indenture, this Second Supplemental Indenture and the Master Lease, the following terms shall, unless the context clearly requires otherwise, have the meanings as follows:

“Assignment of Ground Lease Agreement” means the agreement dated as of April 1, 2017, by and between the Authority and the Trustee.

“Cede” means Cede & Co. and any substitute nominee of DTC who becomes the registered Bondholder.

[“Deed of Trust, Assignment of Rents and Security Agreement” means the agreement by that name dated as of April 1, 2017 by and between the Authority and the Trustee.]

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York.

“First Amendment to Master Lease” means the First Amendment to Master Lease Agreement dated as of April 1, 2017.

[“Insurer” means \_\_\_\_\_.]

[“Insurance Policy” means the municipal bond insurance policy issued by the Insurer guaranteeing the payment of principal and interest on the Series 2017 Bonds when due. For purposes of the Indenture, the Insurance Policy shall constitute a Security Instrument under the Indenture.]

“[Leasehold] Deed of Trust, Assignment of Rents and Security Agreement” means the agreement by that name dated as of April 1, 2017 by and between the Authority and the Trustee.

“Original Issue Date” means with respect to the Series 2017 Bonds, the date the Series 2017 Bonds are initially issued, i.e., \_\_\_\_\_, 2017.

“Register” means the record of ownership of the Series 2017 Bonds maintained by the Bond Registrar.

“Security Documents” means the [Leasehold] Deed of Trust, Assignment of Rents, Security Agreement and the Assignment of Ground Lease.

“Series 2017 Bonds” means the Lease Revenue Bonds, Series 2017, herein authorized.

“Series 2017 Capitalized Interest Account” means the account established within the Capitalized Interest Account under the General Indenture held in trust by the Trustee.

“Series 2017 Construction Account” means the account established within the Construction Fund under the General Indenture held in trust by the Trustee.

“Series 2017 Cost of Issuance Account” means the account established in Section 3.1 herein.

“Series 2017 Debt Service Reserve Account” means the separate account within the Debt Service Reserve Fund created in Section 3.2 hereof.

“Series 2017 Debt Service Reserve Requirement” means, with respect to the Series 2017 Bonds, an amount equal to \$\_\_\_\_\_. The Debt Service Reserve Requirement for the Series 2017 Bonds shall initially be funded with the Series 2017 Reserve Instrument.

“[Series 2017 Reserve Instrument” means the municipal bond debt service reserve insurance policy issued by the Series 2017 Reserve Instrument Provider guaranteeing certain payments into the Series 2017 Debt Service Reserve Account with respect to the Series 2017 Bonds as provided herein. The Series 2017 Reserve Instrument constitutes a Reserve Instrument as defined in the Indenture.]

“[Series 2017 Reserve Instrument Provider” means \_\_\_\_\_, a New York stock insurance company, or any successor thereto or assignee thereof. The Series 2017 Reserve Instrument Provider constitutes a Reserve Instrument Provider under the Indenture.]

“2017 Project” means collectively the acquisition, construction, equipping and furnishing of a new public safety building, a new courts building, parking facilities, improvements to the City Family Fitness Center and related improvements.

“Underwriter” means \_\_\_\_\_.

## ARTICLE II

### ISSUANCE OF THE SERIES 2017 BONDS

Section 2.1. Principal Amount, Designation and Series. The Series 2017 Bonds are hereby authorized for issuance under the Indenture for the purpose of providing funds to (i) finance the costs associated with the 2017 Project, (ii) fund the Capitalized Interest Account, (iii) fund the deposit of any required reserve, and (iv) pay the costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds shall be limited to \$\_\_\_\_\_ in aggregate principal amount, shall be issued in fully registered form, in Five Thousand Dollar (\$5,000) denominations each or any integral multiple thereof, and shall be in substantially the form and contain substantially the terms contained in Exhibit A attached hereto and made a part hereof, and shall bear interest at the rates and be payable as to principal or redemption price as specified herein. The Series 2017 Bonds shall be designated as, and shall be distinguished from the Bonds of all other series by the title, "Municipal Building Authority of West Valley City, Utah Lease Revenue Bonds, Series 2017."

Section 2.2. Date, Maturity and Interest Rates. The Series 2017 Bonds shall be dated as of the Original Issue Date, and shall mature on \_\_\_\_\_ in the years and in the amounts and shall bear interest from the Interest Payment Date next preceding their date of authentication thereof unless authenticated as of an Interest Payment Date, in which event such Bonds shall bear interest from such date, or unless such Bonds are authenticated prior to the first Interest Payment Date, in which event such Bonds shall bear interest from their Original Issue Date or unless, as shown by the records of the Trustee, interest on the Series 2017 Bonds shall be in default, in which event such Bonds shall bear interest from the date to which interest has been paid in full, or unless no interest shall have been paid on such Bonds, in which event such Bonds shall bear interest from their Original Issue Date, payable on each Interest Payment Date, at the rates per annum as set forth below:

Maturity Date  
(\_\_\_\_\_)

Principal  
Amount

Interest  
Rate

Interest shall be calculated on the basis of a year of 360 days comprised of twelve 30-day months.

The interest on the Series 2017 Bonds so payable, and punctually paid and duly provided for, on any Interest Payment Date will be paid to the Registered Owner thereof at the close of business on the Regular Record Date for such interest. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Registered Owner of any Series 2017 Bonds on such Regular Record Date, and may be paid to the Registered Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof to be given to such Registered Owner not less than ten (10) days prior to such Special Record Date. The principal of and premium, if any, on the Series 2017 Bonds are payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee. Interest shall be paid by check or draft mailed on each Interest Payment Date to the Holder of each of the Series 2017 Bonds as the name and address of such Holder appears on the Record Date in the Register.

Section 2.3. Redemption.

(a) Optional Redemption. The Series 2017 Bonds maturing on or prior to \_\_\_\_\_, 20\_\_, are not subject to optional redemption. The Series 2017 Bonds (including related mandatory sinking fund payments) maturing on or after \_\_\_\_\_, 20\_\_, are subject to redemption at the option of the Authority in whole or in part at any time on or after \_\_\_\_\_, 20\_\_, in such order of maturity as shall be directed by the Authority at a redemption price of 100% of the principal amount of the Series 2017 Bonds to be redeemed, plus accrued interest to the date of redemption.

(b) [Mandatory Sinking Fund Redemption.

(i) The Series 2017 Bonds maturing on \_\_\_\_\_, 20\_\_ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date on the dates and in the principal amounts as follows:

Mandatory Sinking Fund Date  
(\_\_\_\_\_)

Principal  
Amount

---

\*Final Maturity Date

To the extent that a mandatory sinking fund redemption results in the reduction in aggregate principal amount of the Series 2017 Bonds Outstanding, a Registered Owner shall not be required to submit its Series 2017 Bond certificate to the Trustee for payment and shall instead make an appropriate notation on such Bond certificate indicating the date and amounts of such redemption in principal, except in the case of final maturity, in which case the certificate must be presented to the Trustee prior to payment. The Trustee's records shall govern in the case of discrepancy with the noted schedule on the Series 2017 Bonds, absent manifest error.

Upon redemption of any Series 2017 Bonds, other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts for the related Series 2017 Bonds, in such order as shall be directed by the Authority.]

(c) Extraordinary Redemption. The Series 2017 Bonds shall be callable for redemption prior to maturity in whole on any date, if (i) the 2017 Project or a material portion thereof is damaged or destroyed or taken in a condemnation proceeding, or a material defect in the construction of the 2017 Project shall become apparent, or title to or the use of all or any material portion of the 2017 Project shall be lost by reason of a defect in title thereto, (ii) the Net Proceeds of any insurance policy, performance bond or condemnation award made available by reason of one or more such occurrences shall be insufficient to pay in full the cost of repairing or replacing such portion of the 2017 Project, and (iii) the City elects to discharge its obligation to repair and replace such portion of the 2017 Project by depositing such Net Proceeds into the Bond Fund. Upon the deposit of such Net Proceeds in the Bond Fund, the payment obligations of the City with respect to the 2017 Project under the Master Lease shall terminate and the City shall have no further obligation for the payment of Base Rentals and Additional Rentals thereunder with respect to the 2017 Project, and possession of the 2017 Project, as well as all right, title and interest of the City and the Authority in any funds or accounts created under the Indenture with respect to the 2017 Project shall be surrendered to the Trustee, as trustee for the Bondholders. Thereafter, the Indenture and the Security Documents applicable to the 2017 Project may, subject to the limitations of Article IX of the General Indenture, be foreclosed and the Authority's interest in the 2017 Project liquidated and the proceeds of such liquidation and the Net Proceeds of any insurance policy, performance bond or condemnation award so deposited in the Bond Fund, as well as all other moneys on deposit in any fund created under the Indenture with respect to the 2017 Project (except moneys held in the Rebate Fund or for the payment of Bonds not then deemed outstanding), shall be applied to the redemption of the Series 2017 Bonds at the earliest date practicable, as specified in a written notice from the Authority to the Trustee. Any such redemption of the Series 2017 Bonds shall be made upon payment of all or a prorated portion of the principal amount thereof plus accrued interest thereon to the redemption date. IN THE EVENT THE SERIES 2017 BONDS ARE TO BE REDEEMED BY PAYMENT OF AN AMOUNT LESS THAN THE OUTSTANDING

PRINCIPAL AMOUNT THEREOF, AND ACCRUED INTEREST TO THE REDEMPTION DATE, NO FURTHER CLAIM FOR PAYMENT MAY BE HAD BY THE BONDHOLDERS AGAINST THE AUTHORITY, THE CITY, OR THE TRUSTEE WITH RESPECT TO SAID SERIES 2017 BONDS. In the event there are moneys remaining in the Bond Fund after payment in full of Series 2017 Bonds issued under the Indenture, the Trustee is authorized and directed to transfer said moneys to the City.

Section 2.4. Execution of Bonds. The Chair/President is hereby authorized to execute by facsimile or manual signature the Series 2017 Bonds and the Secretary-Treasurer to countersign by facsimile or manual signature the Series 2017 Bonds and to have imprinted, engraved, lithographed, stamped or otherwise placed on the Series 2017 Bonds a facsimile of the official seal of the Authority, and the Trustee shall manually authenticate the Series 2017 Bonds.

Section 2.5. Delivery of Bonds. It is hereby determined that the Series 2017 Bonds shall be authenticated and delivered to the Underwriter on such date upon which the Chair/President and the Underwriter shall mutually agree, upon payment of the purchase price thereof.

Section 2.6. Limited Obligation. The Series 2017 Bonds, together with interest thereon, shall be special, limited obligations of the Authority as described in the General Indenture.

Section 2.7. Record of Payment. In the event of a redemption, acceleration, or any other similar transaction necessitating a reduction in aggregate principal amount of any of the Series 2017 Bonds outstanding, a Bondholder shall make an appropriate notation on the Series 2017 Bonds certificate indicating the date and amounts of such reduction in principal, except in the case of final maturity in which case the certificate must be presented to the Paying Agent prior to payment. In the case of a discrepancy between the record of payments on the Series 2017 Bonds and the Bond Registrar's records, the Bond Registrar's records shall govern.

Section 2.8. Book-Entry Only System.

(a) Except as provided in paragraphs (b) and (c) of this Section 2.8, the registered holder of all Series 2017 Bonds shall be, and the Series 2017 Bonds shall be registered in the name of, Cede and Co. ("Cede"), as nominee of The Depository Trust Company, New York, New York (together with any substitute securities depository appointed pursuant to paragraph (c)(iii) of this Section 2.8, ("DTC"). Payment of interest for any Series 2017 Bond, as applicable, shall be made in accordance with the provisions of this Indenture to the account of Cede on the Interest Payment Date for the Series 2017 Bonds at the address indicated for Cede in the registry books of the Trustee.

(b) The Series 2017 Bonds shall be initially issued in the form of a separate registered Bond in the amount of each separate stated maturity of the

Series 2017 Bonds. Upon initial issuance, the ownership of each such Series 2017 Bond shall be registered in the registry books of the Authority kept by the Trustee, in the name of Cede, as nominee of DTC. With respect to Series 2017 Bonds so registered in the name of Cede, the Authority, the Trustee and any Paying Agent shall have no responsibility or obligation to any DTC participant or to any beneficial owner of any of such Series 2017 Bonds. Without limiting the immediately preceding sentence, the Authority, the Trustee and any Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant with respect to any beneficial ownership interest in the Series 2017 Bonds; (ii) the delivery of any DTC participant, beneficial owner or other person, other than DTC, of any notice with respect to the Series 2017 Bonds, including any notice of redemption; or (iii) the payment to any DTC participant, beneficial owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or interest on, any of the Series 2017 Bonds. The Authority, the Trustee and any Paying Agent may treat DTC as, and deem DTC to be, the absolute owner of each Series 2017 Bond for all purposes whatsoever, including (but not limited to) (1) payment of the principal or redemption price of, and interest on, each such Series 2017 Bond, (2) giving notices of redemption and other matters with respect to such Series 2017 Bonds and (3) registering transfers with respect to such Series 2017 Bonds. The Paying Agent shall pay the principal or redemption price of, and interest on, all Series 2017 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy fully and discharge the Authority's obligations with respect to such principal, or redemption price, and interest, to the extent of the sum or sums so paid. Except as provided in paragraph (c) of this Section 2.8, no person other than DTC shall receive a Series 2017 Bond evidencing the obligation of the Authority to make payments of principal or redemption price of, and interest on, any such Series 2017 Bond pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of this Indenture, the word "Cede" in this Indenture shall refer to such new nominee of DTC.

Except as provided in paragraph (c)(iii) of this Section 2.8, and notwithstanding any other provisions of this Indenture, the Series 2017 Bonds may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

(c) (i) DTC may determine to discontinue providing its services with respect to the Series 2017 Bonds at any time by giving written notice to the Authority, the Trustee and the Paying Agent, which notice shall certify that DTC has discharged its responsibilities with respect to the Series 2017 Bonds under applicable law.

(ii) The Authority, in its sole discretion and without the consent of any other person, may, be notice to the Trustee, terminate the services



of DTC with respect to the Series 2017 Bonds if the Authority determines that the continuation of the system of book-entry-only transfers through DTC is not in the best interests of the beneficial owners of the Series 2017 Bonds or the Authority; and the Authority shall, by notice to the Trustee, terminate the services of DTC with respect to the Series 2017 Bonds upon receipt by the Authority, the Trustee, and the Paying Agent of written notice from DTC to the effect that DTC has received written notice from DTC participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then outstanding Series 2017 Bonds to the effect that: (1) DTC is unable to discharge its responsibilities with respect to the Series 2017 Bonds; or (2) a continuation of the requirement that all of the outstanding Series 2017 Bonds be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interests of the beneficial owners of the Series 2017 Bonds.

(iii) Upon the termination of the services of DTC with respect to the Series 2017 Bonds pursuant to subsection (c)(ii)(2) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Series 2017 Bonds pursuant to subsection (c)(i) or subsection (c)(ii)(1) hereof the Authority may within 90 days thereafter appoint a substitute securities depository which, in the opinion of the Authority, is willing and able to undertake the functions of DTC hereunder upon reasonable and customary terms. If no such successor can be found within such period, the Series 2017 Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC. In such event, the Authority shall execute and the Trustee shall authenticate Bond certificates as requested by DTC of like principal amount, maturity and series, in authorized denominations to the identifiable beneficial owners in replacement of such beneficial owners' beneficial interest in the Series 2017 Bonds.

(iv) Notwithstanding any other provision of this Indenture to the contrary, so long as any Series 2017 Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal or redemption price of, and interest on, such Series 2017 Bond and all notices with respect to such Series 2017 Bond shall be made and given, respectively, to DTC as provided in the hereinafter defined Representation Letter of the Authority addressed to DTC and in DTC's operational arrangements.

(v) In connection with any notice or other communication to be provided to Owners of Series 2017 Bonds registered in the name of Cede pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by such Owners, the Authority shall establish a record date for such consent or other action by such

Owners and give DTC notice of such record date not less than fifteen (15) days in advance of such record date to the extent possible.

(vi) A blanket Representation Letter (the “Representation Letter”) has been executed and delivered by the Authority. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section 2.8 hereof or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Series 2017 Bonds other than the registered owners of the Series 2017 Bonds, as shown on the registration books kept by the Trustee. The Trustee shall take all action necessary for all representations of the Authority and the Trustee in the Representation Letter or any other comparable agreement with a securities depository with respect to the Trustee and in DTC’s operational arrangements to at all times be complied with.

Section 2.9. Series 2017 Bonds as Additional Bonds. The Series 2017 Bonds are issued as the Additional Bonds under the Indenture. The Authority hereby certifies that the requirements set forth herein and in Section 2.14 of the General Indenture have been and will be complied with in connection with the issuance of the Series 2017 Bonds.

## ARTICLE III

### FUNDS AND ACCOUNTS

Section 3.1. Creation of Series 2017 Accounts. There is hereby established with the Trustee a Series 2017 Account Cost of Issuance Account, a Series 2017 Construction Account within the Construction Fund, a Series 2017 Capitalized Interest Account within the Construction Fund, and the Series 2017 Debt Service Reserve Account within the Debt Service Reserve Fund.

Section 3.2. Disbursement of Series 2017 Bond Proceeds. The Authority shall deposit with the Trustee the proceeds from the sale of the Series 2017 Bonds in the amount of \$\_\_\_\_\_, (being the par amount of the Series 2017 Bonds, [plus/less] a net reoffering [premium/discount] of \$\_\_\_\_\_, and less an Underwriter's discount of \$\_\_\_\_\_), and [less a bond insurance premium of \$\_\_\_\_\_, a debt service reserve insurance premium of \$\_\_\_\_\_, all to be paid by the Underwriter on behalf of the Authority) (for a net amount of \$\_\_\_\_\_) and the Trustee shall transfer and deposit such amounts as follows:

(a) In the Series 2017 Construction Account, the amount of \$\_\_\_\_\_ from proceeds of the Series 2017 Bonds to acquire 2017 Project;

(b) [\$\_\_\_\_\_ into the Series 2017 Debt service Reserve Account to satisfy the Debt Service Reserve Requirement with respect to the Series 2017 Bonds; ]

(c) \$\_\_\_\_\_ into the Series 2017 Capitalized Interest Account; and

(d) The remaining amount into the Series 2017 Cost of Issuance Account held by the Trustee to be used to pay costs of issuance of the Series 2017 Bonds.

Section 3.3. Costs of Issuance Account; Payment of Costs of Issuing Series 2017 Bonds. An amount equal to \$\_\_\_\_\_ of the proceeds of the Series 2017 Bonds shall be deposited to a Series 2017 Cost of Issuance Account. At or about the time of the issuance of the Series 2017 Bonds the Trustee shall apply the amounts on deposit in the Series 2017 Cost of Issuance Account to pay costs of issuing the Series 2017 Bonds, as instructed in the costs of issuance disbursement in substantially the form of Exhibit C attached hereto to be signed by the Chair/President of the Authority or other authorized officer of the Authority or City. Any amounts remaining in the Series 2017 Cost of Issuance Account 90 days after the delivery of the Series 2017 Bonds shall be transferred to the Series 2017 Construction Account and applied to the uses therein authorized.

Section 3.4. Deposit to and Use of Series 2017 Construction Account. The amounts on deposit in the Series 2017 Construction Account shall be disbursed by the Trustee for the purpose for which the Series 2017 Bonds were issued (including any capitalized interest thereon) in accordance with the provisions of the Master Lease and the Indenture. Upon completion of the 2017 Project, as evidenced by delivery of a

completion certificate, amounts remaining on deposit in the Series 2017 Construction Account shall be applied to the redemption of Series 2017 Bonds as soon as practicable.

Other than any amounts for capitalized interest on the Series 2017 Bonds which shall be disbursed without further direction as the same becomes due and payable, no amounts shall be disbursed from the Series 2017 Construction Account for payment of contractors with respect to the related facility comprising the 2017 Project until reasonable evidence of the related Construction Contract (meeting the requirements of the Master Lease), related payment and performance bonds, and other insurance requirements under the Master Lease have been delivered to the Trustee.

Section 3.5. Series 2017 Debt Service Reserve Account. [The Debt Service Reserve Requirement shall be fully funded by the [Series 2017 Reserve Instrument/ a deposit of proceeds of the Series 2017 Bonds]. Thereafter, the Authority shall replenish the Debt Service Reserve Fund as provided in the General Indenture.]

Section 3.6. Series 2017 Capitalized Interest Account. Amounts on deposit in the Series 2017 Capitalized Interest Account shall be used to pay interest on the Series 2017 Bonds through \_\_\_\_\_, 20\_\_\_. Thereafter, any amounts remaining in the Series 2017 Capitalized Interest Account shall be transferred to the Debt Service Fund to pay debt service on the Series 2017 Bonds unless the Authority delivers a certificate to the Trustee directing the Trustee to apply any denominated amounts toward the 2017 Project.

#### ARTICLE IV

ADD PROVISIONS RELATING TO INSURANCE POLICY, THE SERIES 2017  
RESERVE INSTRUMENT AND THE INSURER, IF USED]

## ARTICLE V

### CONFIRMATION OF GENERAL INDENTURE

Section 5.1. Confirmation of General Indenture. As supplemented by this Second Supplemental Indenture, and except as provided herein, the General Indenture is in all respects ratified and confirmed, and the General Indenture and this Second Supplemental Indenture shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the General Indenture shall apply and remain in full force and effect with respect to this Second Supplemental Indenture, and to any revenues, receipts and moneys to be derived therefrom.

## ARTICLE VI

### MISCELLANEOUS

Section 6.1. Confirmation of Sale of Series 2017 Bonds. The sale of the Series 2017 Bonds to the Underwriter at a price of \$\_\_\_\_\_, is hereby ratified, confirmed and approved.

Section 6.2. Illegal, etc. Provisions Disregarded. In case any provision in this Second Supplemental Indenture shall for any reason be held invalid, illegal, or unenforceable in any respect, this Second Supplemental Indenture shall be construed as if such provision had never been contained herein.

Section 6.3. Applicable Law. This Second Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of Utah.

Section 6.4. Headings for Convenience Only. The descriptive headings in this Second Supplemental Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 6.5. Counterparts. This Second Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed an original and all of which, when so executed and delivered, shall constitute but one and the same instrument.

Section 6.6. Second Supplemental Indenture Construed with General Indenture. All of the provisions of this Second Supplemental Indenture supplement and amend the General Indenture, and shall be deemed to be, and shall be construed as, part of the General Indenture to the same extent as if fully set forth therein.

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Second Supplemental Indenture of Trust to be executed as of the date first written above.

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH

(SEAL)

By: \_\_\_\_\_  
Chair/President

COUNTERSIGN:

By: \_\_\_\_\_  
Secretary-Treasurer

ZB, NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_

Title: \_\_\_\_\_



EXHIBIT A

FORM OF SERIES 2017 BONDS

Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA  
STATE OF UTAH  
MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH  
LEASE REVENUE BOND, SERIES 2017

REGISTERED  
NUMBER R-\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

Interest Rate  
%

Maturity Date

Original Issue Date  
\_\_\_\_\_, 2017

CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100 DOLLARS\*\*\*\*

The Municipal Building Authority of West Valley City, Utah, a nonprofit corporation duly organized and existing under the laws of the State of Utah (the "Authority"), performing essential governmental functions on behalf of West Valley City, Utah, a body corporate and politic of the State of Utah (the "City") for value received, promises to pay solely and to the extent available from the sources hereinafter provided, to the Registered Owner named above, or registered assigns, on the Maturity Date specified above, the Principal Amount specified above, and in like manner to pay interest on said amount at the Interest Rate specified above (calculated on the basis of a 360-day year consisting of twelve 30-day months), payable on \_\_\_\_\_ and \_\_\_\_\_ of each year (each an "Interest Payment Date") commencing \_\_\_\_\_, 2017, except as the provisions hereinafter set forth with respect to

redemption of this Bond prior to maturity may become applicable hereto. The principal amount of and premium, if any, on this Bond are payable in lawful money of the United States of America, upon surrender of this Bond for cancellation at the principal corporate trust office of ZB, National Association, in Salt Lake City, Utah, or such other office as designated for such purpose, or its successor (the "Paying Agent") and the interest hereon is payable in lawful money of the United States by check or draft mailed to the Registered Owner of record as of the fifteenth day next preceding each Interest Payment Date or to owners of \$1,000,000 or more in aggregate principal amount of Bonds (or owners of 100% of any Series then Outstanding) by wire transfer to a bank account within the United States designated by the Registered Owner in written instructions furnished to the Trustee.

The Series 2017 Bonds are dated as of the Original Issue Date shown above. Interest on the Series 2017 Bonds authenticated prior to the first Interest Payment Date shall accrue from the Original Issue Date. Interest on the Series 2017 Bonds authenticated on or subsequent to the first Interest Payment Date shall accrue from the Interest Payment Date next preceding their date of authentication, or if authenticated on an Interest Payment Date, from that date; provided, however, that if interest on the Series 2017 Bonds shall be in default, interest on the Series 2017 Bonds issued in exchange for Series 2017 Bonds surrendered for transfer or exchange shall accrue from the date to which interest has been paid in full on the Series 2017 Bonds surrendered or if no interest has been paid, from the Original Issue Date.

This Bond is one of an authorized issue of Lease Revenue Bonds Series 2017, of the Authority limited in aggregate principal amount to \$\_\_\_\_\_ (the "Series 2017 Bonds") issued to (a) finance the acquisition, construction, equipping and furnishing of a new public safety building, a new courts building, parking facilities, improvements to the City's Family Fitness Center and related improvements (collectively, the "2017 Project"); (b) fund capitalized interest with respect to the Series 2017 Bonds (c) fund any required deposits to a debt service reserve fund and (d) pay costs associated with the issuance of the Series 2017 Bonds. The 2017 Project will be leased by the Authority to the City under the terms of a Master Lease Agreement dated as of July 1, 2016 (which agreement, as from time to time amended and supplemented, is hereinafter referred to as the "Original Master Lease") as amended by a First Amendment to Master Lease Agreement dated as of April 1, 2017 (the "First Amendment to Master Lease" and together with the Original Master Lease, the "Master Lease"). The obligation of the City to make lease payments under the Master Lease is subject to the annual renewal of the Master Lease and to the right of the City to terminate its payment obligations with respect to the 2017 Project under the Master Lease in the event that the City fails to appropriate moneys to pay such Base Rentals and Additional Rentals. In the event that the City's payment obligations under the Master Lease shall be terminated by reason of a failure to appropriate (referred to herein as "Event of Nonappropriation") or by reason of an Event of Default (as defined in the Master Lease), the principal amount of this Bond and interest hereon will be payable from such moneys, if any, as may be available under the Indenture for such purpose, including any moneys received by the Trustee from a liquidation or other disposition of the Authority's interest in the 2017 Project including a foreclosure of the lien of the Indenture and the Security Documents, subject to the

limitations contained in the Indenture. Under certain circumstances, this Bond and the interest hereon may also be payable from Net Proceeds (as defined in the Master Lease) of insurance policies, performance bonds, condemnation awards and liquidation proceeds with respect to the 2017 Project.

The Series 2017 Bonds are issued pursuant to the authority contained in the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended, and the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (together, the “Act”), and under and are equally and ratably secured by and entitled to the protection of a General Indenture of Trust dated as of July 1, 2016 (the “General Indenture”) as supplemented by a Second Supplemental Indenture dated as of April 1, 2017 (the “Second Supplemental Indenture,” and together with the General Indenture, the “Indenture”), each by and between the Authority and the Trustee, duly executed and delivered by the Authority to the Trustee and pursuant to which the Base Rentals (as defined in the Master Lease) payable by the City, under the Master Lease and, if paid by the City, the Purchase Option Price, are assigned to the Trustee to secure the payment of principal of, premium, if any, and interest on the Series 2017 Bonds. Additionally, the Authority has granted a security interest in the 2017 Project, pursuant to certain Security Documents (as defined in the Second Supplemental Indenture) to the Trustee to further secure its obligations under the Indenture.

The Indenture provides that, upon the conditions and restrictions therein, the Authority may hereafter issue Refunding Bonds (the “Refunding Bonds”) or Additional Bonds (the “Additional Bonds”) from time to time to finance or refinance the costs of the 2017 Project or other facilities and improvements under certain terms and conditions contained in the Indenture and in the Master Lease and, if issued, the Refunding Bonds and/or the Additional Bonds will rank *pari passu* with the Series 2017 Bonds then Outstanding (as defined in the Indenture) and be equally and ratably secured and entitled to the protection of the Indenture and the Security Documents (the Series 2017 Bonds, the Refunding Bonds and the Additional Bonds are collectively referred to herein as the “Bonds”). Reference is hereby made to the Master Lease, the Security Documents and the Indenture for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City, the Authority, the Trustee and the holders of the Series 2017 Bonds, the issuance of Refunding Bonds or Additional Bonds, the terms upon which the Series 2017 Bonds are issued and secured, the terms and conditions upon which the Series 2017 Bonds will be deemed to have been paid, at or prior to maturity or redemption of the Series 2017 Bonds, and the rights of the holders of the Series 2017 Bonds upon the occurrence of an Event of Default or an Event of Nonappropriation.

The Series 2017 Bonds and the interest thereon constitute special, limited obligations of the Authority. Except to the extent payable from the proceeds of the Series 2017 Bonds and the income from the investment thereof, the proceeds of certain funds held by the Trustee, the Net Proceeds of certain insurance policies, performance bonds and condemnation awards or the proceeds, if any, from a liquidation or other disposition of the Authority’s interest in the 2017 Project subsequent to foreclosure of the lien of the Indenture and the Security Documents, the Series 2017 Bonds and the interest thereon are

payable solely from Base Rentals, and, if paid, the Purchase Option Price paid by the City under the Master Lease. Payments under the Master Lease may be made only from City Funds (as defined in the Master Lease) which are legally available for such purpose.

Neither the Master Lease, the Series 2017 Bonds nor the interest thereon shall constitute or give rise to a general obligation indebtedness of the City, or a charge against the City or its general credit or the taxing power of the City. Neither the City nor the Authority on its behalf, has pledged the credit of the City to the payment of the Series 2017 Bonds, the interest thereon or amounts due or to become due under the Master Lease. The Authority has no taxing power.

THE CITY IS NOT OBLIGATED TO APPROPRIATE CITY FUNDS FOR THE PURPOSE OF PAYING BASE RENTALS, ADDITIONAL RENTALS OR THE PURCHASE OPTION PRICE UNDER THE MASTER LEASE, AND NO JUDGMENT MAY BE ENTERED AGAINST THE CITY IN THE EVENT OF AN INSUFFICIENCY OF MONEYS TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2017 BONDS. THE MASTER LEASE IS SUBJECT TO ANNUAL RENEWAL AND THE CITY'S PAYMENT OBLIGATIONS UNDER THE MASTER LEASE WILL BE TERMINATED UPON THE OCCURRENCE OF AN EVENT OF DEFAULT. IN SUCH EVENT, ALL PAYMENTS FROM THE CITY UNDER THE MASTER LEASE WILL TERMINATE AND THE SERIES 2017 BONDS AND THE INTEREST THEREON WILL BE PAYABLE SOLELY FROM AND TO THE EXTENT OF SUCH MONEYS, IF ANY, AS MAY BE HELD BY THE TRUSTEE UNDER THE INDENTURE AND ANY MONEYS MADE AVAILABLE FROM A LIQUIDATION OR OTHER DISPOSITION OF THE AUTHORITY'S INTEREST IN THE 2017 PROJECT SUBSEQUENT TO FORECLOSURE OF THE LIEN OF THE INDENTURE AND THE SECURITY DOCUMENTS, SUBJECT TO THE LIMITATIONS SET FORTH IN THE INDENTURE. A BONDHOLDER SHOULD NOT ANTICIPATE THAT IT WILL BE POSSIBLE TO FORECLOSE THE AUTHORITY'S INTEREST IN THE 2017 PROJECT AND LIQUIDATE, RELET OR SELL SUCH INTEREST AFTER THE OCCURRENCE OF AN EVENT OF DEFAULT FOR AN AMOUNT EQUAL TO THE AGGREGATE PRINCIPAL AMOUNT OF THE SERIES 2017 BONDS THEN OUTSTANDING PLUS ACCRUED INTEREST THEREON.

No deficiency judgment upon foreclosure may be entered against the City or the Authority and no breach of any provision of the Master Lease, the Security Documents, the Series 2017 Bonds or the Indenture shall impose any general obligation or liability upon or a charge against the City, the Authority, or the general credit or taxing powers of the City.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal corporate trust office of the Trustee in Salt Lake City, Utah, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, 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.

The Authority, the Paying Agent and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and the Authority, the Paying Agent and the Trustee shall not be affected by any notice to the contrary.

The Series 2017 Bonds are subject to redemption prior to maturity only at the times, upon the occurrence of the events and with notice all as found in the Indenture.

In the event of a redemption, acceleration, or any other similar transaction necessitating a reduction in aggregate principal amount of the Series 2017 Bonds, including any mandatory sinking fund redemption, a Bondholder shall make an appropriate notation on the Series 2017 Bonds certificate indicating the date and amounts of such reduction in principal, except in the case of final maturity in which case the certificate must be presented to the Paying Agent prior to payment. In the case of a discrepancy between the record of payments on the Series 2017 Bonds and the Bond Registrar's records, the Bond Registrar's records shall govern.

The Registered Owner of this Series 2017 Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Master Lease or any Event of Default under the Indenture or the Security Documents, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Authority and the rights of the holders of the Bonds at any time by the Authority with the consent of the City (if an Event of Default does not then exist under the Master Lease) and the Registered Owners of not less than 66 2/3% in aggregate principal amount of the Bonds at the time Outstanding. The Indenture also permits waiver of compliance by the Authority with any terms of the Indenture with the consent of the City (if an Event of Default does not then exist under the Master Lease) and the Registered Owners of not less than 66 2/3% in aggregate principal amount of the Bonds at the time Outstanding. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such Owner and upon all future holders of this Bond and of any Bond issued upon the transfer or exchange of this Bond whether or not notation of such consent or waiver is made upon this Bond. The Indenture also contains provisions permitting the Trustee to waive certain Events of Default under the Indenture and their consequences. The Indenture requires the written consent of the Trustee to any waiver or amendment of any provision of the Indenture or any supplemental indenture which modifies the rights, duties or immunities of the Trustee.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Authority, do not exceed or violate any constitutional or statutory debt limitation. As required by the Act, the City has by resolution authorized the Authority to issue the Series 2017 Bonds and to execute and deliver the Master Lease, the Security Documents and the Indenture.

This Series 2017 Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the Authority has caused this Series 2017 Bond to be executed in its name by the facsimile or manual signature of its Chair/President and its corporate seal to be hereunto impressed or imprinted hereon and attested by the manual or facsimile signature of its Secretary-Treasurer, and said officials do by the execution hereof adopt as and for the respective proper signatures their respective facsimile or manual signatures appearing hereon.

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH

(SEAL)

By: \_\_\_\_\_  
Chair/President

ATTEST AND COUNTERSIGN:

By: \_\_\_\_\_  
Secretary-Treasurer

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2017 Bonds of the issue described in the within-mentioned Second Supplemental Indenture of Trust.

ZB, NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

Date of Authentication: \_\_\_\_\_

## ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_, the undersigned, hereby sells, assigns and transfers unto:

\_\_\_\_\_  
(Social Security or Other Identifying Number of Assignee)

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

Signature \_\_\_\_\_

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

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" that is a member of or a participant in a "signature guarantee program" (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program).



EXHIBIT B

COST OF ISSUANCE DISBURSEMENT REQUEST

ZB, National Association  
One South Main Street, 12<sup>th</sup> Floor  
Salt Lake City, Utah 84133

Pursuant to Section 3.3 of the Second Supplemental Indenture of Trust dated as of April 1, 2017, you are hereby authorized to pay to the following costs of issuance from the Series 2017 Costs of Issuance Account:

[See Attached Schedule]

MUNICIPAL BUILDING AUTHORITY  
OF WEST VALLEY CITY, UTAH

By: \_\_\_\_\_  
Chair/President

COSTS OF ISSUANCE

<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
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**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2017****NEW ISSUE****Issued in Book-Entry Only Form**

**Insured Ratings: S&P “\_\_\_\_\_”**  
**Underlying Ratings: S&P “\_\_\_\_\_”**  
**Fitch “\_\_\_\_\_”**  
**(See “BOND RATINGS” herein.)**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that the interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is exempt from State of Utah individual income taxes. See “TAX MATTERS” in this Official Statement.*

\$ \_\_\_\_\_ \*

**MUNICIPAL BUILDING AUTHORITY OF  
WEST VALLEY CITY, UTAH  
LEASE REVENUE BONDS, SERIES 2017  
Payable from Base Rentals to be Made by  
WEST VALLEY CITY, UTAH  
Pursuant to an Annually Renewable Lease**

**Dated: Date of Delivery****Due: February 1, as shown on the inside front cover**

The Series 2017 Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2017 Bonds. Purchases of Series 2017 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Owners of the Series 2017 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2017 Bonds. Interest on the Series 2017 Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2017, by ZB, National Association, as Paying Agent, all as more fully described herein. Payment of the principal of and interest on such Series 2017 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See “THE SERIES 2017 BONDS—Book-Entry System” herein.

The Series 2017 Bonds are subject to optional, [mandatory sinking fund,] and extraordinary redemption prior to maturity. See “THE SERIES 2017 BONDS—Redemption” herein.

The Series 2017 Bonds are being issued to (i) finance the acquisition, construction, furnishing and equipping of a new public safety building, a new courts building, parking facilities, improvements to the City’s Family Fitness Center, and related improvements (collectively the “2017 Projects”); (ii) fund a capitalized interest account; (iii) acquire a reserve fund surety for deposit to a debt service reserve fund; and (iv) pay costs associated with the issuance of the Series 2017 Bonds.

The Series 2017 Bonds are issued under and are equally and ratably secured by the Indenture. Pursuant to the Indenture, the Authority has pledged and assigned to the Trustee, among other things, its right, title and interest in and to the Lease, including its right to receive the Base Rentals under the Lease as security for the payment of the principal of, premium, if any, and interest on the Bonds. In addition, the Authority has granted a security interest in the 2017 Projects pursuant to [separate but substantially identical Leasehold Deeds of Trust and Assignments of Rents and Security Agreements] for the equal and proportionate benefit of the owners of the Bonds. The Bonds are limited obligations of the Authority payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the Bonds.

Under the Lease, the City has agreed to make payments in stated amounts which are sufficient to pay the principal of and the interest on the Bonds coming due in each year but only if and to the extent that the City Council annually appropriates funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term under the Lease plus such additional amounts as are necessary to operate and maintain the Projects (as defined herein) during such period. The Lease specifically provides that nothing therein shall be construed to require the City Council to appropriate any money to pay any Base Rentals or Additional Rentals thereunder and that the City shall not be obligated to pay such Rentals except to the extent appropriated.

**THE OBLIGATION OF THE CITY TO PAY ANY RENTALS IS ANNUALLY RENEWABLE AS PROVIDED IN THE LEASE. NEITHER THE OBLIGATIONS OF THE CITY TO PAY RENTALS NOR THE OBLIGATION OF THE AUTHORITY TO PAY THE BONDS WILL CONSTITUTE A DEBT OF THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2017 BONDS DOES NOT DIRECTLY OR CONTINGENTLY OBLIGATE THE CITY TO PAY ANY RENTALS BEYOND THOSE APPROPRIATED FOR THE CITY’S THEN CURRENT FISCAL YEAR. THE SERIES 2017 BONDS ARE NOT AN INDEBTEDNESS OR A LIABILITY OF THE CITY OR THE STATE. THE AUTHORITY HAS NO TAXING POWER.**

[The scheduled payment of principal of and interest on the Series 2017 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2017 Bonds by ASSURED GUARANTY MUNICIPAL CORP. ]



The Series 2017 Bonds are offered when, as and if issued by the Authority and subject to the approval of their legality by Gilmore & Bell, P.C., Bond Counsel to the Authority. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority and the City by the office of the City Attorney, Counsel to the Authority and the City. It is expected that the Series 2017 Bonds, in book-entry-only form, will be available for delivery to DTC or its agent on or about [April \_\_\_\_, 2017].

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. This Official Statement is dated \_\_\_\_\_, 2017 and the information contained herein speaks only as of that date.

\* Preliminary; subject to change.

**KeyBanc Capital Markets Inc.**

[Co-Manager]

\$ \_\_\_\_\_ \*

**MUNICIPAL BUILDING AUTHORITY OF  
WEST VALLEY CITY, UTAH  
LEASE REVENUE BONDS,  
SERIES 2017**

MATURITY SCHEDULE

<u>Due</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.**</u>
2021				95640E _____
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				

[\$ \_\_\_\_\_ % Term Bonds due February 1, 20\_\_\_\_; Price: \_\_\_\_\_%; CUSIP No. \_\_\_\_\_\*\*]

\* Preliminary; subject to change.

\*\* The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this Bond transaction and are included solely for the convenience of the holders of the Series 2017 Bonds. None of the Authority, the City, the Trustee or the Underwriters is responsible for the selection or use of such CUSIP numbers, and no representation is made as to their correctness on the Series 2017 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2017 Bonds as a result of various subsequent actions including but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

No dealer, broker, salesman or any other person has been authorized by the Authority, the City or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer or solicitation of an offer to buy nor shall there be any sale of the Series 2017 Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

The information set forth herein has been obtained from the City, the Authority, DTC and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Authority, the City or in any other information contained herein since the date hereof.

All inquiries relating to this Official Statement and the offering contemplated herein should be directed to the Underwriters. Prospective investors may obtain additional information from the Underwriters or the City which they may reasonably require in connection with the decision to purchase any of the Series 2017 Bonds from the Underwriters.

The yields at which the Series 2017 Bonds are offered to the public may vary from the initial reoffering yields on the inside front cover page of this Official Statement. In addition, the Underwriters may allow concessions of discounts from the initial offering prices of the Series 2017 Bonds to dealers and others. In connection with this offering, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the market prices of the Series 2017 Bonds. Such transactions, if commenced, may be discontinued at any time.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Forward-looking statements are included in the Official Statement under the captions “INTRODUCTION—Additional Bonds and Refunding Bonds,” “THE PROJECTS,” “ESTIMATED SOURCES AND USES OF FUNDS,” and “DEBT STRUCTURE OF THE AUTHORITY AND THE CITY—Authority Obligations,” “—City Obligations,” “—Future Financing Plans,” and “RISK FACTORS—Additional Parity Debt.” The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

THE SERIES 2017 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2017 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The City maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2017 Bonds.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Series 2017 Bonds or the advisability of investing in the Series 2017 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and “APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

§ \_\_\_\_\_ \*

**MUNICIPAL BUILDING AUTHORITY OF  
WEST VALLEY CITY, UTAH  
LEASE REVENUE BONDS  
SERIES 2017**

**3600 Constitution Boulevard  
West Valley City, Utah 84119  
(801) 966-3600**

**BOARD OF TRUSTEES AND OFFICERS OF THE AUTHORITY**

Karen Lang .....	President
Steve Buhler .....	Vice President
Ron Bigelow .....	Trustee
Don Christensen .....	Trustee
Tom Huynh .....	Trustee
Lars Nordfelt .....	Trustee
Steve Vincent .....	Trustee
Nichole Camac .....	Secretary-Treasurer

**CITY COUNCIL AND CITY ADMINISTRATION**

Ron Bigelow .....	Mayor
Don Christensen .....	Councilmember At-Large
Lars Nordfelt .....	Councilmember At-Large
Tom Huynh .....	Councilmember District No. 1
Steve Buhler .....	Councilmember District No. 2
Karen Lang .....	Councilmember District No. 3
Steve Vincent .....	Councilmember District No. 4
Wayne Pyle .....	City Manager
Paul Isaac .....	Assistant City Manager
Nicole Cottle .....	Assistant City Manager
J. Eric Bunderson .....	City Attorney
Nichole Camac .....	City Recorder
James D. Welch .....	Finance Director

**TRUSTEE, PAYING AGENT & REGISTRAR**

ZB, National Association  
One South Main Street, 12th Floor  
Salt Lake City, Utah 84133  
(801) 844-7253

**MUNICIPAL ADVISOR**

Lewis Young Robertson & Burningham, Inc.  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101  
(801) 596-0700

**UNDERWRITER**

KeyBanc Capital Markets Inc.  
227 West Monroe, Suite 1700  
Chicago, Illinois 60606  
(312) 360-3870

**UNDERWRITER**

**BOND AND DISCLOSURE COUNSEL**

Gilmore & Bell, P.C.  
15 West South Temple, Suite 520  
Salt Lake City, Utah 84102  
(801) 364-5080

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\* Preliminary; subject to change.

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**OFFICIAL STATEMENT  
RELATING TO**

\$ \_\_\_\_\_ \*

**MUNICIPAL BUILDING AUTHORITY OF  
WEST VALLEY CITY, UTAH  
LEASE REVENUE BONDS,  
SERIES 2017**

**Payable from Base Rentals to be Made by  
WEST VALLEY CITY, UTAH  
Pursuant to an Annually Renewable Lease**

**INTRODUCTION**

This Official Statement is provided to furnish certain information in connection with the issuance by the Municipal Building Authority of West Valley City, Utah (the “Authority”), of its \$ \_\_\_\_\_ \* Lease Revenue Bonds, Series 2017 (the “Series 2017 Bonds”). This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2017 Bonds to potential investors is made only by means of the entire Official Statement.

See also the following appendices attached hereto: “APPENDIX A—GENERAL PURPOSE FINANCIAL STATEMENTS OF WEST VALLEY CITY, UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 2016”; “APPENDIX B—EXTRACTS OF THE INDENTURE AND THE MASTER LEASE”; “APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY”; “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING”; “APPENDIX E—FORM OF BOND COUNSEL OPINION”; “APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM”; and “APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

**The Authority**

The Authority is a nonprofit corporation created by the City Council of West Valley City, Utah (the “City”) pursuant to the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended (the “Building Authority Act”) and the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended (the “Nonprofit Corporation Act”). The Authority was created by the City for the purpose of financing projects on behalf of the City as provided in the Building Authority Act. For more complete information, see “THE AUTHORITY” herein.

**The City**

The City is Utah’s second most populous city and is nestled in the Salt Lake Valley between the Wasatch and Oquirrh mountain ranges and adjoins and is located southwest of Salt Lake City. It is five minutes from the Salt Lake City International Airport and is easily accessible from two major freeways. The City estimates that as of January 1, 2017, it has a population of approximately 136,552. The City is classified under Utah law as a city of the first class. For more complete information, see “WEST VALLEY CITY,” “FINANCIAL INFORMATION REGARDING THE CITY,” “DEBT STRUCTURE OF THE AUTHORITY AND THE CITY,” and APPENDICES A and C herein.

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\* Preliminary; subject to change.

## Authority and Purpose

The Series 2017 Bonds are being issued pursuant to (i) the Building Authority Act; (ii) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the “Local Government Bonding Act”); (iii) a General Indenture of Trust dated as of July 1, 2016 (the “General Indenture”), as heretofore supplemented, and as further supplemented and amended by a Second Supplemental Indenture of Trust dated as of April 1, 2017 (the “Second Supplemental Indenture,” and together with the General Indenture, the “Indenture”), each by and between the Authority and ZB, National Association, as trustee (the “Trustee”); and (iv) the authorizing resolution of the Authority adopted on [February 28], 2017. The issuance of the Series 2017 Bonds and the execution and delivery of the hereinafter defined Lease and the Indenture were approved by the City pursuant to a resolution adopted by the City Council of the City (the “City Council”), on [February 28], 2017.

The Series 2017 Bonds are being issued to (i) finance the acquisition, construction, and equipping of a new public safety building (the “Public Safety Building Project”), a new courts building (the “Courts Building Project”), two parking facilities (the “Parking Facilities Project”), improvements to the City’s Family Fitness Center (the “Family Fitness Center Project” and related improvements (collectively, the “2017 Projects”); (ii) fund a capitalized interest account; (iii) acquire a reserve fund surety for deposit to a debt service reserve fund; and (iv) pay costs associated with the issuance of the Series 2017 Bonds.

The Series 2017 Projects will be leased by the Authority to the City pursuant to an annually renewable Master Lease Agreement dated as of July 1, 2016 (the “Master Lease”), as amended by a First Amendment to Master Lease dated as of April 1, 2017 (the “First Amendment to Master Lease,” and together with the Master Lease, the “Lease”), each between the Authority, as lessor, and the City, as lessee between the Authority and the City.

The Authority will use a portion of the proceeds of the Series 2017 Bonds to acquire the Public Safety Building Project. The Property on which the Public Safety Building Project will be located (the “Public Safety Building Project Property”) [is leased to the City by the West Valley City, Utah Redevelopment Agency (the “City RDA”) and will be leased by the City to the Authority pursuant to a Ground Lease Agreement (the “Public Safety Ground Lease”)]. The term of the Public Safety Ground Lease will expire on February 1, 20\_\_\_\_. The leasehold interest in the Public Safety Building Project Property constitutes part of the 2017 Projects and references herein to the 2017 Projects include such interests. The Public Safety Building Project will be leased by the Authority to the City pursuant to the Lease. See “THE PROJECTS–The 2017 Projects” herein.

The Authority will use a portion of the proceeds of the Series 2017 Bonds to acquire the Courts Building Project. The Property on which the Courts Building Project will be located (the “Courts Building Project Property”) is owned by the City and will be leased by the City to the Authority pursuant to a Ground Lease Agreement (the “Courts Building Project Ground Lease”). The term of the Courts Building Project Ground Lease will expire on February 1, 20\_\_\_\_. The leasehold interest in the Courts Building Project Property constitutes part of the 2017 Projects and references herein to the 2017 Projects include such interests. The Courts Building Project will be leased by the Authority to the City pursuant to the Lease. See “THE PROJECTS–The 2017 Projects” herein.

The Authority will use a portion of the proceeds of the Series 2017 Bonds to acquire the Parking Facilities Project. The Properties on which the Parking Facilities Project will be located (the “Parking Facilities Project Property”) [(1) is leased to the City by the City RDA and will be leased by the City to the Authority pursuant to a Ground Lease Agreement (the “Parking Facilities Ground Lease”) and (2) will be acquired by the Authority with a portion of the proceeds of the Series 2017 Bonds. The term of the Parking Facilities Ground Lease will expire on February 1, 20\_\_\_\_. The leasehold interest in the Parking Facilities Project Property constitutes part of the 2017 Projects and references herein to the 2017 Projects include such interests. The Parking Facilities Project will be leased by the Authority to the City pursuant to the Lease. See “THE PROJECTS–The 2017 Projects” herein.

[The Authority will use a portion of the proceeds of the Series 2017 Bonds to acquire the Family Fitness Center Project, which consists of acquiring certain improvements to the existing property. The [leasehold interest] in the Family Fitness Center Project constitutes part of the 2017 Projects and references herein to the 2017 Projects include such interests. The Family Fitness Center Project will be leased by the Authority to the City pursuant to the Lease. See “THE PROJECTS–The 2017 Projects” herein. ]

## **Outstanding Parity Obligations, Additional Bonds, and Refunding Bonds**

The Authority has previously issued its Lease Revenue and Refunding Bonds, Series 2016 (the “Series 2016 Bonds”), which are currently outstanding in the aggregate principal amount of \$28,010,000. The Series 2016 Bonds were issued under the Indenture to finance the costs of (i) the remodeling and equipping of an existing fire station and related improvements (the “Remodeled Fire Station Project”) and (ii) the acquisition, construction, and equipping of a new fire station and related improvements (the “New Fire Station Project,” and together with the Remodeled Fire Station Project, the “Fire Station Projects”) and to refinance Authority’s interest in a multipurpose sports and entertainment facility known as the “Maverik Center” (the “Leased Portion of the Maverik Center Project” and together with the Fire Station Projects, the “2016 Projects”).

The Series 2017 Bonds will be issued on a parity with the Series 2016 Bonds and will be equally and ratably secured under the Indenture with the Series 2016 Bonds. The Authority may issue Additional Bonds in the future ranking on a parity with the Series 2017 Bonds and the Series 2016 Bonds under the Indenture, on the terms and conditions specified in the Indenture and the Lease, for the purpose of refunding outstanding bonds of the Authority (the “Refunding Bonds”) or to finance additional Projects for lease to the City (the “Additional Bonds”). The Series 2017 Bonds, the Series 2016 Bonds, and any Additional Bonds and Refunding Bonds are herein collectively referred to as the “Bonds.” See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds and Refunding Bonds.”

The 2016 Projects, the 2017 Projects, and any additional projects constructed by the Authority under the Indenture and the Lease are collectively referred herein as the “Projects.” For more detailed information concerning the Projects, see “THE PROJECTS,” herein.

## **Security for and Sources of Payment of the Bonds**

The Series 2017 Bonds are issued under and are equally and ratably secured by the Indenture. Pursuant to the Indenture, the Authority has pledged and assigned to the Trustee, among other things, its right, title and interest in and to the Lease, including its right to receive the Base Rentals (as defined below) under the Lease as security for the payment of the principal of, premium, if any, and interest on the Bonds (as hereinafter defined). In addition, the Authority has granted a security interest [in the 2017 Projects pursuant to separate but substantially identical Leasehold Deeds of Trust, Assignments of Rents and Security Agreements each dated as of April 1, 2017 (the “Leasehold Deeds of Trust”). The Leasehold Deeds of Trust, and any financing statements filed in connection therewith are sometimes collectively referred to herein as the “Security Documents.” The Security Documents are being executed for the equal and proportionate benefit of the Bondowners. The Bonds are limited obligations of the Authority payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the Bonds.

Under the Lease, the City has agreed to make payments in stated amounts which are sufficient to pay the principal of and the interest on the Bonds coming due in each year (collectively, the “Base Rentals”) but only if and to the extent that the City Council annually appropriates funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term (as described herein) under the Lease plus such additional amounts (the “Additional Rentals”) as are necessary to operate and maintain the Projects during such period. The Lease specifically provides that nothing therein shall be construed to require the City Council to appropriate any money to pay any Base Rentals or Additional Rentals (collectively, the “Rentals”) thereunder and that the City shall not be obligated to pay such Rentals except to the extent appropriated.

THE OBLIGATION OF THE CITY TO PAY ANY RENTALS IS ANNUALLY RENEWABLE AS PROVIDED IN THE LEASE. NEITHER THE OBLIGATIONS OF THE CITY TO PAY RENTALS NOR THE OBLIGATION OF THE AUTHORITY TO PAY THE BONDS WILL CONSTITUTE A DEBT OF THE CITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2017 BONDS DOES NOT DIRECTLY OR CONTINGENTLY OBLIGATE THE CITY TO PAY ANY RENTALS BEYOND THOSE APPROPRIATED FOR THE CITY’S THEN CURRENT FISCAL YEAR. THE SERIES 2017 BONDS ARE NOT AN INDEBTEDNESS OR A LIABILITY OF THE CITY OR THE STATE. THE AUTHORITY HAS NO TAXING POWER.

The Indenture and Security Documents create a lien on and a security interest in the Projects for the benefit of the Registered Owners (as defined herein) of the Bonds. The Projects are cross-collateralized pursuant to the terms of the Indenture and Security Documents in that the City cannot elect to appropriate with respect to one portion of the Projects and not appropriate with respect to another portion of the Projects without an Event of Nonappropriation occurring under the Master Lease.

Additionally, the Projects under the Master Lease cannot be released from the Master Lease or the lien of the Indenture separately, rather, all of the Bonds for which the Projects provide security must be redeemed and/or refunded and defeased for the release of all Projects. See “THE PROJECTS,” below.

### **Bond Insurance**

The scheduled payment of principal of and interest on the Series 2017 Bonds, when due, will be guaranteed under an insurance policy (the “Policy”) to be issued concurrently with the delivery of the Series 2017 Bonds by Assured Guaranty Municipal Corp (“AGM” or the “Insurer”). See “BOND INSURANCE” and “APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY” herein.

### **Redemption of Series 2017 Bonds**

The Series 2017 Bonds are subject to optional, [mandatory sinking fund,] and extraordinary redemption as described herein under the caption “THE SERIES 2017 BONDS—Redemption.”

### **Registration, Denominations, Manner of Payment**

The Series 2017 Bonds are issuable only as fully registered bonds without coupons and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Series 2017 Bonds. Purchases of Series 2017 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC Participants (as defined herein). Beneficial Owners (as defined herein) of the Series 2017 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2017 Bonds.

Principal of, premium, if any, and interest on the Series 2017 Bonds (interest payable February 1 and August 1 of each year, commencing August 1, 2017, each an “Interest Payment Date”) are payable through ZB, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners of the Series 2017 Bonds, initially DTC. So long as DTC is the registered owner, it is required, in turn, to remit such principal and interest to its Participants, for subsequent disbursements to the Beneficial Owners of the Series 2017 Bonds, as described in “THE SERIES 2017 BONDS—Book-Entry System” herein.

### **Tax Status of the Series 2017 Bonds**

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that the interest on the Series 2017 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” in this Official Statement. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2017 Bonds.

### **Bondholders’ Risks**

THE PURCHASE OF THE SERIES 2017 BONDS BEING OFFERED HEREBY INVOLVES A DEGREE OF RISK. AMONG OTHER FACTORS, THERE CAN BE NO GUARANTEE OR ASSURANCE THAT THE CITY COUNCIL WILL BUDGET AND APPROPRIATE SUFFICIENT CITY FUNDS TO MAKE

PAYMENT OF BASE RENTALS AND ADDITIONAL RENTALS AS THEY BECOME DUE AND PAYABLE DURING EACH RENEWAL TERM OF THE MASTER LEASE. See the captions “RISK FACTORS” and “APPENDIX B—EXTRACTS OF THE INDENTURE AND THE MASTER LEASE—The Master Lease—Nonappropriation” herein.

### **Conditions of Delivery, Anticipated Date, Manner and Place of Delivery**

The Series 2017 Bonds are offered when, as, and if issued and received by the Underwriters subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the Authority, and certain other conditions. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to the Authority. Certain legal matters will be passed on for the Authority and the City by the office of the City Attorney, Counsel to the Authority and the City. It is expected that the Series 2017 Bonds will be available for delivery to DTC in book-entry form on or about April \_\_, 2017.

### **Basic Documentation**

The Indenture, the Lease, the Security Documents and other documents with respect to the Series 2017 Bonds (collectively, “basic documentation”), establishes the rights and responsibilities of the City, the Authority, the Trustee and the investors. Basic documentation may be obtained from the persons indicated below in this section under the heading “Contact Persons.”

### **Contact Persons**

As of the date of this Official Statement, the chief contact persons for the Authority and the City concerning the Series 2017 Bonds are:

James D. Welch  
Finance Director  
3600 Constitution Boulevard  
West Valley City, Utah 84119  
Telephone: (801) 966-3600  
jim.welch@wvc-ut.gov

The chief contact person for the City’s Municipal Advisor concerning the Series 2017 Bonds is:

Laura Lewis, Principal  
Lewis Young Robertson & Burningham, Inc.  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101  
Telephone: (801) 596-0700  
laura@lewisyoung.com

### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Authority, the City, the Series 2017 Projects, the Series 2017 Bonds, the Lease, the Indenture and the Security Documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Lease, the Indenture and the Security Documents are qualified in their entirety by reference to such documents, and references herein to the Series 2017 Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture and the information with respect thereto included in the aforementioned documents, copies of which are available for inspection at the principal office of the Trustee on or after the delivery of the Series 2017 Bonds. During the period of the offering of the Series 2017 Bonds, copies of the preliminary forms of such documents will be available at the offices of the Underwriters listed on the cover page hereof.

Definitions of certain terms used herein and in the Indenture and the Lease are found in “APPENDIX B” attached hereto.

## **BOND INSURANCE**

*[To be added]*

## **THE SERIES 2017 BONDS**

### **General**

The Series 2017 Bonds will be issued as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof and will be dated as of the date of their initial delivery. The Series 2017 Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year, commencing August 1, 2017. Interest on the Series 2017 Bonds authenticated prior to the first Interest Payment Date shall be payable from the Dated Date. Interest on the Series 2017 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal of, premium, if any, and interest on the Series 2017 Bonds will be payable in lawful money of the United States of America. The principal of and premium, if any, on the Series 2017 Bonds will be payable upon presentation and surrender at the principal corporate trust office of the Trustee in Salt Lake City, Utah to the registered owners thereof, initially DTC. Interest on the Series 2017 Bonds will be payable by check or draft of the Trustee mailed to the registered owner thereof (initially DTC) of record as of the fifteenth day next preceding such Interest Payment Date.

### **Redemption**

Optional Redemption. The Series 2017 Bonds maturing on or prior to February 1, 20\_\_ are not subject to optional redemption. The Series 2017 Bonds maturing on or after February 1, 20\_\_, are subject to redemption at the option of the Authority in whole or in part at any time on or after February 1, 20\_\_, in such order of maturity as shall be directed by the Authority at a redemption price of 100% of the principal amount of the Series 2017 Bonds to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Series 2017 Bonds maturing on February 1, 20\_\_ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date on the dates and in the principal amounts as follows:

Mandatory Sinking Fund Date  
(February 1)

Principal  
Amount

\*

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\*Final maturity date.

Upon redemption of any Series 2017 Bonds maturing on February 1, 20\_\_, other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts for the related Series 2017 Bonds, in such order as shall be directed by the Authority.]

Extraordinary Redemption. The Series 2017 Bonds shall be callable for redemption prior to maturity in whole on any date, if (i) the Series 2017 Projects or a material portion thereof are damaged or destroyed or taken in a condemnation proceeding, or a material defect in the construction of the Series 2017 Projects shall become apparent, or title to or the use of all or any material portion of the Series 2017 Projects shall be lost by reason of a defect in title thereto, (ii) the Net Proceeds of any insurance policy, performance bond or condemnation award made available by reason of one or more such occurrences shall be insufficient to pay in full the cost of repairing or replacing such portion of the Series 2017 Projects, and (iii) the City elects to discharge its obligation to repair and replace such

portion of the Series 2017 Projects by depositing such Net Proceeds into the Bond Fund. Upon the deposit of such Net Proceeds in the Bond Fund, the payment obligations of the City with respect to the Series 2017 Projects under the Lease shall terminate and the City shall have no further obligation for the payment of Base Rentals and Additional Rentals thereunder with respect to the Series 2017 Projects, and possession of the Series 2017 Projects, as well as all right, title and interest of the City and the Authority in any funds or accounts created under the Indenture with respect to the Series 2017 Projects shall be surrendered to the Trustee, as trustee for the Bondholders. Thereafter, the Indenture and the Security Documents for the Series 2017 Projects may, subject to the limitations of the Indenture, be foreclosed and the Authority's interest in the Series 2017 Projects liquidated and the proceeds of such liquidation and the Net Proceeds of any insurance policy, performance bond or condemnation award so deposited in the Bond Fund, as well as all other moneys on deposit in any fund created under the Indenture with respect to the Series 2017 Projects (except moneys held in the Rebate Fund or for the payment of Series 2017 Bonds not then deemed outstanding), shall be applied to the redemption of the Series 2017 Bonds at the earliest date practicable, as specified in a written notice from the Authority to the Trustee. Any such redemption of the Series 2017 Bonds shall be made upon payment of all or a prorated portion of the principal amount thereof plus accrued interest thereon to the redemption date. IN THE EVENT THE SERIES 2017 BONDS ARE TO BE REDEEMED BY PAYMENT OF AN AMOUNT LESS THAN THE OUTSTANDING PRINCIPAL AMOUNT THEREOF, AND ACCRUED INTEREST TO THE REDEMPTION DATE, NO FURTHER CLAIM FOR PAYMENT MAY BE HAD BY THE BONDHOLDERS AGAINST THE AUTHORITY, THE CITY, ANY SUBLESSEE, OR THE TRUSTEE WITH RESPECT TO SAID SERIES 2017 BONDS. In the event there are moneys remaining in the Bond Fund after payment in full of all Series 2017 Bonds, the Trustee is authorized and directed to transfer said moneys to the City.

#### **Notice of Redemption**

In the event any of the Series 2017 Bonds are to be redeemed, the Bond Registrar shall cause notice to be given as provided in the Indenture. Notice of such redemption (i) shall be filed with the Paying Agent and (ii) shall be mailed by first class mail, postage prepaid, to all Registered Owners of Series 2017 Bonds to be redeemed at their addresses as they appear on the registration books of the Bond Registrar at least 30 days but not more than 60 days prior to the date fixed for redemption.

In addition to the foregoing, further notice of any redemption of Series 2017 Bonds shall be given by the Trustee to at least one national information service that disseminate notices of redemption of obligations such as the Series 2017 Bonds (which may be the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board). Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

If at the time of mailing of any notice of redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Series 2017 Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

A second notice of redemption shall be given, not later than 90 days subsequent to the redemption date, to Registered Owners of Series 2017 Bonds or portions thereof redeemed but who failed to deliver Series 2017 Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Series 2017 Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such registered Owners shall not affect the validity of the proceedings for the redemption of the Series 2017 Bonds.

#### **Partial Redemption of Bonds**

In case any registered Series 2017 Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Authority shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Authority, a Series 2017 Bond or Series 2017 Bonds of the same interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Series 2017 Bond. If less than all of the applicable Series 2017 Bonds

of any maturity are to be redeemed, the particular Series 2017 Bond or Bonds of such maturity to be redeemed will be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. A portion of any Series 2017 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof and in selecting portions of such Series 2017 Bonds for redemption, the Trustee will treat each such Series 2017 Bond as representing that number of Series 2017 Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Series 2017 Bonds by \$5,000.

### **Book-Entry System**

The Bonds originally will be issued solely in book-entry form to The Depository Trust Company (“DTC”), New York, New York, or its nominee, Cede & Co., to be held in DTC’s book-entry system. So long as such Bonds are held in the book-entry-only system, DTC or its nominee will be the registered owner or Holder of such Bonds for all purposes of the Bonds and this Official Statement. Purchases of beneficial ownership interests in the Bonds may be made in denominations described above. For a description of the book-entry-only system for the Bonds, see “APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM” herein.

### **Registration and Exchange of Series 2017 Bonds; Persons Treated as Owners**

The Authority shall cause books for the registration and for the transfer of the Series 2017 Bonds to be kept by the Trustee which is also the Bond Registrar of the Authority.

In the event the book-entry-only system is discontinued, any Series 2017 Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2017 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Bond Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Bond Registrar. Upon surrender for transfer of any Series 2017 Bond at the principal office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder or his attorney duly authorized in writing, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new, fully registered Series 2017 Bond or Series 2017 Bonds of the same maturity for a like aggregate principal amount as the Series 2017 Bond surrendered for transfer. In the event the book-entry system is discontinued, Series 2017 Bonds may be exchanged at the designated office of the Trustee for a like aggregate principal amount of Series 2017 Bonds of other authorized denominations of the same maturity. The Authority and the Trustee shall not be required to transfer or exchange any Series 2017 Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date; (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto; (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Series 2017 Bonds for redemption, to and including the date of such mailing; or (iv) at any time following the mailing of notice calling such Series 2017 Bond for redemption.

The Authority, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Series 2017 Bond is registered on the registration books kept by the Bond 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 interest due thereon and for all other purposes whatsoever, and neither the Authority, nor the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary. Payment of or on account of either principal of or interest on any Series 2017 Bond shall be made only to or upon order of the Registered Owner thereof or such person’s legal representative, but such registration may be changed as provided in the Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2017 Bond to the extent of the sum or sums so paid.

The Trustee shall require the payment by the Bondholder requesting exchange or transfer of Series 2017 Bonds of any tax or other governmental charges which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Series 2017 Bond shall be delivered.



## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General

The Bonds are not general obligations but are special, limited obligations of the Authority. The Bonds and the interest thereon are payable solely from, and are secured by a pledge of, the Base Rentals, the Purchase Option Price, if paid by the City, and any other amounts derived by the Authority under the Lease and the Indenture, except to the extent payable from certain moneys held under the Indenture (excluding the Rebate Fund) and from the investment thereof, the proceeds of certain insurance policies, performance bonds, condemnation awards and liquidation proceeds, if any. The Bonds and the interest thereon shall not constitute an indebtedness of the City within the meaning of any constitutional provision or statutory limitation and shall not constitute or give rise to a pecuniary liability of the City, nor shall any of the Bonds or interest thereon be a charge against the general credit or taxing powers of the City. Neither the City, nor the Authority on its behalf, has pledged the credit of the City to the payment of the Bonds, the interest thereon or amounts due, or to become due, under the Lease. The Authority has no taxing power.

Under the Lease, the City has agreed to pay Base Rentals in amounts and at times that are sufficient to pay principal of and interest on the Bonds coming due in each fiscal year, but only if and to the extent that the City Council annually appropriates funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term plus such Additional Rentals as are payable under the Master Lease during such period. The Lease specifically provides that nothing therein shall be construed to require the City to appropriate any moneys to pay the Base Rentals or Additional Rentals thereunder and the City shall not be obligated to pay such Rentals with respect to a Project unless such Project is substantially completed and only to the extent appropriated. Neither the issuance of the Series 2017 Bonds nor the execution and the delivery of the Lease directly or contingently obligates the City to pay any Base Rentals or Additional Rentals beyond those appropriated for the City's then current fiscal year. See "RISK FACTORS" herein.

Under the Lease, the City is entitled not to appropriate Rentals for the next succeeding Renewal Term with respect to all of the Projects, but it is not entitled to elect to appropriate with respect to less than all of the Projects. In other words, the City Council's decision under the Lease whether to appropriate Rentals for each succeeding Renewal Term is "all or nothing."

### Debt Service Reserve Fund

The Indenture creates a Debt Service Reserve Fund and provides that a separate account for each Series of Bonds shall be established within the Debt Service Reserve Fund. The Indenture provides that moneys in the Debt Service Reserve Fund shall at all times be maintained in a total aggregate principal amount of not less than the Debt Service Reserve Requirement for all Outstanding Series of Bonds.

"Debt Service Reserve Requirement" means with respect to each Series of Bonds issued pursuant to the Indenture, unless otherwise provided in the related Supplemental Indenture, an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds 2% of original principal, then determined on the basis of initial purchase price to the public), (ii) the maximum annual debt service during any year for such Series of Bonds and (iii) 125% of the average annual debt service for such Series of Bonds; provided, however, that in the event any Series of Refunding Bonds is issued to refund only a portion and not all of the then Outstanding Bonds of any Series issued pursuant to the Indenture (the "Prior Bonds"), then the portion of such Series of Prior Bonds that remain Outstanding immediately after the issuance of such Refunding Bonds and the portion of such Refunding Bonds that is allocable to the refunding of such Series of Prior Bonds may be combined and treated as a single Series for purpose of determining the Debt Service Reserve Requirement relating to such combined Series and the resulting requirement shall be allocated among the two Series *pro rata* based upon the total principal amount remaining Outstanding for each Series. Each account of the Debt Service Reserve Fund shall only be used with respect to the related Series of Bonds.

A subaccount in the Debt Service Reserve Fund has been established for the Series 2017 Bonds. The Debt Service Reserve Requirement for the Series 2017 Bonds equals \$\_\_\_\_\_. The Indenture authorizes the

Authority to obtain a Reserve Instrument in place of fully funding the Debt Service Reserve Fund. Accordingly, application has been made to the Insurer for the issuance of a Reserve Instrument (the “Reserve Policy”) for the purpose of funding the Debt Service Reserve Fund. The Series 2017 Bonds will only be delivered upon the issuance of such Reserve Policy.

### **The Reserve Policy**

The Insurer has made a commitment to issue the Reserve Policy for the account in the Debt Service Reserve Fund with respect to the Series 2017 Bonds effective as of the date of issuance of the Series 2017 Bonds. Under the terms of the Reserve Policy, the Insurer will unconditionally and irrevocably guarantee to pay that portion of the scheduled principal and interest on the Series 2017 Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the Authority (the “Insured Payments”).

The Insurer will pay each portion of an Insured Payment that is due for payment and unpaid by reason of nonpayment by the Authority to the Trustee or Paying Agent, as beneficiary of the Reserve Policy on behalf of the holders of the Series 2017 Bonds on the later to occur if (i) the date such scheduled principal or interest becomes due for payment or (ii) the business day next following the day on which the Reserve Policy Provider receives a demand for payment therefor in accordance with the terms of the Reserve Policy.

No payments shall be made under the Reserve Policy in excess of \$\_\_\_\_\_ (the “Reserve Policy Limit”). Pursuant to the terms of the Reserve Policy, the amount available at any particular time to be paid to the Trustee or Paying Agent shall automatically be reduced to the extent of any payment made by the Insurer under the Reserve Policy, provided, that, to the extent of the reimbursement of such payment to the Insurer, the amount available under the Reserve Policy shall be reinstated in full or in part, in an amount not to exceed the Reserve Policy Limit.

The Reserve Policy does not insure against nonpayment caused by the insolvency or negligence of the Trustee or Paying Agent.

### **Security Documents**

In addition to a pledge of the Base Rentals, the Purchase Option Price, if paid by the City, and any other amounts derived by the Authority under the Lease and the Indenture, the Bonds will be secured by the Security Documents. [The Security Documents consist of the Leasehold Deeds of Trust, Assignments of Ground Lease, and financing statements described below.]

[The site on which the Public Safety Building Project is located is owned by [the RDA]. The [City] and the Authority will enter into a Ground Lease Agreement (the “Public Safety Building Ground Lease”). The Public Safety Building Ground Lease will expire on February 1, \_\_\_\_\_. In order to provide additional security to the Bondholders, the Authority will assign all of its rights and interest in the Public Safety Building Ground Lease to the Trustee in an Assignment of Ground Lease. In addition, the Authority will encumber its leasehold interest in the Public Safety Building Project to the Trustee pursuant to a Leasehold Deed of Trust.]

[The site on which the Court Building Project is located is owned by [the \_\_\_\_]. The [City] and the Authority will enter into a Ground Lease Agreement (the “Court Building Ground Lease”). The Court Building Ground Lease will expire on February 1, \_\_\_\_\_. In order to provide additional security to the Bondholders, the Authority will assign all of its rights and interest in the Court Building Ground Lease to the Trustee in an Assignment of Ground Lease. In addition, the Authority will encumber its leasehold interest in the Court Building Project to the Trustee pursuant to a Leasehold Deed of Trust.]

[The sites on which the Parking Facilities Projects are located are owned by [\_\_\_\_\_]. The [City] and the Authority will enter into a Ground Lease Agreement (the “Parking Facilities Ground Lease”). The Parking Facilities Ground Lease will expire on February 1, \_\_\_\_\_. In order to provide additional security to the Bondholders, the Authority will assign all of its rights and interest in the Parking Facilities Ground Lease to the Trustee in an Assignment of Ground Lease. In addition, the Authority will encumber its leasehold interest in the Parking Facilities Projects to the Trustee pursuant to a Leasehold Deed of Trust.]

[Family Fitness Center Project]

Reference is hereby made to the actual Security Documents for a complete recital of their terms. During the period of the offering of the Series 2017 Bonds, copies of the preliminary forms of Security Documents will be available at the office of the Municipal Advisor. Subsequent to the initial offering of the Series 2017 Bonds, copies of the Security Documents may be obtained from the Trustee. Under the [Leasehold] Deed of Trust, the Authority will irrevocably warrant, grant, transfer, convey and assign to the Trustee, in trust with power of sale, all of its leasehold right, title and interest in the Series 2017 Projects, including, but not limited to real property, rents, issues, profits, royalties, income, interest in the leases or subleases, options to purchase, easements, rights of way, proceeds of insurance or condemnation and tangible personal property in order to provide additional security for the Authority's payment obligations with respect to the Bonds and the Indenture. The Leasehold Deed of Trust generally provides for the procedure by which the Trustee can foreclose the lien on the Projects or sell the Authority's leasehold interest in the Projects to pay the Authority's payment obligations under the Bonds and the Indenture.

**No deficiency judgment upon foreclosure of the lien of the Indenture or of the Security Documents may be entered against the City or the Authority, and no judgment requiring a payment of money may be entered against the City under the Lease.**

In connection with the execution and delivery of the Security Documents, the City granted to the Authority an option to purchase a leasehold interest in the City's Ownership Interest that is co-terminus with the Maverik Center Ground Lease (hereinafter defined as the "Leasehold Interest") pursuant to an Option to Purchase a Leasehold Interest dated as of July 1, 2016 (the "Option to Purchase") among the City, the Authority and the Trustee. Pursuant to the Option to Purchase, the Authority is granted the option to purchase the Leasehold Interest upon an Event of Nonappropriation under the Lease. The Option to Purchase will be assigned to the Trustee for the benefit of the Bondholders. The City has granted the Option to Purchase to the Trustee in order to facilitate a reletting or sale of the Projects rather than only the Authority's Ownership Interest in the Projects in the event foreclosure procedures become necessary.

#### **Cross-Collateralization**

Pursuant to the Indenture and the Master Lease, the Agency has granted to the Trustee for the benefit of the owner of all of the Bonds issued and outstanding under the Indenture a mortgage lien on, and security interest in, all of the Agency's right, title and interest in and to each Project to the extent provided in the Indenture. The occurrence of an Event of Default under the Indenture (including and Event of Nonappropriation under the Master Lease) will entitle the Trustee to exercise its rights and remedies to the extent provided in the Indenture against any or all of the Projects in such manner and order as the Trustee determines to be in the best interests of the owners of the Bonds then outstanding.

#### **Release of Portions of the Projects upon Payment of Related Series of Bonds**

Pursuant to the Lease, the City has been granted the option of purchasing all or any of the Projects in advance of the final maturity of the Series 2017 Bonds. So long as no Event of Default shall have occurred and be continuing under the Indenture and so long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing under the Lease, any one of the Projects may be released from the lien created with respect to the Series 2017 Bonds and the Indenture and the Lease and transferred to the City if (i) the City shall deposit with the Trustee the Purchase Option Price for the related Project; and (ii) if the interest payable on the related Series of Bonds is excludable from gross income for federal income tax purposes, there shall have been delivered to the Trustee an opinion of nationally recognized bond counsel to the effect that the release of the related Project will not adversely affect the excludability of interest on said Bonds from the federal gross income of the owners thereof.

#### **Additional Bonds and Refunding Bonds**

General. Pursuant to the Indenture, the Authority may issue additional Series of Bonds under the Indenture which shall be equally and ratably secured under the Indenture with the Series 2017 Bonds. Prior to the

authentication by the Trustee of each Series of Bonds there shall have been filed with the Trustee certain documents, certificates and opinions.

Refunding Bonds. So long as the Master Lease is in effect and no Event of Default under the Indenture or the Master Lease has occurred and is continuing and so long as no Event of Nonappropriation has occurred and is continuing, one or more Series of Refunding Bonds may be issued, authenticated and delivered for the purpose of refunding Bonds or other obligations of the Authority. The Refunding Bonds may be issued in one or more Series, shall be authenticated by the Trustee and, upon payment to the Trustee of the proceeds of said sale of Refunding Bonds, they shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon satisfaction of the general conditions specified by the Indenture for authentication and delivery of Bonds and upon there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental Indenture, a supplement or amendment (if necessary) to the Security Documents and Master Lease providing for the issuance of such Refunding Bonds, and further providing for a revision to the Base Rentals to be paid by the City under the Master Lease to such amount as shall be necessary to pay, assuming that no Event of Default or Event of Nonappropriation shall occur, the principal of, premium, if any, and interest on the Bonds (including the Refunding Bonds being issued and the Initial Bonds and any Additional Bonds and Refunding Bonds theretofore issued and to remain Outstanding), and to extend the Lease Term if the maturity of any of the Refunding Bonds would otherwise occur after the expiration of the then current Lease Term. The date or dates of the Refunding Bonds, the rate or rates of interest on the Refunding Bonds, and the redemption provisions (if any) with respect thereto all shall be as provided in the Supplemental Indenture;

(b) If any of the Bonds theretofore issued were intended to bear interest which is excludable from gross income, a written opinion of nationally recognized bond counsel, to the effect that the excludability from gross income of the interest on the Bonds theretofore issued, for federal income tax purposes, will not be adversely affected by the issuance of the Refunding Bonds being issued;

(c) A date down endorsement to the ALTA mortgagee title insurance policy issued in connection with the issuance of the Bonds being refunded or commitment therefor (or if the bonds or other obligations being refunded were not issued pursuant to this Indenture, an ALTA Mortgagee title insurance policy or commitment therefor), which endorsement or policy shall insure to the date of issuance of such Refunding Bonds and the recording of any supplement or amendment to the Security Documents the continuing validity of the lien thereof, as modified by any supplement or amendment to the Security Documents, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement or policy shall increase the amount of title insurance coverage thereunder, if necessary, to an amount, which when added to the coverage provided under any other title policies delivered with respect to other Bonds then Outstanding and issued with respect to the Project financed by the Bonds or other obligations to be refunded, is at least equal to the aggregate principal amount of all Bonds to be Outstanding with respect to such Project following said refunding and naming the Trustee as an insured; alternatively, the Authority may reasonably expect to be able to deliver the required mortgage title insurance following delivery of the related Series of Bonds, provided that no proceeds of such Bonds shall be drawn out of the Construction Fund until such mortgage title insurance is delivered (except for costs of issuance related to such Bonds);

(d) A report of an independent verification agent to the effect that, upon the issuance of the Refunding Bonds, moneys and Direct Obligations will be deposited with the Trustee or an escrow agent sufficient to cause the Bonds (or other obligations) being refunded to be deemed paid (or a comparable provision of the documents authorizing the obligations to be refunded); or in the event that the Bonds (or other obligations) to be refunded are to be redeemed on the date of issuance of the Refunding Bonds or within 90 days thereafter, there shall be delivered to the Trustee evidence satisfactory to it that upon the issuance of the Refunding Bonds moneys and Direct Obligations will be deposited with the Trustee or an escrow agent sufficient, without taking into account investment earnings thereon, to redeem the Bonds (or other obligations); and

(e) A certificate of the Authority, stating that, as of the date of such delivery, no event or condition has happened or exists and is continuing, or is happening or existing, which constitutes, or which, with notice or lapse of time or both, would constitute, an Event of Default under the Indenture or the Lease and there has not occurred and is then continuing an Event of Nonappropriation; provided however that the existence of an Event of Default shall not preclude the issuance of any Refunding Bonds if: (i) the issuance of such Refunding Bonds otherwise complies with the provisions hereof and (ii) any Event of Default will cease to continue upon the issuance of such Refunding Bonds and the application of the proceeds thereof.

Each Series of Refunding Bonds issued pursuant to the Indenture shall be equally and ratably secured under the Indenture with the Series 2017 Bonds and all other Series of Refunding Bonds and Additional Bonds, if any, theretofore issued pursuant to the Indenture, without preference, priority or distinction of any Bonds over any other thereof.

Additional Bonds. So long as the Lease is in effect and no Event of Default under the Indenture or the Lease has occurred and is continuing and so long as no Event of Nonappropriation has occurred and is continuing, one or more Series of Additional Bonds may be issued, authenticated and delivered for the purpose of financing Costs of Acquisition and Construction of a Project or Projects. The Additional Bonds may be issued in one or more Series, shall be authenticated by the Trustee and, upon payment to the Trustee of the proceeds of said sale of Additional Bonds, they shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon satisfaction of the general conditions specified by the Indenture for authentication and delivery of Bonds and upon there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental Indenture, additional Security Documents or a supplement or amendment (if necessary) to the Security Documents and Master Lease providing for the financing of a Project and for the issuance of the Additional Bonds and further providing for an increase in the Base Rentals to be paid by the City under the Master Lease in such amount as shall be necessary to pay, assuming that no Event of Default or Event of Nonappropriation shall occur, the principal of, premium, if any, and interest on the Bonds (including the Additional Bonds being issued and the Initial Bonds and any Additional Bonds and Refunding Bonds theretofore issued and Outstanding), and to extend the Lease Term if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the then current Lease Term. The date or dates of the Additional Bonds, the rate or rates of interest on the Additional Bonds, and the redemption provisions (if any) with respect thereto all shall be as provided in the Supplemental Indenture;

(b) If any of the Bonds theretofore issued were intended to bear interest which is excludable from gross income, a written opinion of nationally recognized bond counsel, to the effect that the excludability from gross income of the interest on the Bonds theretofore issued, for federal income tax purposes, will not be adversely affected by the issuance of the Additional Bonds being issued;

(c) A date down endorsement to the ALTA mortgagee title insurance policy issued in connection with the issuance of the Initial Bonds (or other Bonds) or commitment therefor or an additional ALTA mortgagee title insurance policy or commitment therefor, which endorsement or policy shall insure to the date of issuance of such Additional Bonds and the recording of any additional Security Documents or supplement to the Security Documents, if required, the continuing validity of the lien thereof, as modified by any supplement to the Security Documents, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement or additional policy shall increase the amount of title insurance coverage thereunder to an amount at least equal to the aggregate principal amount of the Additional Bonds to be issued (or in the case of Additional Bonds issued to complete or extend a Project previously financed hereunder the endorsement to the original policy for such Project shall increase the coverage to at least the aggregate principal amount of Bonds issued for such Project to be Outstanding following the issuance of such Additional Bonds) and naming the Trustee as an insured. In the event that the property upon which additional projects are to be located has not been acquired at or prior to the time of issuance of the Additional Bonds, the amendment to the Master Lease relating to such Additional Bonds shall require that such endorsement or additional title policy with respect to such property be delivered at the time of or prior to any disbursements being made from the Construction Fund with respect to such portion of the Project (except for costs of issuance relating to such Bonds);

(d) If such Series of Additional Bonds is being issued in whole or in part for construction purposes, (i) a copy, duly certified by the Secretary-Treasurer of the Authority, of the project contract and architect's agreement with respect to such construction and the performance and payment bond covering such contract or, in the alternative, a requirement that a copy of such documents be delivered to the Trustee prior to the time that moneys are withdrawn from the Construction Fund with respect to such portions of the Project, and (ii) a certificate of the architect or engineer responsible for planning and designing any such construction which sets forth the estimated useful life of the Project or Projects, as so improved and extended, in compliance with Section 17D-2-301 of the Building Authority Act; and

(e) A certificate of the Authority, stating that as of the date of such delivery no event or condition has happened or exists and is continuing, or is happening or existing, which constitutes, or which, with notice or lapse of time or both, would constitute, an Event of Default under the Indenture or the Master Lease and there has not occurred and is then continuing an Event of Nonappropriation; provided however that the existence of an Event of Default shall not preclude the issuance of any Additional Bonds if: (i) the issuance of such Additional Bonds otherwise complies with the provisions hereof and (ii) any Event of Default will cease to continue upon the issuance of such Additional Bonds and the application of the proceeds thereof.

Each Series of Additional Bonds issued pursuant to the Indenture shall be equally and ratably secured under the Indenture with the Series 2017 Bonds and all other Series of Additional Bonds and Refunding Bonds, if any, theretofore issued pursuant to the Indenture, without preference, priority or distinction of any Bonds over any other thereof.

**DEBT SERVICE SCHEDULE FOR THE SERIES 2017 BONDS  
AND OTHER OBLIGATIONS OF THE AUTHORITY**

The following table sets forth the debt service schedule with respect to the Series 2017 Bonds and all other obligations previously issued by the Authority and currently outstanding. All figures are rounded to the nearest dollar.

<u>Payment Dates</u>	<u>Principal*</u>	<u>Interest</u>	<u>Other Authority Obligations<sup>(1)</sup></u>	<u>Fiscal Total</u>
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TOTAL

<sup>(1)</sup> Includes principal and interest fiscal year total. Represents the aggregate debt service on other obligations issued by the Authority. Such obligations are payable from amounts annually appropriated by the City from legally available funds. Such obligations are not secured by the lien of the Indenture or the Security Documents nor are the Series 2017 Bonds secured by the documents pursuant to which such obligations were issued. See “DEBT STRUCTURE OF THE AUTHORITY AND THE CITY—Authority and City Obligations.”

\* Preliminary; subject to change.  
(Source: Municipal Advisor)

## ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2017 Bonds:

### *Sources of Funds*

Par Amount of the Series 2017 Bonds .....	\$
[Net] Original Issue Premium .....	
Total .....	\$

### *Uses of Funds*

Deposit to Construction Fund.....	\$
Deposit to Capitalized Interest Account <sup>(1)</sup> .....	
Costs of Issuance <sup>(2)</sup> .....	
Total .....	\$

(1) For payment of capitalized interest through \_\_\_\_\_, 20\_\_ (preliminary; subject to change).

(2) Includes Underwriters' discount, bond insurance and Reserve Policy premiums, municipal advisor's fees and costs, legal fees, rating agency fees, trustee, bond registrar and paying agent fees, printing fees, rounding amounts and other costs incurred in connection with the issuance and sale of the Series 2017 Bonds.

## THE PROJECTS

### **The 2017 Projects**

Proceeds from the Series 2017 Bonds will be used to acquire the Public Safety Building Project, the Court Building Project, and the Parking facilities project (collectively referred to herein as the "2017 Projects" and each a "Series 2017 Project" or "Project" under the Indenture). These projects are described in further detail below.

#### The Public Safety Building Project

*[Brief description to be added]*

#### The Court Building Project

*[Brief description to be added]*

#### The Parking Facilities Projects

*[Brief description to be added]*

#### The Family Fitness Center Project

*[Brief description to be added]*



## **The 2016 Projects**

### The Leased Portion of the Maverik Center Project

Formerly known as the “E-Center,” the Maverik Center is a multipurpose sports and entertainment facility constructed on the Maverik Center Property in the business center of the City. The Maverik Center includes a 10,700 fixed and retractable seat arena (the “Arena”) with the capability of accommodating an audience of approximately 12,000 by adding folding chairs for show events. The Arena was designed to augment fan experience for hockey events. The Arena features a double concourse design with 40 private luxury suites, half of which are located on the concourse level and the other half of which are located on the club level. In addition, the Arena has six “party” suites which are made available on an event by event basis. The Arena also includes a superior, show-quality sound system to ensure a quality concert and event venue. Improvements to the area surrounding the Arena include surface parking (approximately 3,800 spaces), landscaping, road and street improvements and infrastructure improvements to support traffic, sewer, water, electric and other resources required by the arena. Construction of the Maverik Center was completed in the fall of 1997.

Financing for the Maverik Center was derived from a variety of sources. In addition to the issuance of bonds, the City also applied \$2.5 million of its own moneys as well as a \$1.9 million contribution from the State of Utah toward the Maverik Center. The Authority also issued a series of lease revenue bonds in the approximate amount of \$7.1 million, which bonds were retired when the City received a payment from the Salt Lake Organizing Committee for use of the Maverik Center during the 2002 Olympic Winter Games. The Redevelopment Agency of West Valley City also issued a series of bonds to encourage economic development within the City in the area surrounding the Maverik Center Property. Approximately \$5.8 million of the proceeds of those redevelopment agency bonds were used to reimburse the City for its cost of acquiring the Maverik Center Property and constructing certain infrastructure improvements thereon.

The City has granted use of the Maverik Center, less the parking facilities, to The Utah Grizzlies Professional Hockey Club, a Delaware corporation (the “Hockey Club”) pursuant to an Arena License Agreement dated as of June 1, 2002 (the “License Agreement”). Pursuant to the License Agreement, the Hockey Club has agreed to pay a rental fee in consideration for, among other things, an exclusive license to enter and use the Maverik Center Project for the purpose of playing professional hockey. The City has also entered into an Maverik Center Management Agreement dated as of June 1, 2002 (the “Management Agreement”) with WVE, Inc., a Utah Corporation (the “Manager”), under which the City pays the Manager a fee in consideration for the right to operate and manage the Maverik Center on behalf of the City. The City receives all revenues from the operation of the Maverik Center and from those revenues the City pays all expenses resulting from the operation of the Maverik Center. Although the City may use the revenues it receives from the operation of the Maverik Center Project and from the payments by the Hockey Club under the License Agreement to pay Base Rentals, such revenues are not pledged to secure the payment of the Series 2017 Bonds. The obligations of the City under the Master Lease are not conditioned upon performance by the Hockey Club or the Manager under the License Agreement and the Management Agreement, respectively.

The Maverik Center has served and will continue to serve as the home of the Hockey Club, an East Coast Hockey League franchise. The Maverik Center served as the primary venue for men’s and women’s hockey during the 2002 Olympic Winter Games. The Maverik Center also serves as the venue for basketball tournaments, including the State Championships for the larger classifications. Other events hosted at the Maverik Center include concerts, ice shows, professional wrestling exhibitions, motocross, conventions and other special events.

The City undertook the Maverik Center to spur economic development, enhance the City’s image, serve as a source of civic pride and provide recreational and entertainment opportunities for its residents. Since the completion of construction of the Maverik Center, a variety of businesses including hotels, restaurants and movie theatres, have located around the Maverik Center thereby helping the City realize its objectives in undertaking the Maverik Center.

*Co-Tenancy of the Maverik Center.* The City owns a 21% undivided interest in the Maverik Center. The Authority possesses the remaining 79% undivided interest in the Maverik Center which it will lease to the City

pursuant to the Master Lease. The City's Ownership Interest and the Authority's Ownership Interest in the Maverik Center Project will be administered pursuant to the Co-Tenancy Agreement.

*Use of Maverik Center by the Hockey Club and the Manager.* Pursuant to a Subordination, Attornment, and Nondisturbance Agreement dated as of June 1, 2002 (the "Maverik Center Subordination Agreement") by and among the Hockey Club, the Authority, the City, the Trustee, the Hockey Club and the Manager acknowledge and agree that the Master Lease and the lien and the charge of the Bonds and the Security Documents are prior and superior to the License Agreement and the Management Agreement, and the Hockey Club and the Manager specifically and unconditionally subordinate the License Agreement and the Management Agreement to the Master Lease and the lien and the charge of the Bonds and the Security Documents. In consideration of the Hockey Club's and the Manager's subordination under the Maverik Center Subordination Agreement, the Authority, the City and the Trustee grant the Hockey Club continued undisturbed occupancy of the Maverik Center under the terms of the License Agreement. For more complete information with respect to the Indenture and the Master Lease, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. Certain provisions of the Indenture, the Master Lease and the Security Documents are contained in "APPENDIX B—EXTRACTS OF THE INDENTURE AND THE MASTER LEASE."

Pursuant to the License Agreement, the City has granted the Hockey Club an exclusive license to enter and use the Maverik Center for the purpose of playing professional hockey. The term of the License Agreement expires on June 30, 2027, unless earlier terminated pursuant to the terms of the License Agreement. The occurrence of certain events will constitute a breach under the License Agreement which will permit the non-breaching party to pursue certain remedies including termination of the License Agreement.

In connection with the execution of the License Agreement, the Manager, an affiliate of the Hockey Club, has executed the Management Agreement. Pursuant to the Management Agreement, the City has engaged the Manager to operate, manage, and maintain the Maverik Center. The term of the Management Agreement expires on June 30, [2032], unless earlier terminated in accordance with the provisions of the Management Agreement. The occurrence of certain events will constitute a breach under the Management Agreement which will permit the non-breaching party to pursue certain remedies including termination of the Management Agreement.

The Authority maintains a capital repair and replacement fund for the purpose of paying the costs of extraordinary repairs or maintenance to the Maverik Center. The City deposits \$200,000 per annum in such fund and the amount on deposit in such fund as of February 9, 2017, was \$719,838. Moneys in such fund cannot be used by the Authority to secure its payment obligations with respect to the Series 2017 Bonds.

#### Fire Station Projects

*Remodeled Fire Station Projects.* A portion of the proceeds from the Series 2016 Bonds will be used for the remodeling and equipping of existing fire stations and related improvements, including remodeling and expansion of the living quarters and engine bays. The estimated cost of the Remodeled Fire Station Project is approximately \$1,278,000. Construction of the Remodeled Fire Station Projects is scheduled to begin July 2017 and to be completed by July of 2018.

*New Fire Station Project.* A portion of the proceeds from the Series 2016 Bonds will be used for the acquisition, construction, and equipping of a new fire station and related improvements. The New Fire Station Project includes the acquisition of approximately 1.7 acres of land as the site for the New Fire Station Project and the construction of an approximately 11,000 square-foot fire station. The estimated cost of the New Fire Station Project is approximately \$4,821,000. Construction of the New Fire Station Project is scheduled to begin July 2017 and to be completed by April of 2019.

The Authority will apply a portion of the proceeds of the Series 2016 Bonds to acquire the New Fire Station Property. Although the Authority has identified the property that it expects will be the New Fire Station Property, it has not yet finalized a purchase price for the New Fire Station Property nor has it undertaken an environmental assessment of the expected New Fire Station Property. It will be a condition of disbursement of Series 2016 Bond proceeds for the New Fire Station Property that the Authority obtain a clean Phase I environmental assessment or a certificate of remediation for the New Fire Station Property. In the event that the

Authority does not obtain such documentation for the currently contemplated New Fire Station Property, it expects to acquire another parcel of property so that it may proceed with the New Fire Station Project. The same conditions of disbursement will apply to any other parcel of property that will be used as the site for the New Fire Station Project. The Authority has budgeted a certain amount of Series 2016 Bond proceeds to acquire the New Fire Station Property. In the event such proceeds are not sufficient for that purpose, it is expected that the City will provide a cash contribution to pay the balance of the purchase price. In that event, the City will have a certain percentage of the ownership of the New Fire Station Property and will lease that interest to the Authority.

## **THE AUTHORITY**

### **Establishment**

On February 4, 1981, the City Commission of the City (predecessor to the City Council) enacted Resolution No. 81-08 which provided for the creation of the Authority. The Authority was incorporated on February 25, 1981, as a non-profit corporation under the provisions of the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended (previously codified as the Utah Nonprofit Corporation and Co-operative Association Act, Title 16, Chapter 6, Article 2, Utah Code Annotated 1953, as amended) and the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended (previously codified as the Utah Municipal Building Authority Act, Title 17A, Chapter 3, Part 9, Utah Code Annotated 1953). On April 6, 1989, the Authority and the City Council approved amendments to the Articles of Incorporation in accordance with Utah law.

The Authority is to be of perpetual duration as set forth in its Articles of Incorporation. The Authority has no full-time employees or other personnel other than its Board of Trustees. The Authority has no property, money or other assets, except for those which are to be acquired with the proceeds of, and pledged to the payment of, its bonds. The principal place of business and office of the Authority is located at 3600 Constitution Boulevard, West Valley City, Utah.

### **Corporate Powers**

The Authority has been incorporated for the purpose of acquiring, improving or extending one or more “projects” (as defined in the Building Authority Act) and financing their costs on behalf of the City in accordance with the procedures and subject to the limitations of the Building Authority Act, in order to accomplish the public purposes for which the City exists.

The Authority has all of the powers provided for in the Building Authority Act and in the Constitution and other laws of the State of Utah. The Authority may not, however, undertake any of the activities provided for in its Articles of Incorporation without prior authorization therefor by the City Council. The Authority has been organized as a non-profit corporation and its Articles of Incorporation expressly require that it remain a nonprofit corporation.

The Authority may not be dissolved unless all of its outstanding bonds and other obligations are paid in full as to principal, interest and redemption premiums, if any, or unless provisions for the payment of the same when due has been made. Whenever bonds, notes or other evidences of indebtedness issued by the Authority are satisfied, discharged and retired, title to all real and personal property financed with the proceeds of such bonds, notes or other evidences of indebtedness is required to be forthwith transferred to the City.

### **Statutory Powers**

Under the Building Authority Act, the Authority has the power to: (i) acquire one or more projects, which, by definition, means that it may obtain or gain property of every kind or nature which a public body is authorized or permitted by law to own, possess or hold or which has or may come into its possession or ownership by any lawful means, including, but not limited to purchase, lease, rental, sale, contract, exchange, devise, bequest, gift, condemnation, donation, construction or operation of law, and it may otherwise improve or extend such a project or projects and finance their costs on behalf of the public body which created the Authority in order to accomplish the public purposes for which the public body exists; (ii) enter into leasing contracts with the City with respect to

projects which the Authority has acquired, improved or extended or will acquire, improve or extend on behalf of the City; (iii) issue and sell its bonds for the purpose of paying the cost of acquiring, improving or extending a project; and (iv) perform such other acts as enumerated in the Act; all in accordance with and subject to the specific requirements of the Building Authority Act with respect to such powers.

## **Organization**

According to the By-Laws of the Authority, the affairs of the Authority are managed by a Board of Trustees (the “Board”). The Board consists of the seven members (the “Boardmembers”) of the City Council (including the Mayor) as may from time to time serve. Each Boardmember serves on the Board until death, incapacity or removal from the City Council. Whenever a member of the City Council ceases to be a member of the City Council, such member’s successor, upon election and qualifying for office, thereupon becomes a member of the Board.

The By-Laws further provide for election of officers by the Board. The current members of the Board and the officers are set forth at the front of this Official Statement. For additional information regarding the Boardmembers and the officers, see “WEST VALLEY CITY—Mayor and Councilmembers” herein.

## **WEST VALLEY CITY**

### **General Information**

The City is Utah’s second most populous city and is nestled in the Salt Lake Valley between the Wasatch and Oquirrh mountain ranges and adjoins and is located southwest of Salt Lake City. It is five minutes from the Salt Lake City International Airport, and is easily accessible from two major freeways. In 2015, the City had an estimated population of approximately 136,208 residents and is classified under State law as a city of the first class.

### **Form of Government**

The City has a Council-Manager form of government in which the government of the City is vested in the City Council, which is the governing body of the City, and a manager appointed by the City Council. The City Council consists of seven members, including the Mayor. The City is divided into four representative districts of substantially equal population. The City Council is comprised of one Councilmember from each of the four representative districts and two Councilmembers and a Mayor elected at large. Councilmembers serve four-year terms that are staggered to provide continuity.

The City Council is charged with the responsibility of performing the legislative functions of the City. The City Council performs three primary functions: it passes laws, adopts the City budget, and provides administrative oversight by conducting management and operational audits of City departments.

### **Mayor and Councilmembers**

<u>Office</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration Of Current Term</u>
Mayor	Ron Bigelow	3	January 2018
Councilmember At-Large	Don Christensen	1	January 2020
Councilmember At-Large	Lars Nordfelt	3	January 2018
Councilmember District #1	Tom Huynh	5	January 2020
Councilmember District #2	Steve Buhler	7	January 2018
Councilmember District #3	Karen Lang	5	January 2020
Councilmember District #4	Steve Vincent	10	January 2018

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\* Mr. Christensen’s term began in January of this year.

## City Administration

<u>Person</u>	<u>Office</u>	<u>Years of Service</u> <sup>(1)</sup>	<u>Term Expiration</u>
Wayne T. Pyle	City Manager	20	N/A
Paul Isaac	Assistant City Manager	23	N/A
Nicole Cottle	Assistant City Manager	18	N/A
J. Eric Bunderson	City Attorney	13	N/A
Nichole Camac	City Recorder	9	N/A
James D. Welch	Finance Director	15	N/A

<sup>(1)</sup> Denotes total years of service with the City in any capacity.

## Employee Workforce and Retirement System

The City currently employs approximately 614 full-time employees and approximately 343 part-time and 28 temporary employees for a total employment of approximately 985 employees. The City participates in five cost-sharing multiple-employer public employee retirement systems, all of which are defined benefit retirement plans covering public employees of the State of Utah and employees of participating local governmental entities. The systems are administered under the direction of the Utah State Retirement Board whose members are appointed by the Governor of Utah. See “APPENDIX A—AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF WEST VALLEY CITY FOR FISCAL YEAR ENDED JUNE 30, 2016.”

## Budget and Appropriation Process

The budget and appropriation process of the City is governed by the Uniform Fiscal Procedures Act for Utah Cities, Title 10, Chapter 6, Utah Code Annotated 1953, as amended (the “Fiscal Procedures Act”). Pursuant to the Fiscal Procedures Act, the budget officer of the City is required to prepare budgets for the general fund, special revenue funds, debt service funds and capital improvement funds. These budgets are to provide a complete financial plan for the budget (ensuing fiscal) year. Each budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures. Under the Fiscal Procedures Act, the total of anticipated revenues must equal the total of appropriated expenditures.

Each year the Mayor, the City Council, and City management, meet to update the City’s strategic plan. This meeting provides for direction to be given from the City Council to the City management and establishes goals for achievement. Each department sets its goals and budget consistent with the provisions of the City’s strategic plan. Revenues and expenditures are projected and then the process of balancing the expenditures with revenue begins.

On or before the first regular meeting of the City Council in May of each year, the City Manager is required to submit to the City Council tentative budgets (as prepared by the budget officer as described above) for all funds for the fiscal year commencing July 1. Various actual and estimated budget data are required to be set forth in the tentative budgets. The City Manager may revise the budget requests submitted by the heads of the City departments, but must file these submissions with the City Council together with the tentative budget. The City Manager is required to estimate in the tentative budget the revenue from non-property tax sources available for each fund and the revenue from general property taxes required by each fund. The tentative budget is then tentatively adopted by the City Council, with any amendments or revisions that the City Council deems advisable prior to the public hearings on the tentative budget. After public notice and hearing, the tentative budget is adopted by the City Council, subject to further amendment or revisions by the City Council prior to adoption of the final budget.

With the exception of executive sessions, all City Council meetings and study sessions are open to the public and every citizen has access to four of the seven councilmembers: the Mayor, the two Councilmembers at large, and their own district councilmember. By following established procedures, each citizen can address issues of importance to them and participate in public hearings.

Prior to June 22 in each year, the final budgets for all funds are adopted by the City Council, unless the City is required to satisfy certain notice and hearing provisions of State law in connection with an increase in the City's ad valorem property tax revenues, in which case the final budgets must be adopted prior to August 17 or such later date as may be approved by the State Tax Commission. The Fiscal Procedures Act prohibits the City Council from making any appropriation in the final budget of any fund in excess of the estimated expendable revenue of such fund. The adopted final budget is subject to amendment by the City Council during the fiscal year. However, in order to increase the budget total of any fund, public notice and hearing must be provided. Intra- and inter-department transfers of appropriation balances are permitted upon compliance with the Fiscal Procedures Act.

The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the City Council for the succeeding tax year. See "FINANCIAL INFORMATION REGARDING THE CITY" for a description of certain matters relating to the City's ability to levy and collect general property taxes and the procedure applicable to such levy and collection.

The City has established a special revenue fund known as the "Municipal Building Authority Fund" to account for the operations of the Authority in connection with its revenues and expenditures. The assets and liabilities of the Authority are reflected in the account groups on the City's financial statements. Within the Building Authority Fund are separate accounts that relate to the particular property or project leased from the Authority. Appropriated moneys are set aside monthly in the various accounts in the Municipal Building Authority Fund and are dedicated and used solely for the payment of principal and interest on the obligations that were issued to finance such property or projects. Those moneys are then transferred as needed into the respective debt service funds to timely pay the principal of and interest on the obligations of the Authority.

## **Investment of Funds**

Investment of Operating Funds; The Utah Money Management Act. The Utah Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended (the "Money Management Act"), governs the investment of all public funds held by public treasurers in the State of Utah (the "State"). It establishes criteria for investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The Money Management Act provides a limited list of approved investments including qualified in-state and permitted out-of-state financial institutions, approved government agency securities and investments in corporate securities carrying "top credit ratings." The Money Management Act also provides for pre-qualification of broker dealers by requiring that broker dealers agree in writing to comply with the Money Management Act and certify that they have read and understand the Money Management Act. The Money Management Act establishes the Money Management Council (the "Money Management Council") to exercise oversight of public deposits and investments. The law requires all securities to be delivered versus payment to the public treasurer's safekeeping bank. It requires diversification of investments, especially in securities of corporate issuers. Not more than 5% of the portfolio may be invested with any one issuer. Investments in mortgage pools and mortgage derivatives or any security making unscheduled periodic principal payments are prohibited. The Money Management Act also defines the State's prudent investor rules. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The City is currently complying with all of the provisions of the Money Management Act for all City operating funds. The City has no investments in derivative or leveraged securities. Approximately 81% of City funds are invested in the Utah Public Treasurers' Investment Fund (the "Utah Treasurers' Fund"). However, it should be noted that the amount of City funds invested in the Utah Treasurer's Fund varies over time.

The Utah Public Treasurers' Investment Fund. The Utah Treasurers' Fund is a public treasurers' investment fund, established in 1981, and is managed by the Treasurer of the State of Utah. The Utah Treasurers' Fund invests to ensure safety of principal, liquidity and a competitive rate of return on short-term investments. All moneys transferred to the Utah Treasurers' Fund are promptly invested in securities authorized by the Money Management Act. Safe-keeping and audit controls for all investments owned by the Utah Treasurers' Fund must comply with the Money Management Act.

All investments in the Utah Treasurers' Fund must comply with the Money Management Act and rules of the Money Management Council. The Utah Treasurers' Fund invests primarily in money market securities including time certificates of deposit, top rated commercial paper, treasuries and certain agencies of the U.S. Government. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The maximum final maturity of any security purchased by the Utah Treasurers' Fund is limited to three years, except for a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. All securities purchased are delivered via payment to the custody of the State Treasurer or the State Treasurer's safekeeping bank, assuring a perfected interest in the securities. Securities owned by the Utah Treasurers' Fund are completely segregated from securities owned by the State. The State has no claim on assets owned by the Utah Treasurers' Fund except for any investment of State moneys in the Utah Treasurers' Fund. Deposits are not insured or otherwise guaranteed by the State.

Securities in the Utah Treasurers' Fund include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the U.S. Government. These short-term securities must be rated "first tier" ("A-1," "P1," for short-term investments and "A" or better for long-term investments) by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service, Inc. or Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. These securities represent limited risks to governmental institutions investing with the Utah Treasurers' Fund. Variable rate securities in the Utah Treasurers' Fund must have an index or rate formula that has a correlation of at least 94% of the effective Federal Funds rate.

Investment activity of the State Treasurer in the management of the Utah Treasurers' Fund is reviewed monthly by the Money Management Council and is audited by the State Auditor.

See "APPENDIX A—AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF WEST VALLEY CITY FOR FISCAL YEAR ENDED JUNE 30, 2016—Notes to Financial Statements—Note 2. Cash and Investments."

Moneys from the sale of obligations issued by the City or pledged to the payment therefor are also on deposit in funds and accounts of the City. Investment policies regarding such moneys are governed by the specific instruments pursuant to which such obligations were issued.

### **Additional Information**

For additional information with respect to the City and its finances see "FINANCIAL INFORMATION REGARDING THE CITY," "DEBT STRUCTURE OF THE AUTHORITY AND THE CITY," "APPENDIX A—AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS OF WEST VALLEY CITY FOR FISCAL YEAR ENDED JUNE 30, 2016" and "APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY."

## **DEBT STRUCTURE OF THE AUTHORITY AND THE CITY**

### **Authority Obligations**

The Authority has issued other obligations in addition to the Series 2017 Bonds to finance a variety of projects within the City (the "Additional Authority Obligations"). The Additional Authority Obligations are payable from amounts annually appropriated by the City from legally available funds. Such Additional Authority Obligations are not secured by the lien of the Indenture or the Security Documents nor are the Series 2017 Bonds secured by the documents pursuant to which such Additional Authority Obligations were issued. The following tables set forth a summary of obligations issued by the Authority (including the Series 2017 Bonds and the Additional Authority Obligations), the amount outstanding as of February 1, 2017, and the purpose for such obligations.

# OUTSTANDING LEASE REVENUE BONDS UNDER THE INDENTURE

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding</u>
2017 <sup>(1)</sup>	Public Safety, Court, Parking	\$ _____ *	February 1, 2044*	\$ _____ *
2016	Refunding & Fire Stations	30,750,000	February 1, 2038	<u>28,010,000</u>
				\$ _____

(1) Assumes that the Series 2017 Bonds are issued and outstanding.

\* Preliminary; subject to change.

## ADDITIONAL AUTHORITY OBLIGATIONS

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding</u>
2010	Refunding	\$2,870,000	January 15, 2020	<u>\$925,000</u>

## City Obligations

Outstanding as of February 1, 2017

## OUTSTANDING SALES TAX REVENUE BONDS<sup>(1) (2)</sup>

<u>Series/Year</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding</u>
2009	Pledge Agreement	\$9,020,000	May 1, 2026	\$6,675,000
2010	Refunding	14,466,760	July 15, 2035	14,466,760
2013A	Refunding	5,880,000	July 15, 2023	4,960,000
2016	Refunding	9,030,000	July 15, 2021	<u>9,030,000</u>
Total .....				<u>\$35,131,760</u>

(1) The City has a contingent liability in connection with its participation in the Utah Telecommunications Open Infrastructure Agency. That contingent liability is payable from a subordinate pledge of the sales tax revenues received by the City. See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF WEST VALLEY CITY, UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 2016—Notes to the Financial Statements—Note 17. Interlocal Agreement” herein.

(2) The City also has a contingent liability from a subordinate pledge of its sales and use tax revenues in connection with the City’s RDA Series 2012 Bonds.

## OUTSTANDING FRANCHISE TAX REVENUE OBLIGATIONS<sup>(1)</sup>

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding</u>
2009	Refunding	\$13,735,000	April 15, 2020	<u>\$5,635,000</u>

(1) The City has a contingent liability in connection with its participation in the Utah Infrastructure Agency (the “UIA Obligation”). The UIA Obligation is payable from franchise tax revenues received by the City. The maximum annual amount of the UIA Obligation is \$1,569,781. The City has also pledged its franchise tax revenues to secure the Redevelopment Agency of West Valley City, Utah Franchise Tax and Tax Increment Revenue and Refunding Bonds, Series 2010B and the Redevelopment Agency’s Revenue and Refunding Bonds, Series 2016 (see “—Redevelopment Agency Obligations,” below). [To date, the Redevelopment Agency has not had to draw on such pledge to meet debt service on these bonds.]



## Redevelopment Agency Obligations <sup>(1)</sup>

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding</u>
2010B <sup>(2)</sup>	Refunding	\$4,620,000	November 1, 2025	\$4,620,000
2015	Refunding	3,163,000	March 1, 202	2,799,000
2016A <sup>(3)</sup>	Refunding	16,514,000	May 1, 2025	16,514,000
2016B <sup>(3)</sup>	Refunding	8,106,000	May 1, 2025	8,106,000
2016 <sup>(4)</sup>	Refunding	10,490,000	November 1, 2036	<u>10,490,000</u>
Total				<u>\$42,529,000</u>

(1) These bonds are issued by the Redevelopment Agency of the City (the “RDA”).

(2) These bonds are secured by franchise tax revenues of the City under a pledge agreement between the City and the RDA in addition to certain tax increment revenue.

(3) These bonds are secured by certain tax increment revenues.

(4) These bonds are secured by franchise tax revenues of the City under a contribution agreement between the City and the RDA.

## Future Financing Plans

The City from time to time will pursue various financings in order to satisfy the needs of its citizens. Such financings include new money issues as well as refunding issues.

## Investment Policy

As stated above, the Authority has no money or assets except for those which result from the sale or pledged to the payment of its bonds. Investment policies regarding such moneys and assets are governed by the specific instruments pursuant to which such bonds were issued.

## No Defaulted Bonds or Failure to Renew Lease

Neither the Authority nor the City has ever failed to pay principal and interest when due on their respective outstanding bonded indebtedness or other obligations nor has the City ever failed to appropriate amounts due under its lease obligations.

## Outstanding General Obligation Bonds

The City has no general obligation bonds outstanding.

## Debt Authorization and Limit

Pursuant to the provisions of Article XIV, Section 3, of the Utah Constitution, the City may incur general obligation indebtedness only upon the approval of a majority of the qualified electors within the City voting on a proposition to incur such indebtedness.

Pursuant to the provisions of Article XIV, Section 4 of the Utah Constitution and applicable statutory provisions, the general obligation indebtedness of a city of the first class, such as the City, incurred for general purposes is limited to an amount not exceeding 4% of the value of taxable property in the City as shown in the last assessment for City purposes. The City may incur an additional amount of general obligation indebtedness, not exceeding 4% of the value of taxable property in the City, for water, sewer or electric purposes. Based upon the City’s 2015 total estimated fair market value of \$9,406,795,230 (total fair market value of property in the amount of \$9,291,051,414 plus the estimated motor vehicle values for 2015 of \$115,743,815, as permitted by State law) the general obligation debt limits of the City are shown below:

<u>General (4%)</u>	Water, Sewer	<u>Total (8%)</u>
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		<u>and Electric (4%)</u>	
Debt Limit	\$376,271,809	\$376,271,809	\$752,543,618
Less Outstanding General Obligation Bonds	<u>0</u>	<u>0</u>	<u>0</u>
Debt Margin	<u>\$376,271,809</u>	<u>\$376,271,809</u>	<u>\$752,543,618</u>

### Computation of Overlapping General Obligation Debt

[check for updates on overlapping GO debt]

<u>Name of Overlapping Governmental Unit<sup>(1)</sup></u>	<u>GO Debt Outstanding</u>	<u>Percentage Applicable to the City</u>	<u>City's Share of GO Debt</u>
Salt Lake County	\$182,345,000	7.93%	\$14,459,959
Granite School District	185,800,000	28.58	53,101,640
Magna Water District	7,366,000	14.69	1,082,065
CUWCD <sup>(2)</sup>	230,615,000	5.08	<u>11,715,242</u>
TOTAL:			<u>\$80,358,906</u>

(1) The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of its general obligation bonds.

(2) Central Utah Water Conservancy District ("CUWCD") encompasses all or a portion of eight State counties, including, among others, Salt Lake County. CUWCD's outstanding general obligation bonds are limited ad valorem tax bonds. By law, CUWCD may levy a tax rate of up to .0004 (subject to certain exceptions) to pay for operation and maintenance expenses and any outstanding general obligation indebtedness.

(Sources: Official statements and other continuing disclosure reports of the listed entities (as to outstanding debt).)

### Debt Ratios

The State of Utah general obligation debt is not included in the debt ratios because the State of Utah currently levies no property tax for payment of general obligation bonds.

	<u>To 2015 Taxable Value<sup>(2)</sup></u>	<u>To Estimated Fair Market Value<sup>(3)</sup></u>	<u>Per Capita<sup>(4)</sup></u>
Direct General Obligation Debt <sup>(1)</sup>	—	—	—
Direct and Overlapping General Obligation Debt	1.21%	0.86%	\$590

(1) The City has no outstanding general obligation debt.

(2) Based on the City's total 2015 taxable value of \$6,657,422,137.

(3) Based on the estimated 2015 fair market value of \$9,291,051,414.

(4) Based on 2015 population of 136,208.

## FINANCIAL INFORMATION REGARDING THE CITY

### Sources of General Fund Revenues

Set forth below are brief descriptions of the various sources of revenues available to the City's general fund. The percentage of total general fund revenues represented by each source is based on the City's 2016 fiscal year. See the tables that follow and "APPENDIX A" hereto.

Property Taxes – Approximately \_\_\_% of general fund revenues are from property taxes.

Sales Taxes – Approximately \_\_\_% of general fund revenues are from sales and use taxes.

Franchise Taxes – Approximately \_\_\_% of general fund revenues are from franchise taxes.

License permits and fees – Licenses, permits, fees and passes amount to approximately 6% of general fund revenues.

Intergovernmental – Approximately 6% of general fund revenues is received from federal, state or county governments.

Fines and forfeitures – Approximately 4% of general fund revenues are collected from parking tickets and from fines and forfeitures.

Charges for services – Charges for services amount to approximately 1% of general fund revenues.

Interest – Interest on surplus cash amounts to less than 1% of general fund revenues.

Other – Approximately 1% of general fund revenues are received from assessments, other charges for services, or from other miscellaneous revenues.

### **Five Year Financial Summaries**

The following tables set forth a summary of certain financial information regarding the City and have been extracted from the City's audited general purpose financial statements for the fiscal years ended June 30, 2012 through June 30, 2016. This summary itself is unaudited.

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WEST VALLEY CITY  
Statement of Net Position—Governmental Activities

(This summary is unaudited.)

	<u>2016</u>	<u>2015</u>	<u>Fiscal Year Ended June 30,</u> <u>2014</u>	<u>2013</u>	<u>2012</u>
Assets:					
Cash and Cash Equivalents	\$28,746,937	\$27,081,013	\$28,279,083	\$34,119,140	\$32,075,372
Receivables:					
Accounts, Net	886,515	945,457	932,897	1,129,582	1,138,465
Taxes <sup>(1)</sup>	32,047,590	29,192,642	37,079,227	35,069,956	34,954,833
Intergovernmental	4,731,225	4,714,157	4,425,322	4,227,539	5,555,750
Loans Receivable	734,679	629,025	656,948	558,022	583,615
Inventories	134,735	166,714	185,573	65,996	62,966
Prepays	7,271	7,103	6,185	141,152	548,499
Note Receivable – Short Term	6,971	5,832	5,015	4,277	–
Note Receivable – Long Term	123,025	109,348	110,204	103,766	–
Property Held for Resale	7,608,059	9,961,923	8,927,103	6,400,562	5,520,045
Restricted Assets:					
Cash and Cash Equivalents	15,232,722	18,991,358	24,625,987	17,161,992	35,428,863
Intergovernmental					
Receivable	1,060,923	759,006	693,432	833,376	727,473
Net Pension Asset	36,634	701,210	–	–	–
Capital Assets Not Being					
Depreciated:					
Land and Collectibles	26,926,152	25,804,368	25,235,426	25,324,582	19,001,364
Infrastructure	227,461,060	223,383,385	217,609,040	215,058,695	212,514,330
Construction in Progress	2,074,139	2,153,834	1,123,517	592,688	17,697,819
Intangible assets	599,672	599,672	599,672	599,672	599,672
Capital Assets Net of					
Accumulated Depreciation:					
Buildings	94,943,113	98,662,208	102,381,303	106,100,398	81,555,728
Improvements other than					
buildings	4,646,140	5,520,250	6,333,081	6,494,134	3,566,153
Machinery and Equipment	3,707,400	4,430,271	3,586,707	5,221,395	5,132,526
Furniture and Fixtures	210,129	349,903	501,248	470,682	49,657
Infrastructure	<u>5,556,332</u>	<u>5,607,521</u>	<u>5,377,893</u>	<u>40,110,601</u>	<u>40,443,572</u>
Total Assets	<u>457,481,423</u>	<u>459,776,200</u>	<u>468,674,863</u>	<u>499,788,207</u>	<u>497,156,702</u>
Deferred Outflows of Resources					
Deferred charge on refunding	2,157,258	2,376,465	2,607,854	2,830,871	2,400,655
Deferred Outflows Related to					
Pensions <sup>(2)</sup>	12,574,523	4,209,033	–	–	–
Deferred costs of issuance on					
bonds	–	–	–	–	<u>5,604,204</u>
Total Deferred Outflows of					
Resources	14,731,781	<u>6,585,498</u>	<u>2,607,854</u>	<u>2,830,871</u>	<u>8,004,859</u>
Total Assets and Deferred					
Outflows of Resources	<u>\$472,213,204</u>	<u>\$466,361,698</u>	<u>\$471,282,717</u>	<u>\$502,619,078</u>	<u>\$505,161,561</u>

(1) The decrease in taxes receivable from fiscal year 2014 to fiscal year 2015 shown on this line item is due to changes in the reporting of property tax increment associated with the redevelopment agency of the City.

(2) This line item reflects the City's implementation of GASB 68 in fiscal year 2015. Such information was not required in prior years.

Table continued on next page . . .

WEST VALLEY CITY  
Statement of Net Position—Governmental Activities  
(This summary is unaudited.)

*Continued . . .*

	<u>Fiscal Year Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Liabilities:					
Accounts Payable	\$3,871,138	\$2,357,224	\$2,664,642	1,643,833	\$3,583,840
Accrued Liabilities	5,345,881	4,846,927	4,078,305	4,648,682	4,300,236
Accrued Interest Payable	7,410,794	6,212,402	4,965,553	3,894,752	2,921,442
Developer and Customer					
Deposits	1,378,943	1,083,375	1,225,648	812,593	653,911
Liabilities Payable from					
Restricted Assets	405,820	672,600	884,675	977,968	1,029,360
Unearned Revenue	170,086	2,279,695	6,077,064	3,188,402	34,119,711
Net Pension Liability	18,346,006	13,474,734	—	—	—
Noncurrent Liabilities:					
Due Within One Year	12,622,809	12,434,504	9,958,304	10,710,333	9,345,913
Due in More Than One Year	<u>119,529,995</u>	<u>129,052,608</u>	<u>139,280,368</u>	<u>140,375,577</u>	<u>140,702,989</u>
Total Liabilities	<u>169,081,472</u>	<u>172,414,069</u>	<u>169,134,559</u>	<u>166,252,140</u>	<u>196,657,402</u>
Deferred Inflows of Resources					
Deferred Inflows for Property					
Taxes	30,519,714	27,976,932	35,879,348	33,907,106	—
Deferred Inflows Relating to					
Pensions <sup>(1)</sup>	<u>3,510,908</u>	<u>3,272,492</u>	—	—	—
Total Deferred Inflows of					
Resources	<u>34,030,622</u>	<u>31,249,424</u>	<u>35,879,348</u>	<u>33,907,106</u>	—
Net Position:					
Net Investment in Capital					
Assets	251,315,095	236,660,132	225,032,233	260,195,335	269,544,925
Restricted for:					
Debt Service	11,738,439	8,688,043	9,295,738	9,222,640	9,315,133
Future Development	4,149,383	6,037,907	6,231,458	4,845,609	25,811,844
Unrestricted	<u>1,898,193</u>	<u>11,312,123</u>	<u>25,709,381</u>	<u>28,196,248</u>	<u>3,832,257</u>
Total Net Position	<u>269,101,110</u>	<u>262,698,205</u>	<u>266,268,810</u>	<u>302,459,832</u>	<u>308,504,159</u>
Total Liabilities, Deferred					
Inflows of Resources,					
and Net Position	<u>\$472,213,204</u>	<u>\$466,361,698</u>	<u>\$471,282,717</u>	<u>\$502,619,078</u>	<u>\$505,161,561</u>

<sup>(1)</sup> This line item reflects the City's implementation of GASB 68 in fiscal year 2015. Such information was not required in prior years.

(Source: Extracted from the City's audited general purpose financial statements for the fiscal years June 30, 2012 through June 30, 2016. This summary itself is unaudited.)

WEST VALLEY CITY  
Statement of Revenues, Expenditures and Changes in Fund Balance — General Fund  
(This summary is unaudited.)

	<u>Fiscal Year Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:					
Taxes	\$60,889,951	\$59,421,915	\$57,524,580	\$57,067,856	\$55,247,916
Licenses and Permits	4,192,432	3,788,274	3,989,809	3,645,728	3,578,244
Intergovernmental	4,252,091	3,952,748	3,735,090	4,031,025	3,919,823
Fines and Forfeitures	2,895,721	3,699,985	3,437,578	3,629,328	4,197,709
Charges for Services	812,379	823,063	638,850	710,388	681,222
Interest	473,922	420,152	417,119	467,205	511,512
Special Assessments	180,486	178,535	218,159	211,260	360,482
Miscellaneous	<u>821,729</u>	<u>1,013,758</u>	<u>807,773</u>	<u>881,734</u>	<u>1,235,551</u>
Total Revenues	<u>74,518,711</u>	<u>73,298,430</u>	<u>70,768,958</u>	<u>70,644,524</u>	<u>69,732,459</u>
Expenditures:					
Current:					
General Government	15,091,148	13,766,570	13,142,588	12,668,508	12,136,066
Public Safety	31,905,819	31,966,528	30,190,493	29,850,945	28,115,335
Highways and Public Improvements	8,550,528	8,109,009	7,555,046	9,164,466	7,360,504
Parks and Recreation	1,962,359	1,930,901	1,847,107	1,851,432	1,779,601
Community Development	3,726,445	3,508,736	3,393,470	3,394,237	3,141,094
Other Nondepartmental	4,975,781	4,765,596	5,034,351	4,291,855	2,946,813
Debt Service:					
Principal	3,438,431	3,109,585	3,173,220	3,131,332	2,863,826
Interest	651,685	752,925	835,634	956,803	1,194,635
Bond Issuance Costs	9,950	9,963	14,015	197,514	30,872
Capital outlay	<u>129,494</u>	<u>229,120</u>	<u>584,111</u>	<u>1,495</u>	<u>203,920</u>
Total Expenditures	<u>70,441,640</u>	<u>68,148,933</u>	<u>65,770,035</u>	<u>65,508,587</u>	<u>59,772,666</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,077,071</u>	<u>5,149,497</u>	<u>4,998,923</u>	<u>5,135,937</u>	<u>9,959,793</u>
Other Financing Sources (Uses):					
Issuance of New Debt	1,030,924				
Refunding Bonds Issued	—	456,228	475,533	7,737,358	—
Payment to Refunded Bond Escrow Agent	—	—	—	(7,022,305)	—
Proceeds from Capital Leases	—	—	—	—	239,502
Transfers In	1,913,107	1,925,870	1,716,168	1,784,699	1,692,811
Transfers Out	(8,395,872)	(6,579,636)	(7,508,621)	(6,074,370)	(12,882,082)
Sale of Capital Assets	<u>132,798</u>	<u>—</u>	<u>9,740</u>	<u>409,099</u>	<u>4,626,271</u>
Total Other Financing Sources (Uses)	<u>(5,319,043)</u>	<u>(4,197,538)</u>	<u>(5,307,180)</u>	<u>(3,165,519)</u>	<u>(6,323,498)</u>
Net Change in Fund Balances	(1,241,972)	951,959	(308,257)	1,970,418	3,636,295
Fund Balances, Beginning, Restated	<u>27,412,830</u>	<u>26,460,871</u>	<u>26,374,383</u>	<u>24,403,965</u>	<u>20,767,670</u>
Fund Balances, Ending	<u>\$26,170,858</u>	<u>\$27,412,830</u>	<u>\$26,066,126</u>	<u>\$26,374,383</u>	<u>\$24,403,965</u>

(Source: Extracted from the City's audited general purpose financial statements for the fiscal years June 30, 2012 through June 30, 2016. This summary itself is unaudited.)

## General Governmental Tax Revenues by Source

<u>Fiscal Year ended June 30,</u>	<u>General Property Taxes</u>	<u>General Sales and Use Taxes</u>	<u>Franchise Taxes</u>	<u>Total Tax Revenues</u>
2016	\$29,344,107	\$24,279,409	\$10,362,934	\$63,986,450
2015	28,826,224 <sup>(1)</sup>	23,298,553	10,006,985	62,131,762
2014	32,266,827	21,843,979	9,978,924	64,089,730
2013	35,746,167	20,741,962	9,853,924	66,342,053
2012	34,769,415	19,958,098	9,239,524	63,967,037

<sup>(1)</sup> The decrease in general property taxes from fiscal year 2014 to fiscal year 2015 is due to changes in the reporting of property tax increment associated with the redevelopment agency of the City.

(Source: Extracted from the City's Comprehensive Annual Report for the fiscal year ended June 30, 2016, Statistical Section, Table 2 "Changes in Net Position by Component.")

## Sales and Use Tax

The Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code Annotated 1953, as amended (the "Local Sales and Use Tax Act"), provides that each city and town in the State may levy a local sales and use tax of up to 1.00% on the purchase price of taxable goods and services. Although local governments may elect to levy sales and use taxes at rates less than 1.00%, various provisions of the Local Sales and Use Tax Act encourage them to levy these taxes at the rate of 1.00%. The City currently levies sales and use taxes at the full rate of 1.00%. The legislative intent contained in the Local Sales and Use Tax Act is to provide an additional source of revenues to counties and municipalities that is to be used to finance their capital outlay requirements and to service their bonded indebtedness. The local sales and use taxes discussed in this paragraph and received by the City are the Pledged Sales and Use Taxes from which Revenues are derived.

The local sales and use tax is levied in addition to a statewide sales and use tax (the "Statewide Tax") which is currently imposed at a rate of 4.70% of the purchase price of taxable goods and services (except that only 1.75% is levied on unprepared food and food ingredients). Sales of natural gas, electricity and fuel oil for residential use are taxed at a statewide rate of 2.00%. The taxable transactions and the exemptions under the Local Sales and Use Tax Act conform to those of the statewide sales and use tax. The Statewide Tax is paid to the State of Utah.

Sales tax is imposed on the amount paid or charged for sales of tangible personal property in the State and for services rendered in the State for the repair, renovation or installation of tangible personal property. Use tax is imposed on the amount paid or charged for the use, storage or other consumption of tangible personal property in the State, including services for the repair, renovation or installation of such tangible personal property. Sales and use taxes also apply to leases and rentals of tangible personal property if the tangible personal property is in the State, the lessee takes possession in the State or the tangible personal property is stored, used or otherwise consumed in the State.

In addition to the sales and use taxes described above, counties and cities in the State are authorized to impose sales and use taxes to fund a public transportation system, for zoo, art and parks purposes and at the option of the county for general fund purposes of the county. Salt Lake County (the "County") currently imposes sales and use taxes for public transportation, for zoo, art and parks purposes, and for general fund purposes of the County. The total sales and use tax imposed in the City (other than certain specialty taxes, including a motor vehicle rental tax, a transient room tax, and a tourism restaurant tax imposed by the County) is 6.85%.

Local sales and use taxes are collected by the Utah State Tax Commission and distributed on a monthly basis to each county, city and town. The distributions are based on a formula, which provides that (1) 50% of sales tax collections will be distributed on the basis of the population of the local government and (2) 50% of sales tax collections will be distributed on the basis of the point of sale (the "50/50 Distribution"). The 50/50 Distribution formula is subject to the provision that certain qualifying counties, cities and towns are eligible to receive a minimum tax revenue distribution (the "Minimum Distribution") if such amount is greater than the 50/50

Distribution. For fiscal years 2006-07 through 2012-13, the Minimum Distribution was equal to their distribution in fiscal year 2004-2005 or 2000-2001, whichever was greater. However, during this period any local government not receiving the Minimum Distribution for three consecutive fiscal years received the 50/50 Distribution for the following fiscal year. Beginning in fiscal year 2013-14 and ending with fiscal year 2015-16, a local government received the Minimum Distribution for such fiscal year if for fiscal year 2012-13 the 50/50 Distribution was less than or equal to the product of the Minimum Distribution and 0.9. Beginning with fiscal year 2016-17 and ending with fiscal year 2020-21, Minimum Distribution is equal to the distribution received for fiscal year 2004-05.

A sales and use tax due and unpaid constitutes a debt due from the vendor and may be collected, together with interest, penalty, and costs, by appropriate judicial proceeding within three years after the vendor is delinquent. Furthermore, if a sales and use tax is not paid when due and if the vendor has not followed the procedures to object to a notice of deficiency, the Utah State Tax Commission may issue a warrant directed to the sheriff of any county commanding him to levy upon and sell the real and personal property of a delinquent taxpayer found within such county for the payment of the tax due. The amount of the warrant shall have the force and effect of an execution against all personal property of the delinquent taxpayer and shall become a lien upon the real property of the delinquent taxpayer in the same manner as a judgment duly rendered by any district court.

### **Franchise Taxes**

Under Utah law, municipalities have the authority to impose a tax, license, fee, license fee, license tax, energy sales and use tax or similar charge at a rate not exceeding 6% of gross revenues of public utilities collected within the boundaries of the municipality (or, in the case of gas and electric service providers, not exceeding 6% of the “delivered value” of “taxable energy”). Utilities upon which these taxes and fees may be levied include telephone, natural gas, electric energy service companies and city public utilities. Utility franchise taxes and fees are collected by the utility and remitted on a monthly basis to the local government. Energy sales and use taxes are, in certain circumstances, remitted by the energy service provider to the State Tax Commission and then to the municipality.

State law also provides that a municipality may levy on, and provide that there is collected from, a telecommunications provider a municipal telecommunications license tax on the telecommunications provider’s gross receipts from telecommunications service that are attributed to the municipality. The municipal telecommunications license tax may be imposed at a rate of up to 3.5% of the telecommunications provider’s gross receipts from telecommunications service that are attributed to the municipality. The City levies such tax at the maximum rate of 3.5%. The Utah State Tax Commission to collect such taxes on the City’s behalf and remits them to the City on a monthly basis.

### **Certain Property Tax Matters**

The following information with respect to certain property tax matters is included in this Official Statement to provide background information relating to a major source of general fund revenues of the City. As described herein, the Series 2017 Bonds are not secured by any pledge of property tax revenues and do not constitute a debt or indebtedness of the City or the Authority. See “RISKS FACTORS” below.

The Property Tax Act, Title 59, Chapter 2, Utah Code Annotated 1953, as amended (the “Property Tax Act”), provides that all taxable property within the taxing entity is required to be assessed and taxed at a uniform and equal rate on the basis of 100% of its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Determinations of “fair market value” shall take into account the current zoning laws applicable to the property in question. Section 2 of Article XIII of the Utah Constitution provides that the Utah Legislature may by law exempt from taxation up to 45% of the fair market value of residential property as defined by law. Pursuant to this provision, the Utah Legislature has provided that the “fair market value” of primary residential property shall be reduced by 45% for tax years 1995 and thereafter. No more than one acre of land per residential unit may qualify for the residential exemption.



The Property Tax Act provides that the State Tax Commission shall assess certain types of property (“centrally assessed property”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal properties and (v) mines, mining claims and appurtenant machinery, furnishings and improvements, including oil and gas properties. All other taxable property (“locally assessed property”) is required to be assessed by the county assessor of the county in which such locally assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data. Each county assessor must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

The State Tax Commission and the county assessors utilize various valuation methods, as determined by statute, administrative regulation or accepted practice, to determine the “fair market value” of taxable property.

Many areas within the State have agricultural farmland devoted to the raising of useful plants and animals. For general property tax purposes, agricultural land is assessed based on statutory requirements and the value which the land has for agricultural use or on its agricultural value.

### **Uniform Fees**

An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax, which uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State (the “Uniform Fee” or “Uniform Fees”). Prior to 1999, the Uniform Fee was established at 1.5% of the fair market value of such property. Beginning in 1999, the Uniform Fee was adjusted to a set fee structure for motor vehicles weighing 12,000 pounds or less based on the model year of the vehicle. The revenues collected in each county from the Uniform Fee are distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem property tax is distributed, and each taxing entity is to distribute the revenues in the same proportion in which revenue collected from ad valorem property tax is distributed.

### **Tax Levy and Collection**

The State Tax Commission must assess all centrally-assessed property by May 1 of each year and shall immediately notify the owners or operators of such property, and the county assessors, of such assessment. County assessors must assess all taxable property other than centrally-assessed property before May 22 of each year. Before May 25 the State Tax Commission apportions the value of centrally-assessed property to the various taxing entities within each county and reports such values to county auditors before June 8. The governing body of each taxing entity must adopt a final tax rate before June 22, except as described below for rates in excess of the certified tax rate. County auditors must forward to the State Tax Commission a statement prepared by the governing body of each taxing entity showing the amount and purpose of each levy.

If the State Tax Commission determines that a tax levy established by a taxing entity exceeds the maximum levy permitted by law, the State Tax Commission must lower the levy to the maximum level permitted by law, must notify the taxing entity that the rate has been lowered, and must notify the county auditor of the county in which the taxing entity is located to implement the rate established by the State Tax Commission.

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Not later than 30 days following the mailing of the notice, taxpayers owning property assessed by the county assessors may file an application with the appropriate county board of equalization for the purpose of contesting the assessed valuation of their property. The county boards of equalization must render a decision on each appeal no later than October 1 (with extensions requiring State Tax Commission approval). Such decisions may be appealed to the State Tax Commission, which must decide all appeals by March 1 of the following year. Owners of centrally assessed property, on or before the later of June 1 or a day within 30 days of the date the notice of assessment is mailed by

the State Tax Commission, may apply to the State Tax Commission for a hearing to contest the assessment of centrally-assessed property. A county may also contest the assessment under specified conditions. The State Tax Commission must render a written decision no later than 120 days following completion of the hearing and submission of all post-hearing briefs. The county auditors must make a record of all changes, corrections and orders and, before November 1, must deliver the corrected assessment rolls to their respective county treasurers. By November 1, the county treasurers are to furnish to each taxpayer a notice containing the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year that the property is subject to a detailed review. Taxes are due November 30, or, if a Saturday, Sunday, or holiday, the next business day following.

Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay the State and each taxing entity within the county its proportionate share of the taxes, on the tenth day of each month. Delinquent taxes are subject to a penalty of 2% of the amount of the taxes or \$10.00, whichever is greater. Unless the delinquent taxes and penalty are paid before January 16 of the following year, the amount of delinquent taxes and penalty bears interest at the federal discount rate in effect on January 1, plus 6% from January 1 until paid. If after four years (March 15 of the fifth year after assessment) delinquent taxes have not been paid, the affected county may advertise and sell the property at a tax sale.

### Public Hearing on Certain Tax Increases

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so, by ordinance, only after holding a public hearing. Notice of the public hearing must be mailed by July 22 to all owners of real estate and, in most cases, must be advertised by publication. Generally, the certified tax rate for a taxing entity is the rate necessary to generate the same property tax revenue that the taxing entity collected for the prior year, exclusive of collections from redemptions, interest and penalties. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of new growth. New growth is any increase in taxable value of the taxing entity from the previous calendar year to the current year, less the amount of increase to locally-assessed real property taxable values resulting from factoring, reappraisal or any other adjustments. After the public hearing is held, the taxing entity may adopt a resolution levying a tax in excess of the certified tax rate. If a resolution levying a tax in excess of the certified tax rate is not forwarded to the county auditor by August 17, the county auditor must forward the certified tax rate to the State Tax Commission. The final tax notice is then mailed by November 1.

### Assessed and Estimated Actual Value of Taxable Property

Year	Primary Residential Real Property Est. <u>Actual Value</u> <sup>(1)</sup>	Secondary or Non-Residential Real Property Est. <u>Actual Value</u> <sup>(2)</sup>	Total Real Property Est. <u>Actual Value</u>	Total Real Property Taxable <u>Assessed Value</u> <sup>(3)</sup>	Ratio of Assessed Value to Actual Value	% Change in Actual Value
2015	\$5,812,847,570	\$2,441,153,350	\$8,254,000,920	\$5,638,219,514	68.31	6.66%
2014	5,463,566,060	2,274,917,260	7,738,483,320	5,279,878,593	68.23	7.13
2013	5,027,751,618	2,195,720,530	7,223,472,148	4,960,983,920	68.68	5.54
2012	4,775,422,759	2,069,122,550	6,844,545,309	4,695,605,067	68.60	-6.37
2011	5,230,996,208	2,078,928,430	7,309,924,638	4,955,976,344	67.80	n/a

<sup>(1)</sup> Estimate of fair market value of primary residential real property in the City.

<sup>(2)</sup> Includes estimate of fair market value of secondary residential and non-residential real property in the City.

<sup>(3)</sup> Includes taxable value of all taxable real property in the City, less 45% “haircut” on primary residential property as permitted by State law. See “—Certain Property Tax Matters” above.

[The final taxable value of property in the City for 2016 is not yet available; however, the preliminary estimate is \$\_\_\_\_\_.]

(Source: Utah State Tax Commission, Property Tax Division and the City.)

## Summary of the City's Taxable Value

	Percent of Total <u>Taxable Value</u>	2015 <u>Taxable Value</u>
<i>Real Property-Land:</i>		
Primary Residential	18.95%	\$1,261,348,270
Secondary Residential	0.69	46,070,600
Commercial and Industrial	14.15	942,107,950
FAA (Greenbelt)	0.02	1,336,410
Unimproved Non FAA (Vacant)	<u>0.02</u>	<u>1,385,320</u>
Total Real Property - Land	33.83	2,252,248,550
<i>Real Property - Buildings</i>		
Primary Residential	29.08	1,935,717,894
Secondary Residential	0.03	1,937,040
Commercial and Industrial	21.75	1,448,172,810
Agricultural	<u>*</u>	<u>143,220</u>
Total Real Property - Buildings	<u>50.86</u>	<u>3,385,970,964</u>
<b>Total Real Property - Land &amp; Buildings</b>	84.69	5,638,219,514
<i>Personal Property:</i>		
Primary Mobile Homes	0.33	21,814,065
Secondary Mobile Homes	0.01	527,577
Other Business Personal Property	11.79	785,072,803
Semiconductor Manufacturing Equipment	<u>0.01</u>	<u>393,202</u>
<b>Total Personal Property</b>	12.13	807,807,647
<b>Centrally Assessed Values</b>	<u>3.18</u>	<u>211,394,976</u>
<b>Motor Vehicle Value Estimate</b>	1.74	115,743,815
Total with Motor Vehicles		6,773,165,952
<b>Total without Motor Vehicles</b>	<u>100.00%</u>	<u><b>\$6,657,422,137</b></u>

\* Less than .01%.

(Source: Utah State Tax Commission, Property Tax Division.)

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## Property Tax Levies and Collections

The following table shows the property tax levies and collections for the City's general fund for the last ten calendar years:

Year Ended December 31	Collected within the Year of the Levy			Prior Years Delinquent Collections	Total Current Year Collections	
	Total Tax Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$19,826,333	\$18,882,085	95.2%	\$550,364	\$19,432,449	98.0%
2007	20,381,486	19,560,944	96.0	451,039	20,011,983	98.2
2008	21,635,813	20,567,959	95.1	609,752	21,177,711	97.9
2009	22,048,982	21,018,614	95.3	624,474	21,643,088	98.2
2010	21,991,855	21,171,770	96.3	730,457	21,902,227	99.6
2011	26,202,774	25,206,756	96.2	645,314	25,852,067	98.7
2012	26,956,091	26,207,372	97.2	739,080	26,946,452	99.9
2013	27,339,497	26,423,776	96.7	686,121	27,109,897	99.1
2014	27,513,955	26,704,118	97.1	574,238	27,278,356	99.1
2015	27,793,434	27,225,617	98.0	539,574	27,765,191	99.8

(Source: Extracted from the City's Comprehensive Annual Report for the fiscal year ended June 30, 2016, Statistical Section, Table 8 "Property Tax Levies and Collections.")

## Property Tax Rates Direct and Overlapping Governments

(Tax Rate Per \$1,000 of Assessed Value)

Year	Total City Rate	Total County Rate	Total School District	Special Districts <sup>(1)</sup>	Total Direct & Overlapping Rates
2007	3.1940	5.6610	5.4110	5.5170	19.7830
2008	3.1710	5.6440	5.3160	4.3970	18.5280
2009	3.6040	5.6450	6.0470	6.3590	21.6550
2010	3.6440	6.0100	6.4340	6.3720	22.5410
2011	4.5100	6.2243	6.7960	6.6130	30.9393
2012	4.8570	5.5740	7.1660	7.1160	31.8790
2013	4.6700	6.2080	6.9940	6.7970	24.6690
2014	4.3810	5.9250	6.8310	6.5170	23.6540
2015	4.1990	5.5750	7.0860	6.2270	23.0870
2016	4.2330	5.2340	6.4810	5.3750	21.3230

<sup>(1)</sup> Includes Granger-Hunter Improvement District, Magna Water District, Magna Mosquito Abatement District, Taylorsville Bennion Improvement District, Kearns Improvement District, Central Utah Water Conservancy District, Salt Lake Mosquito Abatement District, and the Jordan Valley Water Conservancy District. Only a portion of these levies apply to any given property within the City depending on its location.

(Source: Extracted from the City's Comprehensive Annual Report for the fiscal year ended June 30, 2016, Statistical Section, Table 6 "Property Tax Rates, Direct and Overlapping Governments.")

## Principal Property Taxpayers for 2015

<u>Taxpayer</u>	<u>Business Type</u>	<u>Taxable Value</u>	<u>% of City Total Taxable Value<sup>(1)</sup></u>
Hexcel Corporation	Manufacturing	\$281,204,259	4.22%
Alliant Techsystem	Manufacturing	105,474,339	1.58
Discover Products Inc.	Financial Services	90,873,633	1.36
Intermountain Healthcare	Healthcare	76,857,633	1.15
Valley Fair Mall	Retail	64,598,900	0.97
Boyd Enterprises	Real Estate	54,114,300	0.81
SLC Somerset Village	Real Estate	49,511,000	0.74
Pinnacle Highbury	Real Estate	44,697,000	0.67
Walmart	Retail	43,365,333	0.65
Zions Bank	Financial Services	<u>42,339,683</u>	<u>0.64</u>
Total		<u>\$853,036,080</u>	<u>12.81%</u>

<sup>(1)</sup> Based on total taxable value of the City for calendar year 2015 of \$6,446,027,161 (real and personal property only).

(Source: Extracted from the City's Comprehensive Annual Report for the fiscal year ended June 30, 2016, Statistical Section, Table 7 "West Valley City Principal Property Taxpayers, 12/31/2015.")

## RISK FACTORS

THE PURCHASE OF THE SERIES 2017 BONDS BEING OFFERED HEREBY INVOLVES CERTAIN INVESTMENT RISKS THAT ARE DISCUSSED THROUGHOUT THIS OFFICIAL STATEMENT. ACCORDINGLY, EACH PROSPECTIVE PURCHASER OF THE SERIES 2017 BONDS SHOULD MAKE AN INDEPENDENT EVALUATION OF ALL OF THE INFORMATION PRESENTED IN THIS OFFICIAL STATEMENT IN ORDER TO MAKE AN INFORMED INVESTMENT DECISION. CERTAIN OF THESE RISKS ARE DESCRIBED BELOW.

### Non-Appropriation

Base Rentals and Additional Rentals (sometimes collectively referred to herein as "Rentals") will be payable solely from City Funds which are annually budgeted and appropriated by the City Council of the City and which may be terminated by action of the City Council. There is no assurance that the Lease will be renewed for all of its anticipated Renewal Terms. The City Council is under no obligation to provide City Funds for such renewals. The City's obligation under the Lease does not constitute a general obligation or other indebtedness of the City or the State of Utah or any agency or political subdivision of the State of Utah within the meaning of any constitutional or statutory debt limitation. THE AUTHORITY HAS NO TAXING POWER.

Accordingly, the likelihood that the City will extend the term of the Lease for all Renewal Terms and continue to pay the Base Rentals to enable the Authority to timely pay the principal of, premium, if any, and interest on the Bonds in the future depends upon a number of factors which are beyond the control of the City, including, but not limited to, (a) the continuing need of the City for the Projects, (b) the ability to operate the Maverik Center Project in a cost-effective manner, (c) the continuing need of the City for the Leased Property, (d) the composition of the City Council and their respective views with respect to the leasing of the Projects, (e) the economic and demographic conditions within the City, (f) the ability of the City to generate sufficient funds from property taxes and other taxes and other sources of revenue to pay obligations associated with the Lease and other obligations of the City (whether now existing or hereafter created), and (g) the value of the Projects, subject to the nondisturbance rights of the Hockey Club and the Manager under the Subordination Agreement and subject to the terms of the Ground Lease and the City's Ownership Interest if sold or relet (to the extent authorized by the Trustee) in the event of the termination of the term of the Lease as a result of the occurrence of certain events described below or the expiration of any Renewal Term if the City does not appropriate sufficient funds that extends the term of the Lease

as provided in the Lease. Neither the Indenture nor the Lease limit the ability of the City to incur additional obligations against its revenues.

The City has covenanted in the Lease to include in its annual tentative budget prepared by the appropriate officials of the City an item for expenditure of an amount necessary (after taking into account any and all City Funds then legally available for such purpose), to pay the Base Rentals and reasonably estimated Additional Rentals during the next succeeding Renewal Term under the Lease. The decision to renew or not to renew the term of the Lease is to be made solely by the City Council at the time it considers for adoption the final budget relating to each Renewal Term and not by any official of the City acting in his or her individual capacity.

In the event the City Council fails to renew the Lease for all contemplated Renewal Terms, fails to budget and appropriate sufficient City Funds for the payment of Base and Additional Rentals or defaults under the Lease, the Lease, which is subject to annual renewal, will be terminated, and, in such event, the Bonds will be payable from any moneys held by the Trustee under the Indenture, and the proceeds, if any, from a liquidation or other disposition of the Projects subsequent to foreclosure of the lien of the Indenture and the Security Documents. In such event, the City has agreed to immediately vacate the Projects.

### **Changes in Makeup of City Council**

The individuals elected to serve on the City Council may change during the period the Bonds are outstanding. There can be no assurance that the membership of the City Council will not change in a manner that will result in a future City Council ceasing to appropriate Rentals under the Lease for the Projects. Under the Lease, the City is entitled not to appropriate Rentals for the next succeeding Renewal Term with respect to all of the components constituting the Projects, but is not entitled to appropriate with respect to only a portion, but not all, of such components constituting the Projects.

### **Expiration or Termination of Lease**

The Lease will expire by its terms on each June 30 during the years 2017 through 2038, unless the City, in its sole discretion exercises the option provided in the Lease to extend the term of the Lease for each next succeeding Renewal Term with a final lease expiration date of February 1, 2038. In the event that the City does not extend in any year the term of the Lease, the City's obligation to pay Rentals will terminate on the June 30 occurring at the end of the then current Renewal Term. Upon (a) the expiration of any Renewal Term of the Lease during which an Event of Nonappropriation occurs or (b) a default under the Lease and an election by the Trustee to terminate the possessory interest of the City under the Lease, the City's rights of possession of the Projects under the Lease will expire or be terminated, as appropriate.

In the event that the City's right of possession of the Projects under the Lease expires or is terminated for either of the reasons described in the preceding paragraph, the obligation of the City to pay Rentals thereunder will terminate and the Bonds will be payable from, among other sources, such moneys, if any, as may be available under the Indenture. Should the Lease expire at the end of a Renewal Term without any extension for the next succeeding Renewal Term or if an event occurs pursuant to which the Trustee terminates the City's right of possession of the Projects under the Lease, the Trustee may recover and relet or sell the Authority's interest in the Projects as provided in the Indenture, subject to the City's Ownership Interest and the terms of the License Agreement, the Management Agreement, the Maverik Center Ground Lease and the Maverik Center Subordination Agreement, and in the case of the Fire Stations Project, the Fire Station Ground Lease. The Net Proceeds of any reletting or sale of the Projects together with certain other moneys then held by the Trustee under the Indenture, are required to be used to pay the Bonds to the extent of such moneys. However, each separate public facility or property constituting the Projects represents special purpose facilities or property for use in connection with providing particular governmental services. No assurance can be given that the Trustee could relet or sell the Projects for the amount necessary to pay the principal of and the interest on the Bonds.

A potential purchaser of the Series 2017 Bonds should not assume that it will be possible to relet or sell the Projects after the expiration or termination of the City's right to possess the Projects under the Lease as described above for an amount equal to the aggregate principal amount of the Bonds then outstanding plus accrued interest thereon. In this regard, it should be noted that (a) the Projects may be subject to ad valorem taxes and other property

taxation if owned by someone other than the City or other governmental body, (b) the use of the Projects by a non-governmental entity may affect the tax-exempt status of interest on the Bonds, (c) the Projects may not be suitable for general commercial use, (d) zoning restrictions could limit the use of the Projects and (e) pursuant to the Maverik Center Subordination Agreement, the Trustee, the City and the Authority will agree or have agreed that the occupants of the related Projects will not be disturbed in their use and enjoyment of this related project so long as they are in compliance with their agreements and obligations under their respective subleases. Furthermore, no assurance can be given that the amount, if any, realized upon any reletting or sale of the Projects will be available to provide for the payment of the Bonds on a timely basis.

Because the Lease will terminate in the event that the City Council fails to budget and appropriate sufficient City Funds to continue making Base Rentals and Additional Rentals during any Renewal Term of the Lease, a potential purchaser of the Series 2017 Bonds should carefully consider the nature of the security for payment of the Series 2017 Bonds in the event of a termination of the Master Lease. Under the Indenture and the Security Documents, the Projects are subject to a lien and security interest granted to the Trustee for the benefit of the holders of the Bonds. Upon the occurrence of an Event of Default under the Indenture (which is defined to include an Event of Default under the Master Lease), the Trustee may foreclose its lien on the Projects and may, in the case of the Maverik Center Project, subject to the City's Ownership Interest and the terms of the Maverik Center Ground Lease, the License Agreement, the Management Agreement and the Maverik Center Subordination Agreement, and in the case of the Fire Station Project, subject to the Fire Station Ground Lease, take possession of the Projects as trustee and fiduciary for the holders of the Bonds. In such event, the amount of payment on the Bonds will be dependent upon the ability of the Trustee to sell or lease the Projects to a subsequent purchaser or lessee. The ability of the Trustee to sell or lease the Projects may be limited to other governmental entities, since the use of the Projects by a non-governmental entity may adversely affect the tax-exempt status of interest on certain of the Bonds including the Series 2017 Bonds. A potential purchaser of the Series 2017 Bonds should carefully consider the information currently available and presented herein concerning the Projects. A potential Bondholder should not assume that it will be possible to liquidate the Projects after foreclosure of the lien of the Indenture for an amount equal to the aggregate principal amount of the Bonds then outstanding, plus accrued interest thereon.

### **Limited Remedies**

A termination of the City's right of possession of the Projects under the Lease as a result of an Event of Default or expiration of the term of the Lease at the end of any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right to possession of, and the right to relet the Projects in accordance with the provisions of the Lease and the Indenture, in the case of the Maverik Center Project, subject to the City's Ownership Interest and the provisions of the Maverik Center Ground Lease, the License Agreement, the Maverik Center Subordination Agreement and the Management Agreement and, and in the case of the Fire Station Project, subject to the Fire Station Ground Lease. However, the enforceability of the Lease and the Indenture is subject to the applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State of Utah, the exercise of judicial authority by state or Federal courts and the exercise by the United States of America of the powers delegated to it by the Federal Constitution. In addition, the Projects may be used for limited purposes. Due to the limited remedies available with respect to the Projects, the limited uses of the Projects and the delays inherent in obtaining foreclosure on real property and other judicial remedies, no assurance can be given that a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner. Any delays in the ability of the Trustee to obtain possession of the Projects, of necessity, will result in delays in any payment of principal of or interest on the Bonds after the expenditure of amounts on deposit in the Debt Service Reserve Fund. Nor can any assurance be given that any moneys realized by the Trustee upon an exercise of any remedies would be sufficient to pay the principal of and interest on the Bonds. In the event any such moneys recovered are in an amount less than the aggregate principal amount of all outstanding Bonds, plus accrued interest, the Bonds would be paid in part on a pro rata basis as described under the Indenture, and no holder of any Bond will have any further claim for payment upon the Authority or the City. See "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE AND THE MASTER LEASE—The Indenture—Application of Moneys."

### **City's Ownership Interest**

As stated elsewhere in this Official Statement, the City owns a 21% undivided interest in the Maverik Center Project. The City's Ownership Interest is not being pledged as security for the Series 2017 Bonds. Consequently, only a 79% undivided interest in the Maverik Center Project is being granted pursuant to the Security Documents. Upon foreclosure under the Security Documents, the Trustee will only be able to proceed against the Authority's Ownership Interest in the Maverik Center Project. In an effort to facilitate any subsequent reletting or sale, the City has granted to the Authority an option to purchase the Leasehold Interest and the Authority has assigned such option to the Trustee for the benefit of the Bondholders. In the event of a foreclosure proceeding against the Authority's Ownership Interest in the Maverik Center Project, the Trustee may, but is not required to, purchase the Leasehold Interest at the then fair market value. A purchase of the Leasehold Interest would then permit the Trustee to relet or sell the entire Maverik Center Project. However, no assurance can be given that the Trustee would take such an action. Furthermore, no assurance can be given that the reletting or sale of the entire Maverik Center Project would generate sufficient moneys to pay the principal of and interest on the Bonds. In the event that the Trustee does not acquire the Leasehold Interest and only relets or sells the Authority's Ownership Interest in the Maverik Center Project, sufficient moneys may not be available to pay principal of and interest on the Bonds.

### **Destruction of Projects**

The Lease requires that the Projects be insured by policies of insurance (including casualty and property damage with respect to certain portions of the Projects). In addition, the City has earthquake insurance on the Maverik Center. If, prior to the termination of the Lease Term and the payment in full of the Bonds (or the making of provisions for the payment thereof in accordance with the Indenture) (i) the Projects or any material portion thereof shall be destroyed (in whole or in part), or damaged by fire or other casualty; or (ii) title to, or the temporary or permanent use of the Projects or any material portion thereof or the Projects or any material portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (iii) a material defect in construction of a Project shall become apparent; or (iv) title to or the use of all or any material portion of the Projects shall be lost by reason of a defect in title thereto, the City shall be obligated, subject to the City's right to discharge its obligation to repair or replace the Projects, to continue to pay Rentals regardless of whether said Project or Projects shall have been accepted.

Subject to the City's right to discharge its obligation to repair or replace the Projects, the City, the Authority, and the Trustee shall cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards with respect to a Project or Projects to be deposited in the Construction Fund if received before the Completion Date of the respective Project and in a separate trust fund under the Indenture if received thereafter. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification or improvement of said Project by the City. The balance of any such Net Proceeds remaining after such repair, restoration, modification or improvement has been completed shall be transferred to the Bond Fund to be applied to the payment of the principal of, premium, if any, and interest on the applicable Series of Bonds, or if said Bonds shall have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), any balance remaining in such Construction Fund or separate trust fund shall be paid to the City. If the Net Proceeds shall be insufficient to pay in full the cost of any repair, restoration, modification or improvement, the City shall, from and to the extent of available City Funds, complete the work and pay any cost in excess of the amount of the Net Proceeds.

In the event that the Net Proceeds of any insurance policy, performance bond or condemnation award shall be insufficient to pay in full the cost of any repair, restoration, or modification of a Project or Projects, the appropriate budget officers of the City shall, within 30 days of notice of such insufficiency, seek an appropriation from the City Council for an amount equal to any such insufficiency. In the event that the City shall fail to appropriate, by the first day of the next Renewal Term following such request for an appropriation, an amount at least equal to such insufficiency for such purpose, the obligation to repair and replace said Project or Projects may be discharged by depositing the Net Proceeds of the insurance policies, performance bonds or condemnation awards made available by reason of such occurrence into the Bond Fund. Upon the deposit of such Net Proceeds in said Bond Fund, the City shall have no further obligation for the payment of Base Rentals and Additional Rentals, and possession of said Project or Projects as well as all rights created pursuant to the Lease and the interest of the City



and the Authority therein and in any funds or accounts created under the Indenture with respect to said Project or Projects (except for moneys held in the Rebate Fund or for the payment of Bonds not then deemed Outstanding), shall be surrendered to the Trustee, as trustee for the Bondholders of the applicable Series of Bonds. Thereafter, the Authority's interest in said Project or Projects may be liquidated pursuant to the provisions of and subject to the limitations set forth in the Indenture and Security Documents and the proceeds of such liquidation and the Net Proceeds of any insurance policy, performance bond or condemnation award so deposited in the Bond Fund, as well as all other moneys on deposit in any fund created under the Indenture with respect to said Project or Projects (except moneys held in the Rebate Fund or for the payment of Bonds not then deemed Outstanding), shall be applied to the redemption of the applicable Series of Bonds on the next succeeding redemption date. Such redemption of the applicable Series of Bonds shall be made upon full or partial payment of the principal amount of said Bonds then Outstanding and accrued interest thereon all in accordance with the Indenture. See "APPENDIX B—EXTRACTS OF THE INDENTURE AND THE MASTER LEASE—The Master Lease—Damage, Destruction, and Condemnation" herein.

The City is required under the Lease to cause the Projects to be insured by policies of casualty and property damage insurance in an amount not less than the full insurable value of the Projects. The term "full insurable value" as used in the Lease means the actual replacement value, or at the option of the City any lesser amount which is equal to or greater than the principal amount of all of the Bonds then Outstanding of the Series which financed said Project (or applicable portions thereof in case said Series of Bonds financed more than one Project). Alternatively, the City may insure or cause to be insured under a blanket insurance policy or policies which cover not only the Projects but other properties in the amounts required by the previous sentence. However, there is no assurance that, in the event the Lease is terminated as a result of damage to or destruction or condemnation of the Projects, moneys made available by reason of such an occurrence will be sufficient to redeem the Bonds at a price equal to the principal amount thereof outstanding plus accrued interest to the redemption date.

### **Depreciation and Obsolescence**

Certain components of the Projects may become obsolete, may depreciate in value or may wear out during the time that the Series 2017 Bonds are outstanding. In addition, components of the Projects may be difficult or impossible to remove from their place of service or use. Consequently, following an Event of Nonappropriation or an Event of Default under the Lease of the Indenture or termination of the Lease for any reason, any amounts realized by the Trustee from a reletting or sale of the Projects may not be sufficient to redeem or pay all outstanding Series 2017 Bonds in full.

### **Acquisition of Certain Projects**

The design, acquisition, construction and equipping of (i) the Fire Station Projects are expected to commence in October 2016 and to be completed in June 2018; (ii) the Public Safety Building Project is expected to commence in \_\_\_\_\_ and to be completed in \_\_\_\_\_; (iii) the Court Building Project is expected to commence in \_\_\_\_\_ and to be completed in \_\_\_\_\_; and (iv) the Parking facilities project is expected to commence in \_\_\_\_\_ and to be completed in \_\_\_\_\_ (such Projects collectively, the "Uncompleted Projects"). In the interim, the Authority has capitalized interest on the Series 2016 Bonds and the Series 2017 Bonds to the expected completion date of the Uncompleted Projects. Once the capitalized interest has been fully applied, the City is expected to commence lease payments pursuant to the Master Lease to the extent, in the amounts and at the times necessary to pay debt service on the Series 2017 Bonds. However, pursuant to the laws of the State of Utah, the City cannot begin to make payments of Rentals until a Project is completed.

The Authority and the City believe, but there can be no assurance, that the proceeds of sale of the Series 2016 Bonds and the Series 2017 Bonds, together with certain investment earnings thereon, will be sufficient to complete the acquisition, construction and equipping of the respective Uncompleted Projects. In the event such proceeds are insufficient, the Authority is authorized, pursuant to the Master Lease, to complete the acquisition, construction and equipping of the Uncompleted Projects from legally available funds, but only in connection with the issuance of Additional Bonds issued pursuant to the Indenture or from moneys otherwise legally available for that purpose. The Indenture provides that Additional Bonds may be issued for the purpose of completing the Uncompleted Projects subject to satisfaction of certain conditions provided in the Indenture. There can be no assurance that such Additional Bonds will be permitted under then applicable law or that the City Council will agree

to the issuance of Additional Bonds at that time. If issued, Additional Bonds will be secured under the Indenture on a parity with the Series 2017 Bonds. In the event that the Uncompleted Projects are not completed prior to the expiration of capitalized interest and assuming that no Additional Bonds are issued to complete construction of the Uncompleted Projects, the City will not be able to appropriate Rentals and there will be no moneys to pay debt service on the related Series of Bonds. In such event, Bondholders and the Trustee may pursue remedies under the Indenture. See “APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE BASIC DOCUMENTS—The Indenture—Remedies Upon Default.”

As previously stated, the New Fire Station Property has not yet been acquired. See “THE PROJECTS—Series 2016 Projects—Fire Station Projects—New Fire Station Project” herein. In the event that the New Fire Station Property is not acquired, it could affect the cost of the New Fire Station Project and the timing of completion of the New Fire Station Project which may impact the ability of the City to appropriate Rentals.

### **Continued Use by Hockey Club and the Manager**

As more fully described under “THE 2016 PROJECT—The Maverik Center Project” herein, the City has entered into the License Agreement with the Hockey Club and the Management Agreement with the Manager pursuant to which the City will provide the Maverik Center Project and the Hockey Club and the Manager are to have the exclusive right (subject to certain limitations) to use and manage the Maverik Center Project for professional hockey, sporting and entertainment events. If the Hockey Club and the Manager fail, for any reason, to perform in accordance with the requirements of the License Agreement and the Management Agreement, the City would need to replace the Hockey Club with an acceptable alternative tenant and would need to engage a new manager for the Maverik Center Project.

### **Release of Projects**

The Lease provides for the transfer of certain portions of the Projects to the City, and the release of such portions of the Projects from the lien of the Indenture upon the satisfaction of certain conditions. The release of portions of the Projects from the lien of the Indenture will necessarily result in a reduction in the value of the security interests held by the Trustee for the benefit of the owners of the Bonds and may reduce the City’s incentives to renew the Lease for any future renewal term.

### **Depreciation and Lack of Residual Value**

Certain components of the Leased Property that have relatively short useful lives may depreciate in value during the time that the Series 2017 Bonds are outstanding. In addition, various components of the Projects may be difficult or impossible to remove from their points of service or use. Consequently, following an Event of Nonappropriation or an Event of Default under the Lease or the Indenture or termination of the Lease for any reason, it is probable that revenues realized by the Trustee from a sale or reletting of the Projects may be insufficient to redeem or pay all outstanding Series 2017 Bonds in full.

### **Tax Status**

Maverik Center. Failure by the Authority or the City to comply with certain covenants in the Indenture, the Master Lease and the Tax Matters Certificate executed by the City and the Authority at the time of issuance of the Series 2017 Bonds, on a continuous basis, so long as any of the Series 2017 Bonds are outstanding under the Indenture and thereafter as required by such covenants and applicable law, could result in interest on the Series 2017 Bonds becoming includible in federal gross income, retroactive to the date of their original issuance. See “TAX MATTERS” herein. The Indenture and the Series 2017 Bonds do not provide for the payment of any additional interest or penalty in the event that interest on the Series 2017 Bonds becomes includible in federal gross income.

### **Additional Parity Debt**

The Indenture provides that the Authority may issue Additional Bonds and Refunding Bonds upon compliance with certain requirements. In the event the Authority were to issue Additional Bonds or Refunding Bonds, such issuance of Additional Bonds or Refunding Bonds could result in dilution of the collateral security

pledged to secure the payment of the Series 2017 Bonds. The Authority currently does not have any plans to issue any Additional Bonds or Refunding Bonds.

## **LEGAL MATTERS**

### **General**

All legal matters incident to the authorization and issuance of the Series 2017 Bonds are subject to the approval of Gilmore & Bell, P.C., Bond Counsel to the Authority. The approving opinion of Bond Counsel will be delivered with the Series 2017 Bonds. The opinion of Bond Counsel will be in substantially the form set forth in APPENDIX E to this Official Statement. Certain legal matters will be passed upon for the Authority and the City by the office of the City Attorney, Counsel to the Authority and the City.

### **Absence of Litigation**

It is a condition of closing that the Authority execute a certificate to the effect that to the best of its knowledge, after due inquiry, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against or affecting the Authority, nor to the best knowledge of the Authority is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Master Lease or any other agreement or instrument to which the Authority is a party and which is used or contemplated for use in the consummation of the transaction contemplated by the Master Lease.

It is a condition of closing that the City execute a certificate to the effect that, to the best of its knowledge, after due inquiry, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or threatened against or affecting the City, nor to the best knowledge of the City is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Master Lease or any other agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated by the Master Lease.

A non-litigation certificate executed by the office of the City Attorney, counsel to the Authority and the City, dated the date of original delivery of the Series 2017 Bonds, will be provided stating, among other things, that, to the best of his knowledge, after due inquiry, there is no action, suit, proceeding, inquiry or any other litigation or investigation, at law or in equity, before or by any court, public board or body, which is pending or threatened, challenging the creation, organization or existence of the Authority or the City, or the titles of their officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Series 2017 Bonds, or for the purpose of restraining or enjoining the levy and collection of taxes or assessments by the city, or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2017 Bonds are issued, the legality of the purpose for which the Series 2017 Bonds are issued, or the validity of the Series 2017 Bonds or the issuance thereof.

## **TAX MATTERS**

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the Series 2017 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2017 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2017 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2017 Bonds.

## Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law currently existing as of the issue date of the Series 2017 Bonds:

*Federal Tax Exemption.* The interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

*Alternative Minimum Tax.* Interest on the Series 2017 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bond counsel's opinions are provided as of the date of the original issue of the Series 2017 Bonds, subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Series 2017 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2017 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017 Bonds.

*State of Utah Tax Exemption.* The interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is exempt from State of Utah individual income taxes.

Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2017 Bonds but has reviewed the discussion under the heading "TAX MATTERS."

## Other Tax Consequences

*[Original Issue Discount.* For federal income tax purposes, original issue discount ("OID") is the excess of the stated redemption price at maturity of a Series 2017 Bond over its issue price. The issue price of a Series 2017 Bond is the first price at which a substantial amount of the Series 2017 Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2017 Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2017 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.]

*[Original Issue Premium.* If a Series 2017 Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2017 Bond, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Series 2017 Bond. Under Section 171 of the Code, the purchaser of that Series 2017 Bond must amortize the premium over the term of the Series 2017 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2017 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2017 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

*Sale, Exchange or Retirement of Bonds.* Upon the sale, exchange or retirement (including redemption) of a Series 2017 Bond, an owner of the Series 2017 Bond generally will recognize gain or loss in an amount equal to the

difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2017 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2017 Bond. To the extent a Series 2017 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2017 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

*Reporting Requirements.* In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2017 Bonds, and to the proceeds paid on the sale of the Series 2017 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

*Collateral Federal Income Tax Consequences.* Prospective purchasers of the Series 2017 Bonds should be aware that ownership of the Series 2017 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2017 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2017 Bonds, including the possible application of state, local, foreign and other tax laws.

## **UNDERWRITING**

KeyBanc Capital Markets Inc. and [\_\_\_\_], as the underwriters of the Series 2017 Bonds (the "Underwriters"), have agreed, subject to certain conditions, to purchase all of the Series 2017 Bonds from the Authority at a purchase price of \$\_\_\_\_\_ (being the par amount of the Series 2017 Bonds less underwriters' discount of \$\_\_\_\_\_, plus [net] original issue premium of \$\_\_\_\_\_) and to make a public offering of the Series 2017 Bonds. The Series 2017 Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2017 Bonds into investment trusts) at prices lower than the offering prices set forth on the cover page of this Official Statement and such public offering prices may be changed from time to time.

Although the Underwriters expect to maintain a secondary market in the Series 2017 Bonds after the initial offering, no guarantee can be given concerning the future existence of such a secondary market or its maintenance by the Underwriters or others.

## **BOND RATINGS**

[S&P Global Ratings ("S&P") is expected to assign its municipal bond rating of "\_\_\_" to the Series 2017 Bonds with the understanding that upon delivery of the Series 2017 Bonds, the Policy guaranteeing the payment when due of the principal of and interest on the Series 2017 Bonds will be issued by the Insurer. See "BOND INSURANCE" above.]

[S&P and Fitch Ratings have assigned municipal bond ratings of "\_\_\_" and "\_\_\_," respectively, to the Series 2017 Bonds.

Any explanation of the significance of these ratings may be obtained only from the rating agency furnishing the same. There is no assurance that the ratings given to the Series 2017 Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward change or withdrawal of such ratings may have an adverse effect on the market price of the Series 2017 Bonds.

## **CONTINUING DISCLOSURE UNDERTAKING**

The City has undertaken for the benefit of the Bondholders and the beneficial owners of the Series 2017 Bonds to provide certain annual financial information and operating data to the Municipal Securities Rulemaking Board (“MSRB”) and the City has undertaken for the benefit of the Bondholders and beneficial owners of the Series 2017 Bonds to provide notice of certain material events to the MSRB all in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”). See APPENDIX D attached hereto and incorporated herein by reference for a form of the Continuing Disclosure Undertaking that will be executed and delivered by the City.

Within the past five years, the City has annually filed its audited financial statements for the respective year with the MSRB’s Electronic Municipal Market Access System (“EMMA”). However, in certain instances within that five-year period, the report was not linked to all of its bond issuances, resulting in a failure to file its annual report with respect to such issuances. In addition, unaudited annual financial statements and annual operating data and audited financials for the fiscal years ended June 30, 2011 and 2012 were not timely filed. Such reports were posted to EMMA on July 11, 2016. Furthermore, the City inadvertently failed to submit to EMMA certain event notices relating to ratings changes and failures to file. Specifically, the City failed to submit to EMMA notices of failure to file for the aforementioned late and missing filings for fiscal years 2011 and 2012. Such notices of failure to file were posted to EMMA on July 11, 2016. The City has also adopted disclosure policies and procedures to assist it in its compliance with continuing disclosure undertakings.

A failure by the City to comply with the Continuing Disclosure Undertaking will not constitute a default under the Indenture and beneficial owners of the Series 2017 Bonds are limited to the remedies described in the Continuing Disclosure Undertaking. See “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING—Default.” A failure by the City to comply with the Continuing Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2017 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2017 Bonds and their market price.

## **MISCELLANEOUS**

### **Independent Auditors**

The general purpose financial statements of the City at and for the fiscal year ended June 30, 2016, contained in “APPENDIX A” to this Official Statement, have been audited by Keddington & Christensen, LLC, (“K&C”) independent auditors, as set forth in their report included in “APPENDIX A” hereto. K&C has not been asked to provide its consent to the inclusion of the audit in this Official Statement, nor has K&C performed any additional procedures relating to this Official Statement.

Copies of the City’s comprehensive annual financial report may be obtained upon request from the City Manager, 3600 Constitution Boulevard, West Valley City, Utah 84119-3720.

### **Municipal Advisor**

The Authority has engaged Lewis Young Robertson & Burningham, Inc., Salt Lake City, Utah (the “Municipal Advisor”), to provide financial recommendations and guidance to the Authority with respect to preparation for sale of the Series 2017 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors relating to the sale of the Series 2017 Bonds. The Municipal Advisor has read and participated in the drafting of certain provisions of this Official Statement. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the Authority of the City, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the Official Statement or any other matters related to the Official Statement. Municipal Advisor fees are contingent upon the sale and delivery of the Series 2017 Bonds.

## **Additional Information**

The Authority and the City have furnished all information in this Official Statement relating to the Authority and the City. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates herein will be realized.

The City presently maintains its financial records on a July 1 to June 30 fiscal year basis. See “APPENDIX A” to this Official Statement for extracts from the City’s Comprehensive Annual Financial Report (including the audited general purpose financial statements) for the fiscal year ended June 30, 2016.

All quotations contained herein from and summaries and explanations of the Utah Constitution, statutes, programs, laws of the State, court decisions, and the Indenture and Lease do not purport to be complete, and reference is made to said Constitution, statutes, programs, laws, court decisions and the Indenture and Lease for full and complete statements of their respective provisions.

The appendices attached hereto are an integral part of this Official Statement, and should be used in conjunction with the foregoing material.

This Preliminary Official Statement is in a form “deemed final” by the Authority and the City for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

This Official Statement has been duly approved, executed and delivered by the Municipal Building Authority of West Valley City, Utah and West Valley City, Utah.

MUNICIPAL BUILDING AUTHORITY OF WEST  
VALLEY CITY, UTAH

By: \_\_\_\_\_  
President

WEST VALLEY CITY, UTAH

By: \_\_\_\_\_  
Mayor

**APPENDIX A**

**AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS  
OF WEST VALLEY CITY FOR FISCAL YEAR ENDED JUNE 30, 2016**



## **APPENDIX B**

### **EXTRACTS OF THE INDENTURE AND THE MASTER LEASE**

The following extracts briefly outline certain provisions contained in the Indenture, the Master Lease and the Security Documents and are not to be considered as a full statement of the Indenture, the Master Lease and the Security Documents. Reference is made to the Indenture, the Master Lease and the Security Documents for full details of all of the terms of such documents, of the Series 2017 Bonds, the security provisions appertaining of the Indenture, the application of the Base Rentals and the definition of any terms used but not defined in this Official Statement.

*[To be updated]*

### **THE INDENTURE**

#### **Definitions**

“Additional Bonds” means all Bonds (other than the Initial Bonds) issued under the Indenture.

“Authority Representative” means the Chair/President and Secretary-Treasurer of the Authority, and any other person or persons at any time designated to act on behalf of the Authority for purposes of performing any act on behalf of the Authority with respect to a Project by a written certificate furnished to the City and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Authority by any duly authorized officer of the Authority. Such certificate may designate an alternate or alternates. The Authority Representative may be an officer or employee of the Authority or the City.

“Base Rentals” means that portion of the rentals payable under the Master Lease which is pledged to the payment of debt service on the bonds and to the replenishment of the Debt Service Reserve Fund under the Indenture.

“Bond Documents” means the Master Lease, the Security Documents and the Indenture.

“Bond Fund” means Municipal Building Authority of West Valley City, Utah, Bond Fund established under the Indenture.

“Bond Registrar” means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the initial registrar for the Bonds pursuant to the Indenture, and any additional or successor registrar appointed pursuant hereto.

“Bondholder,” “Holder,” “Owner” or “Registered Owner” means the person or persons in whose name or names a Bond shall be registered on the books of the Authority kept for that purpose in accordance with provisions of the Indenture.

“Bonds” means (i) the Initial Bonds, (ii) any Refunding Bonds issued pursuant to the Indenture and (iii) any Additional Bonds issued pursuant to the Indenture.

“Chair/President” means the Chair/President (including any acting Chair/President) of the Authority

“City Representative” means the Mayor, City Manager, and Finance Director of the City and any other person at any time designated to act on behalf of the City for purposes of performing any act with respect to a Project by a written certificate furnished to the Authority and the Trustee containing the specimen signature of such person and signed on behalf of the City or any duly authorized officer thereof. Such certificate may designate an alternate or alternates. The City Representative may be an officer or employee of the Authority or the City.

“Code” means the Internal Revenue Code of 1986, as amended.

“Construction Fund” means Municipal Building Authority of West Valley City, Utah, Construction Fund established under the Indenture.

“Debt Service Reserve Fund” means the Municipal Building Authority of West Valley City, Utah, Debt Service Reserve Fund established under the Indenture for the purpose of securing payment of Bonds issued under the Indenture.

“Debt Service Reserve Requirement” means with respect to each Series of Bonds issued pursuant to the Indenture, unless otherwise provided in the related Supplemental Indenture, an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds 2% of original principal, then determined on the basis of initial purchase price to the public), (ii) the maximum annual debt service during any year for such Series of Bonds and (iii) 125% of the average annual debt service for such Series of Bonds; provided, however, that in the event any Series of Refunding Bonds is issued to refund only a portion and not all of the then Outstanding Bonds of any Series issued pursuant to the Indenture (the “Prior Bonds”), then the portion of such Series of Prior Bonds that remain Outstanding immediately after the issuance of such Refunding Bonds and the portion of such Refunding Bonds that is allocable to the refunding of such Series of Prior Bonds may be combined and treated as a single Series for purpose of determining the Debt Service Reserve Requirement relating to such combined Series and the resulting requirement shall be allocated among the two Series pro rata based upon the total principal amount remaining Outstanding for each Series. Each account of the Debt Service Reserve Fund shall only be used with respect to the related Series of Bonds.

“Direct Obligations” means direct noncallable obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America, obligations unconditionally guaranteed as to principal and interest by the United States of America and evidences of ownership interests in such direct or unconditionally guaranteed obligations.

“Direct Payments” means the interest subsidy payments received by the Authority from the Internal Revenue Service pursuant to Section 6431 and 1400U-2 of the Code or other similar programs (with respect to Bonds issued hereunder).

“Event of Default” means any occurrence or event specified in and defined by the Indenture.

“General Indenture” means the General Indenture of Trust, by and between the Authority and the Trustee.

“Indenture” means the General Indenture and any Supplemental Indentures entered into in compliance with the provisions of the Indenture.

“Initial Bonds” means the first Series of Bonds issued under the Indenture.

“Interest Payment Date” means the stated payment date of an installment of interest on the Bonds.

“Investment Obligations” means any of the following securities:

- (i) Direct Obligations;
- (ii) Obligations of any of the following federal agencies which obligations represent full faith and credit obligations of the United States of America: the Export-Import Bank of the United States; the Government National Mortgage Association; the Federal Financing Bank; the Farmer’s Home Administration; the Federal Housing Administration; the Maritime Administration; General Services Administration, Small Business Administration; or the Department of Housing and Urban Development (PHA’s);
- (iii) Money market funds rated at the time of purchase “AAAm” or “AAAm-G” or better by S&P, including money market funds from which the Trustee or its affiliates receive fees for investment, advisory or other services to the fund;

(iv) Commercial paper which is rated at the time of purchase in the single highest classification, P-1 by Moody's or A-1+ by S&P, and which matures not more than 270 days after the date of purchase;

(v) Bonds, notes or other evidences of indebtedness rated "AAA" by S&P and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(vi) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(vii) The fund held by the Treasurer for the State of Utah and commonly known as the Utah State Public Treasurer's Investment Fund; and

(viii) Any investments or securities permitted for investment of public funds under the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated 1953, as amended.

"Master Lease" means the Master Lease Agreement dated as of even date herewith by and between the Authority, as lessor and the City, as lessee and any amendments and supplements thereto entered into in accordance with the Indenture.

"Moody's" means Moody's Investors Service, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"Outstanding" or "Bonds Outstanding" means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds delivered to the Trustee for cancellation, whether after purchase in the open market or because of payment at, or redemption prior to, maturity;

(b) Bonds in lieu of which others have been authenticated under the Indenture; and

(c) Bonds deemed paid under the General Indenture.

"Paying Agent" means the Trustee, appointed as the initial paying agent for the Bonds pursuant to the Indenture, and any additional or successor paying agent appointed pursuant hereto.

"Project" or "Projects" means collectively each Project identified in a Supplemental Indenture to be financed or refinanced with a Series of Bonds issued under the Indenture.

"Rebatable Arbitrage" shall mean with respect to any Series of Bonds the amount (determinable as of each Rebate Calculation Date) of rebatable arbitrage payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Regulations.

"Rebate Calculation Date" means, with respect to each Series of Bonds, the Interest Payment Date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last Bond of such Series.

"Rebate Fund" means Municipal Building Authority of West Valley City, Utah, Rebate Fund established by the Indenture.

“Recovery Zone Bonds” means interest subsidy bonds issuable by the Authority under Sections 1400U-2 and 6431 of the Code and a “qualified bond” under Section 1400U-2(a) of the Code or such other tax credit bonds of substantially similar nature which may be hereafter authorized.

“Refunding Bonds” means all Bonds (other than the Initial Bonds) issued pursuant to the Indenture.

“Regular Record Date” means the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date.

“Regulations” and all references thereto shall mean and include applicable final, proposed and temporary United States Treasury Regulations, promulgated with respect to Sections 103 and 141 through 150 of the Code, including all amendments thereto made hereafter.

“Required Rebate Deposit” means, with respect to any Series of Bonds an amount determinable as of each Rebate Calculation Date, which when added to amounts then on deposit in the Rebate Fund with respect to such Series of Bonds, if any, equals the aggregate amount of Rebatable Arbitrage for such Series of Bonds less the amount of Rebatable Arbitrage theretofore paid to the United States with respect to such Series of Bonds, if any.

“Reserve Instrument” means a device or instrument issued by a Reserve Instrument Provider to satisfy all or any portion of the Debt Service Reserve Requirement. The term “Reserve Instrument” includes, by way of example and not of limitation, letters of credit, bond insurance policies, surety bonds, standby bond purchase agreements, lines of credit and other devices.

“Reserve Instrument Agreement” means any agreement entered into by the Authority and a Reserve Instrument Provider pursuant to a Supplemental Indenture and providing for the issuance by such Reserve Instrument Provider of a Reserve Instrument.

“Reserve Instrument Costs” means all fees, premiums, expenses and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument Provider pursuant to a Reserve Instrument Agreement.

“Reserve Instrument Coverage” means, as of any date of calculation, the aggregate amount available to be paid to the Trustee pursuant hereto under all Reserve Instruments.

“Reserve Instrument Fund” means the Municipal Building Authority of West Valley City, Utah Reserve Instrument Fund created in the General Indenture to be held by the Trustee and administered pursuant to the General Indenture.

“Reserve Instrument Limit” means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into an account in the Debt Service Reserve Fund assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the reduction of the Debt Service Reserve Requirement.

“Reserve Instrument Provider” means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Reserve Instrument.

“Reserve Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Reserve Instrument Agreement, those outstanding amounts payable by the Authority under such Reserve Instrument Agreement to repay the Reserve Instrument Provider for payments previously made by it pursuant to a Reserve Instrument. There shall not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, its successors and assigns, and, if such entity shall no longer perform the functions of a securities rating agency,

“S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, with the approval of the Trustee.

“Security Documents” means collectively the security documents described in each Supplemental Indenture.

“Serial Bonds” means those Bonds other than Term Bonds.

“Series” means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

“Sinking Fund Account” means Municipal Building Authority of West Valley City, Utah, Sinking Fund Account of the Bond Fund established by the Indenture.

“Sinking Fund Installment” means the amount of money which is required to be deposited into the Sinking Fund Account in each year as specified in the Supplemental Indenture authorizing Term Bonds for the retirement of such Term Bonds (whether at maturity or by redemption), and including the redemption premium, if any.

“Special Record Date” means such date as may be fixed for the payment of defaulted interest on the Bonds in accordance with the General Indenture.

“State” means the State of Utah.

“Supplemental Indenture” means any indenture between the Authority and the Trustee entered into pursuant to and in compliance with the provisions of the Indenture.

“Tax Credit Bonds” means the interest subsidy bonds issuable by the Authority under Sections 54AA and 6431 of the Code and a “qualified bond” under Section 54AA(g)(2) of the Code or such other tax credit bonds of substantially similar nature which may be hereafter authorized.

“Tax-Exempt Bonds” means Bonds the interest on which is intended to be excludable from gross income for federal income tax purposes.

“Term Bonds” means the Bonds which shall be subject to retirement by operation of mandatory sinking fund payments or redemptions from the Sinking Fund Account.

“Trust Estate” means the property conveyed to the Trustee pursuant to the Granting Clauses thereof.

“Trustee” means ZB, National Association, a national banking association and its successors and any association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

### **Indenture to Constitute Contract**

In consideration of the purchase and acceptance from time to time of any and all of the Bonds authorized to be issued under the Indenture by the Registered Owners thereof, and the issuance from time to time of any and all Reserve Instruments by Reserve Instrument Providers pursuant thereto, the Indenture shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Bonds; and the Reserve Instrument Providers and the pledge made in the Indenture and the covenants and agreements set forth therein to be performed by or on behalf of the Authority shall be for FIRST, the equal benefit, protection and security of the Owners of any and all of the Bonds all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by the Indenture, and SECOND, for the equal benefit, protection and security of the Reserve Instrument Providers of any and all of the Reserve Instruments which,

regardless of the time or times of their issuance, delivery or termination, shall be of equal rank without preference, priority or distinction of any Reserve Instrument over any other thereof.

### **Limited Obligation**

The Bonds shall not be general obligations but shall be special, limited obligations of the Authority payable solely out of and to the extent available from the Base Rentals, and, if paid by the City, the Purchase Option Price under the Master Lease and other amounts derived from the leasing of the Projects (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or to income from the temporary investment thereof and, under certain circumstances, to moneys held in funds or accounts by the Trustee, to Net Proceeds from insurance policies, performance bonds, condemnation awards and liquidation proceeds with respect to the Projects and from Direct Payments) and shall be a valid claim of the respective Bondholders thereof only against the Bond Fund, the Debt Service Reserve Fund and other moneys held by the Trustee and the Base Rentals, and other amounts derived from the leasing of the Projects under the Master Lease, which Base Rentals and other amounts are hereby pledged, assigned and otherwise secured for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds (including any make whole interest payments or redemption premiums on any Bonds), except as may be otherwise expressly authorized in the Indenture or in the Master Lease. The Authority shall not be obligated to pay the principal of such Bonds or the interest thereon or other costs incident thereto except from the moneys pledged therefor under the Indenture. The Bonds and the interest thereon shall never constitute an indebtedness of the City within the meaning of any constitutional limitation or statutory provision and shall not constitute or give rise to a pecuniary liability of the City or a charge against the general credit or taxing power of the City. Neither the City, nor the Authority on its behalf, has pledged the credit of the City to the payment of the Bonds, the interest thereon or amounts due or to become due under the Master Lease. The City shall not be obligated to appropriate City Funds for the purpose of paying Base Rentals, Additional Rentals or the Purchase Option Price under the Master Lease, and no judgment may be entered against the City in the event of an insufficiency of moneys to pay the principal of, premium, if any, and interest on the Bonds. The payment obligations of the City under the Master Lease are subject to annual renewal and will be terminated upon the occurrence of an Event of Nonappropriation. In such event, all payments from the City under the Master Lease will terminate, and the Bonds and the interest thereon will be payable solely from and to the extent of such moneys, if any, as may be held by the Trustee under the Indenture (except amounts held for the payment of Bonds not deemed Outstanding) and, subject to the provisions of Article IX of the Indenture, any moneys made available from a liquidation of the Authority's interest in the Project financed with such Bonds subsequent to foreclosure of the lien of the Indenture and the Security Documents. No deficiency judgment subsequent to foreclosure of the lien of the Indenture and the Security Documents may be entered against the City or the Authority, and no breach of any provision of the Master Lease, the Security Documents or the Indenture shall impose any general obligation or liability upon or a charge against the City, the Authority or upon the general credit or taxing powers of the City. Except as expressly provided in the Master Lease, no judgment requiring a payment of money may be entered against the City under the Master Lease.

### **Subordination of Master Lease to Indenture**

As provided in the Indenture, pursuant to the Master Lease, the City's interest in the Projects and its interest as lessee under the Master Lease shall at all times be subject to the lien of the Indenture; provided, however, that so long as no Event of Default under the Indenture or an Event of Nonappropriation has occurred and is then continuing, the Master Lease shall remain in full force and effect notwithstanding such subordination, and the City shall not be disturbed by the Authority or the Trustee in its possession, use and enjoyment of the Projects during the term of the Master Lease or in the enjoyment of its rights under the Master Lease; provided further that the Indenture and the rights and privileges thereunder of the Trustee and Bondholders are specifically made subject and subordinate to the rights and privileges of the City set forth in the Master Lease to exercise its option to purchase the Projects in the event of, and subsequent to, the occurrence of an Event of Default, but prior to the liquidation of the Authority's interest in the Projects. As a condition of the exercise of such option, the City under the Master Lease must pay, in addition to the Purchase Option Price, any interest payment deficiencies accruing from the date of the Event of Default or Event of Nonappropriation. The Trustee agrees that it shall execute and deliver any instrument necessary or appropriate at any time to confirm, evidence or enable the City to enjoy such rights and privileges, including without limitation, those referred to in the Indenture.

## **Nonpresentation of Bonds**

Unless otherwise provided by Supplemental Indenture, in the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Authority to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability to the Registered Owner of such Bond for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under the Indenture or on, or with respect to, said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall, to the extent permitted by law, repay to the Authority the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Authority, and the Registered Owner thereof shall be entitled to look only to the Authority for payment, and then only to the extent of the amount so repaid, and the Authority shall not be liable for any interest thereon and shall not be regarded as a trustee of such money. The provisions of the Indenture with respect to the nonpresentation of bonds are subject to the provisions of Title 67, Chapter 4a, Utah Code Annotated 1953, as amended.

## **General Covenants**

Payment of Principal and Premium, if any, and Interest. The Authority covenants that it will promptly pay the principal of and premium, if any, and interest on every Bond issued under the Indenture at the place, on the dates and in the manner provided therein and in the Bonds according to the true intent and meaning thereof, but solely from the Trust Estate created by the Indenture, including the Base Rentals and, if paid by the City under the Master Lease, the Purchase Option Price with respect to a Project or Projects, and other amounts pledged therefor which are from time to time held by Trustee in the Bond Fund and the Debt Service Reserve Fund. The principal of and premium, if any, and interest on the Bonds are payable solely from the Trust Estate created by the Indenture, including the Base Rentals and, if paid by the City under the Master Lease, the Purchase Option Price with respect to a Project or Projects, and other amounts derived from the lease of the Projects and otherwise as provided in the Indenture, in the Security Documents, and in the Master Lease, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent in the Indenture and in the Master Lease specified, and nothing in the Bonds or in the Indenture shall be construed as pledging any other funds or assets of the Authority or the City. The Authority shall in no event be liable for the payment of the principal of and premium, if any, or interest on any of the Bonds or for the performance of any pledge, obligation or agreement undertaken by the Authority except to the extent that the moneys, properties, interests and assets constituting the Trust Estate are sufficient therefor.

Further Assurances. The Authority will, at the City's expense, do, execute, acknowledge and deliver all and every act, deed, conveyance, transfer and assurance necessary or proper for the perfection of the lien and security interest being provided in the Indenture for in the Trust Estate, whether now owned or held or hereafter acquired, including, but not limited to, such financing statements and continuation statements as shall be necessary under applicable law to perfect and maintain the security interest being provided in the Indenture for in the Trust Estate.

Actions with Respect to the Trust Estate. The Authority will not:

(a) Declare a default or exercise the remedies of the seller or lessor, as the case may be, under, or terminate, modify or accept a surrender of, or offer or agree to any termination, waiver, modification or surrender of, the Master Lease (except as otherwise expressly provided in the Indenture) or by affirmative act consent to the creation or existence of any lien or encumbrance (other than the security interest and lien of the Indenture and the Security Documents) to secure the payment of indebtedness upon the leasehold or other estate created by the Master Lease or any part of any thereof; or

(b) Receive or collect or permit the receipt or collection of any payment under the Master Lease prior to the date for the payment thereof provided for by the Master Lease or assign, transfer or hypothecate (other than to the Trustee under the Indenture) any revenues or other payment then due or to accrue in the future under the Master Lease in respect of the Projects; or

(c) Sell, mortgage, transfer, assign or hypothecate (other than to the Trustee under the Indenture) its interest in the Projects or any part thereof or interest therein or in any amount to be received by it from the disposition of the Projects except as provided under the Indenture, and except as provided in the Master Lease and the Security Documents.

Power of Attorney in Respect of the Master Lease. The Authority does hereby irrevocably constitute and appoint the Trustee its true and lawful attorney with an interest and full power of substitution, for it and in its name, place and stead (a) to ask, demand, collect, receive and receipt for any and all rents, income and other sums which are assigned under the Granting Clauses of the Indenture, and (b) without limiting the provisions of the foregoing clause (a) hereof, during the continuance of any Event of Default under the Indenture, to exercise any remedies available under the Master Lease and the Security Documents as fully as the Authority could itself do, and to perform all other necessary or appropriate acts with respect to any such remedies, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Authority or otherwise, which the Trustee may deem necessary or appropriate to protect and preserve the right, title and interest of the Trustee (but only to the extent specifically provided in the Indenture) in the Master Lease and to the Base Rentals, the Additional Rentals, the Purchase Option Price, the Net Proceeds and all other amounts payable under the Master Lease and other sums and the security intended to be afforded under the Indenture, whether or not the Authority is in default thereunder.

#### **Use of Bond Fund**

(a) There shall be deposited into the Bond Fund all accrued interest received, if any, at the time of the issuance, sale and delivery of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received, (i) any amount directed to be paid into the Bond Fund pursuant to the Master Lease or any amount in the Debt Service Reserve Fund directed to be paid into the Bond Fund in accordance with the provisions of the Indenture; (ii) any Net Proceeds of any insurance policy, performance bond or condemnation award to be deposited in the Bond Fund pursuant to the Master Lease; (iii) all Base Rentals, and, if paid by the City, that portion of the Purchase Option Price attributable to the retirement of the applicable Series of Bonds issued under the Indenture, as specified in the Master Lease; and (iv) any Direct Payments and all other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or of the Master Lease which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Authority hereby covenants and agrees that so long as any of the Bonds issued under the Indenture are Outstanding it will deposit, or cause to be paid to the Trustee for deposit in the Bond Fund for its account, any moneys which are pledged under the Indenture for the payment of the principal of and premium, if any, and interest on the Bonds and which are required to be deposited into the Bond Fund.

(b) Except as provided in the Indenture, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bonds and for the redemption of the Bonds prior to maturity.

(c) The Bond Fund shall be in the custody of the Trustee but in the name of the Authority, and the Authority hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of and premium, if any, and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee hereby accepts.

#### **Use of Sinking Fund**

(a) As required by Supplemental Indenture, the Trustee shall apply moneys in the Sinking Fund Account to the retirement of any Term Bonds required to be retired by operation of the Sinking Fund Account under the provisions of and in accordance with the Supplemental Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental Indenture or, at the direction of the Authority, purchase of such Term Bonds in the open market prior to the date on which notice of the redemption of such Term Bonds is given pursuant to the Indenture, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond



Fund other than those in the Sinking Fund Account). Sinking Fund Installments may also be collected in the Sinking Fund Account without redemption of Bonds prior to maturity.

(b) On the maturity date of any Term Bonds, the Trustee shall apply the moneys on hand in the Sinking Fund Account for the payment of the principal of such Term Bonds.

#### **Use of Debt Service Reserve Fund**

(a) Except as otherwise provided in the Indenture, moneys in accounts within the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the Debt Service Reserve Requirement. In calculating the amount on deposit in each account of the Debt Service Reserve Fund, the amount of the Reserve Instrument Coverage will be treated as an amount on deposit therein. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify that the amount, if any, of the Debt Service Reserve Requirement applicable to such Series which shall be deposited immediately upon the issuance and delivery of such Series either from (a) proceeds from the sale thereof or from any other legally available source or may be built up over time as provided by the Supplemental Indenture. Funds on deposit in accounts within the Debt Service Reserve Fund shall be used only to make up any deficiencies in accounts within the Bond Fund with respect to the related Series of Bonds, or (b) by a Reserve Instrument, or (c) any combination thereof.

(b) If on any Interest Payment Date the moneys held in the Bond Fund are insufficient to pay all interest, premium, if any, and principal then becoming due on the Bonds of a Series for which an account of the Debt Service Reserve Fund has been established, the Trustee shall transfer, on or before such date, moneys from the applicable accounts within the Debt Service Reserve Fund to the Bond Fund to the extent necessary so that the amount of money so transferred plus all moneys then held in the Bond Fund for such Series of Bonds shall be sufficient to pay all interest, premium, if any, and principal payments then becoming due and payable on such date;

(c) In the event funds on deposit in the Debt Service Reserve Fund are needed to make up any deficiencies in the Bond Fund as aforementioned, and there is insufficient cash available in an account of the Debt Service Reserve Fund to make up such deficiency and a Reserve Instrument applicable to such Series of Bonds is in effect, the Trustee shall immediately make a demand for payment on such Reserve Instrument, to the maximum extent authorized by such Reserve Instrument, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof into the Bond Fund. Thereafter, the Authority shall be obligated to reinstate the Reserve Instrument from Base Rentals received from the City under the Master Lease.

(d) No Reserve Instrument shall be allowed to expire or terminate while the related Series of Bonds is Outstanding unless and until cash has been deposited into the related account of the Debt Service Reserve Fund, or a new Reserve Instrument has been issued in place of the expiring or terminating Reserve Instrument, or any combination thereof in an amount or to provide coverage, as the case may be, at least equal to the amount required.

(e) In the event that the City shall exercise its option to purchase a Project or Projects and terminate its payment obligations under the Master Lease upon payment of the Purchase Option Price with respect to said Project or Projects, the Trustee shall transfer all moneys held in the Debt Service Reserve Fund applicable to said Project or Projects to the Bond Fund in accordance with the written direction of the City.

(f) In the event moneys are drawn from the related account of the Debt Service Reserve Fund to pay principal, premium or interest on the related Series of Bonds, such that there shall be remaining in said account an amount less than the Debt Service Reserve Requirement, the Trustee shall immediately give notice to the Authority and the City of such deficiency. Such account shall be replenished to the Debt Service Reserve Requirement upon the deposit by the Trustee of the additional Base Rental payment to be paid by the City pursuant to the Master Lease.

(g) Any moneys remaining in the related account of the Debt Service Reserve Fund with respect to a Series of Bonds on the final maturity of said Series of Bonds (whether at stated maturity or upon prior redemption) shall be transferred on such date into the Bond Fund.

(h) If, following the payment of principal and interest due on a Series of Bonds on each Interest Payment Date, the moneys held in the related account of the Debt Service Reserve Fund exceed the related Debt Service Reserve Requirement, all moneys in excess of said sum shall be immediately transferred to the Bond Fund. To the extent so paid, such excess shall reduce the amount of the succeeding Base Rental otherwise payable under the Master Lease.

(i) Moneys at any time on deposit in an account of the Debt Service Reserve Fund shall be used to make up deficiencies in the Bond Fund only for the Series of Bonds secured by said account and any Reserve Instrument shall only be drawn upon with respect to the Series of Bonds for which such Reserve Instrument was obtained.

#### **Use of Construction Fund; Disbursements**

The moneys in the Construction Fund shall be expended in accordance with the provisions of the Master Lease and the Supplemental Indenture authorizing such Series of Bonds.

#### **Use of Rebate Fund and Arbitrage Rebate**

(a) When directed in writing to do so by the Authority, the Trustee shall establish and thereafter maintain, so long as the Bonds are Outstanding, a Rebate Fund and an account therein for each such Series, which shall be held separate and apart from all other funds and accounts established under the Indenture and from all other moneys of the Trustee.

(b) All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee free and clear of the lien of the Indenture. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of Rebatable Arbitrage for all Series of Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebatable Arbitrage is determined, less amounts of Rebatable Arbitrage theretofore paid to the United States for all Series of Bonds, the Trustee shall, upon the Authority's request, withdraw from the Rebate Fund and pay to the Authority an amount not to exceed such excess.

(c) The Authority shall determine the amount of Rebatable Arbitrage and the corresponding Required Rebate Deposit with respect to each Series of Bonds on each applicable Rebate Calculation Date. The Authority shall deposit into the Rebate Fund the Required Rebate Deposit, if any, with respect to each Series of Bonds (or instruct the Trustee to transfer to the Rebate Fund moneys representing such Required Rebate Deposit from the Funds and Accounts held under the Indenture other than the Rebate Fund) within 30 days of each such Rebate Calculation Date. The Authority shall instruct the Trustee to withdraw from the Rebate Fund and pay over to the United States Government with respect to each Series of Bonds: (1) not less frequently than once each five years commencing no later than 60 days after the first Rebate Calculation Date for such Series of Bonds and upon each fifth anniversary of such date, an amount which when added to all previous rebate payments made with respect to such Series of Bonds equals 90% of the sum of the Rebatable Arbitrage pertaining to such Series of Bonds, and (2) not later than 60 days after the retirement of the last Bond of such Series, 100% of the Rebatable Arbitrage with respect to such Series. The determination of Rebatable Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Authority from the Rebate Fund pursuant to the Indenture must be verified in writing by an independent public accountant or other qualified professional.

#### **Moneys to be Held in Trust**

All moneys required to be deposited with or paid to the Trustee for account to any fund referred to in any provision of the Indenture or the Master Lease shall be held by the Trustee in trust, and except for moneys deposited

with or paid to the Trustee for the payment of Bonds not then deemed Outstanding shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created by the Indenture.

### **Investment of Funds**

The City will direct the Trustee in investing amounts held in the funds created under the Indenture. Any moneys held as part of the Construction Fund, the Bond Fund, the Debt Service Reserve Fund, the Rebate Fund or any other fund shall be invested and reinvested by the Trustee in Investment Obligations at the written direction of the Authority in accordance with the provisions of the Indenture and of the Master Lease. Any such investments shall be held by or under the control of the Trustee. The Trustee shall sell and reduce to cash a sufficient amount of such investments within the Bond Fund whenever the cash balance therein is insufficient to pay the principal of and premium, if any, and interest on the Bonds when due. All income and earnings from the investment of amounts on deposit in any fund shall be retained therein; provided, however, that any moneys held in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall be transferred to the Bond Fund at least annually.

### **Method of Valuation and Frequency of Valuation**

In computing the amount in any Fund or account, Investment Obligations shall be valued at the fair market value of such Obligations, exclusive of accrued interest. All funds and accounts are to be valued on the basis of a market valuation conducted annually by the Trustee.

### **Additional Parity Bonds**

Refunding Bonds. So long as the Master Lease is in effect and no Event of Default under the Indenture or the Master Lease has occurred and is continuing and so long as no Event of Nonappropriation has occurred and is continuing, one or more Series of Refunding Bonds may be issued, authenticated and delivered for the purpose of refunding Bonds or other obligations of the Authority. The Refunding Bonds may be issued in one or more Series, shall be authenticated by the Trustee and, upon payment to the Trustee of the proceeds of said sale of Refunding Bonds, they shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon satisfaction of the conditions specified in the Indenture and there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental Indenture, a supplement or amendment (if necessary) to the Security Documents and the Master Lease providing for the issuance of such Refunding Bonds, and further providing for a revision to the Base Rentals to be paid by the City under the Master Lease to such amount as shall be necessary to pay, assuming that no Event of Default or Event of Nonappropriation shall occur, the principal of, premium, if any, and interest on the Bonds (including the Refunding Bonds being issued and the Initial Bonds and any Additional Bonds and Refunding Bonds theretofore issued and to remain Outstanding), and to extend the Lease Term if the maturity of any of the Refunding Bonds would otherwise occur after the expiration of the then current Lease Term. The date or dates of the Refunding Bonds, the rate or rates of interest on the Refunding Bonds, and the redemption provisions (if any) with respect thereto all shall be as provided in the Supplemental Indenture;

(b) If any of the Bonds theretofore issued were Tax-Exempt Bonds or were designated as Tax Credit Bonds qualifying for Direct Payments, a written opinion of nationally recognized bond counsel, to the effect that the exclusion from gross income of the interest on the Tax-Exempt Bonds theretofore issued or the status of the Bonds as Tax Credit Bonds qualifying for Direct Payments, for federal income tax purposes, will not be adversely affected by the issuance of the Refunding Bonds being issued;

(c) A date-down endorsement to the ALTA mortgagee title insurance policy issued in connection with the issuance of the Bonds being refunded or commitment therefor (or if the bonds or other obligations being refunded were not issued pursuant to the Indenture, an ALTA Mortgagee title insurance policy or commitment therefor), which endorsement or policy shall insure to the date of issuance of such Refunding Bonds and the recording of any supplement or amendment to the Security Documents the continuing validity of the lien thereof, as modified by any supplement or amendment to the Security Documents, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement or policy shall increase the amount of title insurance coverage

thereunder, if necessary, to an amount, which when added to the coverage provided under any other title policies delivered with respect to other Bonds then Outstanding and issued with respect to the Project financed by the Bonds or other obligations to be refunded, is at least equal to the aggregate principal amount of all Bonds to be Outstanding with respect to such Project following said refunding and naming the Trustee as an insured; alternatively, the Authority may reasonably expect to be able to deliver the required mortgage title insurance following delivery of the related Series of Bonds, provided that no proceeds of such Bonds shall be drawn out of the Construction Fund until such mortgage title insurance is delivered (except for costs of issuance related to such Bonds);

(d) (i) A report of an independent firm of certified public accountants to the effect that, upon the issuance of the Refunding Bonds, moneys and Direct Obligations will be deposited with the Trustee or an escrow agent sufficient to cause the Bonds (or other obligations) being refunded to be deemed paid under the Indenture (or a comparable provision of the documents authorizing the obligations to be refunded); or (ii) in the event that the Bonds (or other obligations) to be refunded are to be redeemed on the date of issuance of the Refunding Bonds or within ninety (90) days thereafter, there shall be delivered to the Trustee evidence satisfactory to it that upon the issuance of the Refunding Bonds moneys and Direct Obligations will be deposited with the Trustee or an escrow agent sufficient, without taking into account investment earnings thereon, to redeem the Bonds (or other obligations); and

(e) A certificate of the Authority, stating that as of the date of such delivery no event or condition has happened or exists and is continuing, or is happening or existing, which constitutes, or which, with notice or lapse of time or both, would constitute, an Event of Default under the Indenture or the Master Lease and there has not occurred and is then continuing an Event of Nonappropriation; provided however that the existence of an Event of Default shall not preclude the issuance of any Additional Bonds if: (i) the issuance of such Additional Bonds otherwise complies with the provisions of the Indenture and (ii) any Event of Default will cease to continue upon the issuance of such Additional Bonds and the application of the proceeds thereof.

Each Series of Additional Bonds issued pursuant to the Indenture shall be equally and ratably secured under the Indenture with the Initial Bonds and all other Series of Additional Bonds and Refunding Bonds, if any, theretofore issued pursuant to the Indenture, without preference, priority or distinction of any Bonds over any other thereof.

Additional Bonds. So long as the Master Lease is in effect and no Event of Default under the Indenture or the Master Lease has occurred and is continuing and so long as no Event of Nonappropriation has occurred and is continuing, one or more Series of Additional Bonds may be issued, authenticated and delivered for the purpose of financing Costs of Acquisition and Construction of a Project or Projects. Such Additional Bonds shall be payable solely from the Base Rentals and, if paid by the City, the Purchase Option Price and other amounts derived from the leasing of the Projects. The Additional Bonds may be issued in one or more Series, shall be authenticated by the Trustee and, upon payment to the Trustee of the proceeds of said sale of Additional Bonds, they shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon satisfaction of the conditions specified in the Indenture and there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental Indenture, additional Security Documents or a supplement or amendment (if necessary) to the Security Documents and Master Lease providing for the financing of a Project and for the issuance of the Additional Bonds and further providing for an increase in the Base Rentals to be paid by the City under the Master Lease in such amount as shall be necessary to pay, assuming that no Event of Default or Event of Nonappropriation shall occur, the principal of, premium, if any, and interest on the Bonds (including the Additional Bonds being issued and the Initial Bonds and any Additional Bonds and Refunding Bonds theretofore issued and Outstanding), and to extend the Lease Term if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the then current Lease Term. The date or dates of the Additional Bonds, the rate or rates of interest on the Additional Bonds, and the redemption provisions (if any) with respect thereto all shall be as provided in the Supplemental Indenture;

(b) If any of the Bonds theretofore issued were Tax-Exempt Bonds or were designated as Tax Credit Bonds qualifying for Direct Payments, a written opinion of nationally recognized bond counsel, to the effect that the exclusion from gross income of the interest on the Tax-Exempt Bonds theretofore issued or the status of the Bonds as Tax Credit Bonds qualifying for Direct Payments, for federal income tax purposes, will not be adversely affected by the issuance of the Additional Bonds being issued;

(c) A date-down endorsement to the ALTA mortgagee title insurance policy issued in connection with the issuance of the Initial Bonds (or other Bonds) or commitment therefor or an additional ALTA mortgagee title insurance policy or commitment therefor, which endorsement or policy shall insure to the date of issuance of such Additional Bonds and the recording of any additional Security Documents or supplement to the Security Documents, if required, the continuing validity of the lien thereof, as modified by any supplement to the Security Documents, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement or additional policy shall increase the amount of title insurance coverage thereunder to an amount at least equal to the aggregate principal amount of the Additional Bonds to be issued (or in the case of Additional Bonds issued to complete or extend a Project previously financed under the Indenture the endorsement to the original policy for such Project shall increase the coverage to at least the aggregate principal amount of Bonds issued for such Project to be Outstanding following the issuance of such Additional Bonds) and naming the Trustee as an insured. In the event that the property upon which additional projects are to be located has not been acquired at or prior to the time of issuance of the Additional Bonds, the amendment to Master Lease relating to such Additional Bonds shall require that such endorsement or additional title policy with respect to such property be delivered at the time of or prior to any disbursements being made from the Construction Fund with respect to such portion of the Project (except for costs of issuance related to such Bonds);

(d) if such Series of Additional Bonds is being issued in whole or in part for construction purposes, (i) a copy, duly certified by the Secretary-Treasurer of the Authority, of the project contract and architect's agreement with respect to such construction and the performance and payment bond covering such contract or, in the alternative, a requirement that a copy of such documents be delivered to the Trustee prior to the time that moneys are withdrawn from the Construction Fund with respect to such portions of the Project, and (ii) a certificate of the architect or engineer responsible for planning and designing any such construction which sets forth the estimated useful life of the Project or Projects, as so improved and extended, in compliance with Section 17D-2-301 of the Act; and

(e) a certificate of the Authority, stating that as of the date of such delivery no event or condition has happened or exists and is continuing, or is happening or existing, which constitutes, or which, with notice or lapse of time or both, would constitute, an Event of Default under the Indenture or the Master Lease and there has not occurred and is then continuing an Event of Nonappropriation; provided however that the existence of an Event of Default shall not preclude the issuance of any Additional Bonds if: (i) the issuance of such Additional Bonds otherwise complies with the provisions of the Indenture and (ii) any Event of Default will cease to continue upon the issuance of such Additional Bonds and the application of the proceeds thereof.

Each Series of Additional Bonds issued pursuant to the Indenture shall be equally and ratably secured under the Indenture with the Initial Bonds and all other Series of Additional Bonds and Refunding Bonds, if any, theretofore issued pursuant to the Indenture, without preference, priority or distinction of any Bonds over any other thereof.

### **Discharge of Lien**

If the Authority shall pay or cause to be paid, or there shall be otherwise paid or unconditional provisions for payment made to or for the Bondholders, the principal of and premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee and any paying agents and all Reserve Instrument Providers all sums of money due or to become due according to the provisions of the Indenture (including any make whole interest payment or redemption premiums), then these presents and the estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of the Indenture, and release, assign and deliver unto the Authority and the City any

and all the estate, right, title and interest in and to any and all rights assigned to the Trustee or otherwise subject to the lien of the Indenture, including amounts in the Bond Fund and the Debt Service Reserve Fund and all rights granted under the Security Documents, except moneys or securities held by the Trustee for the payment of the principal of and premium, if any, and interest on the Bonds.

Any Bond shall be deemed to be paid for all purposes of the Indenture when (a) payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust, and the Trustee shall have irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, and/or (2) Direct Obligations maturing as to principal and interest in such amount and at such times as will insure, without reinvestment, the availability of sufficient moneys to make such payment as verified by a Certified Public Accountant, and (b) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond shall be deemed to be paid under the Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Direct Obligations.

Notwithstanding the foregoing, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds shall have been previously given in accordance with the Indenture, or in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, until the Authority shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Bondholders of the Bonds, in accordance with the redemption provisions of the Indenture, that the deposit required by (a)(ii) above has been made with or for the benefit of the Trustee and that said Bonds are deemed to have been paid in accordance with the general covenants of the Indenture, and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds and to call for redemption pursuant to the Indenture any Bonds to be redeemed prior to maturity; or (b) the maturity of such Bonds.

All moneys so deposited with or for the benefit of the Trustee as provided in the Indenture may at the direction of the Authority also be invested and reinvested in Direct Obligations, maturing in the amounts and at times as set forth in the Indenture, and all income from all Direct Obligations pursuant to the Indenture which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in that fund.

The Authority hereby covenants that no deposit will be made under the Indenture and no use made of any such deposit which would cause the Tax-Exempt Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

Notwithstanding any other provision of the Indenture, all moneys or Direct Obligations set aside and held in trust pursuant to the provisions of the Indenture regarding the discharge of the lien for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and Direct Obligations have been so set aside in trust.

## **Events of Default**

Any of the following events constitute an "Event of Default" under the Indenture:

- (a) Failure to pay when due interest on any Bond;
- (b) Failure to pay when due the principal of, or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof (other than as specified in a conditional notice of redemption);

(c) Failure to perform or observe any other of the covenants, agreements or conditions on the part of the Authority contained in the Indenture or in the Bonds and failure to remedy the same after notice thereof pursuant to the Indenture;

(d) The occurrence of an event of default under the terms of any of the Bond Documents on the part of either the Authority or the City;

(e) The Authority shall for any reason be rendered incapable of fulfilling its obligations under the Indenture;

(f) The Authority (1) is adjudged insolvent by a court of competent jurisdiction, (2) admits in writing its inability to pay its debts generally as they become due, (3) files a petition in bankruptcy, (4) makes an assignment for the benefit of creditors, or (5) consents to the appointment of a receiver of itself or property with respect to the Projects;

(g) An order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Authority, a receiver of the Authority or of the property with respect to the Projects, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty days from the date of such appointment;

(h) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against the Authority under the provisions of any bankruptcy act and such order, judgment or decree shall not be vacated or set aside or stayed within sixty days from the date of entry of such order, judgment or decree;

(i) Under the provisions of any other law now or hereafter existing for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the property with respect to the Projects or any part thereof, and such custody or control shall not be terminated within sixty days from the date of assumption of such custody or control; or

(j) Subject to the limitations contained in the Master Lease, the Authority shall unreasonably delay or fail to carry on with reasonable dispatch, or shall discontinue construction of any substantial part of a Project.

#### **Acceleration, Limitation on Remedies**

Upon the occurrence and continuation of an Event of Default, the Trustee shall have all the rights and remedies with respect to the Trust Estate as the Authority, as lessor, has against the Projects and the City under the pertinent provisions of the Master Lease; and the Trustee may, and upon the written request of Bondholders of not less than 25% in aggregate principal amount of the Bonds Outstanding shall, by notice in writing delivered to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable without further action. Such amounts of principal and interest shall bear interest from the date of acceleration, as provided in the Indenture, until paid at the same rate borne by the accelerated Bonds prior to acceleration.

Upon any sale made either under the power of sale given granted under the Indenture or given in the Security Documents or under a judgment, order or decree made in any judicial proceedings for the foreclosure or enforcement of the Indenture and/or the Security Documents, the principal of all Bonds then outstanding, if not previously due, shall at once become and be immediately due and payable without declaration or notice by the Trustee or the Bondholders.

Notwithstanding anything to the contrary contained in the Indenture, no deficiency judgment upon foreclosure of the lien of the Indenture or of the Security Documents against the Projects may be entered against the City or the Authority, and no breach of any provision of the Master Lease, the Security Documents or the Indenture shall impose any general obligation or liability upon or a charge against the City or the Authority or upon the general credit or taxing powers of the City. Additionally, no judgment requiring a payment of money may be

entered against the City by reason of an Event of Default or an Event of Nonappropriation under the Master Lease; provided to the extent permitted by law that the Trustee may, subject to compliance with the applicable provisions of the “one action rule” set forth in Title 78B, Chapter 6, Utah Code Annotated 1953, as amended, recover from the City: (i) the portion of Base Rentals and Additional Rentals which are or would otherwise have been payable under the Master Lease during any period in which the City continues to use, occupy and operate a Project or Projects or any portion thereof; and (ii) Base Rentals and Additional Rentals which are or would otherwise have been payable by the City under the Master Lease during the remainder, after the City vacates the applicable Project or Projects, of the then current annual term of the Master Lease in which such Event of Default occurs for which term the City had lawfully appropriated moneys for purposes of paying such Base Rentals and Additional Rentals; provided, however, that the Authority shall be obligated to the City to use its best efforts to lease or sublease the Project or Projects for the remainder of such annual term, and the Net Proceeds of such leasing shall be offset against the amount recoverable from the City under this clause (ii).

Notwithstanding anything in the Indenture to the contrary, the rights and privileges of the Trustee and the Bondholders are subject to the right of the City to purchase the Project or Projects as set forth in the Master Lease and the Trustee shall make no final sale or other final disposition of any interest in said Project or Projects pursuant to any available foreclosure remedy without notifying the City in writing of the occurrence of an Event of Default, and allowing the City ninety days from the mailing of such notice to exercise its option and purchase the Project or Projects.

#### **Surrender of Possession of Projects; Rights and Duties of Trustee in Possession**

Subject to the provisions of the Indenture, upon the occurrence and continuation of an Event of Default under the Indenture, the Authority, upon demand of the Trustee, shall forthwith surrender, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Projects together with the books, papers and accounts of the Authority pertaining thereto, and including the rights and the position of the Authority with respect to the Projects under the Master Lease and to make all needful repairs and improvements as the Trustee shall deem wise. Upon the occurrence and continuation of an Event of Default, the Trustee may execute a written notice of default and an election to cause the Authority’s interest in the Projects or any portion thereof to be sold (subject to any reversionary rights of the City which may be retained in the Project site or sites in the event any ground lease may be executed between the Authority and the City) to satisfy the obligations of the Authority under the Indenture in accordance with the provisions of the Security Documents and/or may cause a sale of personal property as provided by law. The Trustee may also lease or otherwise dispose of the Authority’s interest in the Projects in the name and for the account of the Authority and in such manner as the Trustee, in its sole discretion, may elect. In connection with any such sale or leasing of the Projects, the Trustee may collect, receive and sequester the rental payments, revenues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver pay, or set up the proper reserve for the payment of, all proper costs and expenses of so taking, holding, leasing, selling and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee under the Indenture, and any taxes and assessments and other charges prior to the lien of the Indenture and the Security Documents which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of the Indenture. Whenever all that is due upon the Bonds shall have been paid and all defaults made, cured or waived, the Trustee shall surrender whatever possession the Trustee shall retain to the Authority; the same right of entry, however, to exist upon any subsequent Event of Default.

While in possession of such property the Trustee shall render annually to the Authority and the City and, at the request and at the expense of any Bondholder, at its address set forth in the registration book required by the Indenture, a summarized statement of income and expenditures in connection therewith.

While any Bonds are Outstanding, the Authority shall not exercise any of the remedies on default specified in the Master Lease without the prior written consent of the Trustee.

#### **Other Remedies; Rights of Bondholders**

Except as otherwise limited by the provisions of the Indenture, upon the occurrence of an Event of Default under the Indenture, the Trustee may, upon being satisfactorily indemnified, pursue any available remedy that it



deems to be in the best interest of the Bondholders by suit at law or in equity to enforce the payment of the principal of and premium, if any, and interest on the Bonds then Outstanding.

Subject to the right of Bondholders to direct proceedings as specified in the Indenture, if an Event of Default shall have occurred under the Indenture, and if requested so to do by the Bondholders of 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or the Bondholders) 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 the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any default or Event of Default under the Indenture shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and such right and power may be exercised from time to time as often as may be deemed expedient. Every power or remedy given by the Indenture, the Master Lease or the Security Documents or to which the Trustee may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Trustee, and the Trustee may pursue inconsistent remedies.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Notwithstanding anything contained in the Indenture or in the Security Documents to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Law, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The term "Environmental Laws" shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto. The term "Hazardous Substances" shall mean any chemical, substance or material classified or designated as hazardous, toxic or radioactive, or other similar term, and now or hereafter regulated under any Environmental Law, including without limitation, asbestos, petroleum and hydrocarbon products. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action.

### **Right of Bondholders to Direct Proceedings**

The Bondholders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings authorized under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture and such bondholders have provided the Trustee indemnification as it is provided in the Indenture. The Trustee shall have the right to decline to follow any direction of Bondowners that in the sole discretion of the Trustee would be unjustly prejudicial to the Trustee or to Bondowners not parties to such direction, that would expose the Trustee to unreasonable liability or financial exposure or that is not in accordance with law or the provisions of the Indenture, shall be entitled to rely without further investigation or inquiry upon any direction given by the Owners of a majority in aggregate principal amount of the Bonds Outstanding, and shall not be responsible for the propriety of or liable for the consequences of following any such direction. Notwithstanding anything to the

contrary contained in the Indenture, the Trustee shall not be required to foreclose the lien of the Security Documents or bid on behalf of Bondowners at any foreclosure sale (a) if, in the Trustee's sole discretion, such action would subject the Trustee to personal liability for the cost of investigation, removal and/or other remedial activity with respect to Hazardous Substances (as defined in the Security Documents) or (b) if the presence of Hazardous Substances on the property subject to the lien of the Security Documents results in such property having no or nominal value. It is acknowledged and agreed that the Trustee has no authority to manage, own or operate the Project, or any portion thereof, except as necessary to exercise remedies upon default.

### **Appointment of Receivers**

Upon the occurrence of an Event of Default under the Indenture and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under the Indenture, the Trustee shall be entitled to the appointment of a receiver or receivers of the Trust Estate and of the rents, revenues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

### **Waiver**

Upon the occurrence of an Event of Default under the Indenture, to the extent that such rights may then lawfully be waived, neither the Authority, nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of the Indenture, and the Authority, for itself and all who may claim through or under it, pursuant to the Indenture waives, to the extent that it lawfully may do so, the benefit of all such laws.

### **Rights and Remedies of Bondholders**

No Bondholder shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy thereunder, unless a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an Event of Default under the Indenture and the Bondholders of 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in their own name or names, nor unless also they have offered to the Trustee indemnity as provided in the Indenture, nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted to the Trustee under the Indenture, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more Bondholders shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his, her or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner as provided in the Indenture and for the equal and ratable benefit of the Bondholders of all Bonds then Outstanding. However, nothing contained in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and premium, if any, and interest on any Bond at and after the maturity thereof or the redemption date established therefor, or the obligation of the Authority to pay the Bonds issued thereunder to the respective Bondholders thereof at the time, place, from the source and in the manner in the Bonds expressed.

### **Waiver of Event of Default**

The Trustee may, and upon the written direction of the Bondholders of a majority in principal amount of the Bonds then Outstanding shall, waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of the principal of the Bonds; provided, however, that there shall not be waived (1) any Event of Default under the Indenture in the payment of the principal of any Outstanding Bonds at the date of maturity specified therein, or (2) any Event of Default in the payment when due of the interest on any such Bonds,

unless prior to such waiver or rescission, all arrears of interests (including interest on overdue installments of interest) or all arrears of payments of principal when due, as the case may be, both with interest at the same rate as the rate of the respective Bond or Bonds which are past due, and all fees and expenses of the Trustee and its counsel, in connection with such Event of Default shall have been paid or provided for, and in cases of any such waiver or rescission, or in case any proceeding taken by Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

#### **Notice of Events of Default; Opportunity of the Authority and the City to Cure Such Events of Default**

Notwithstanding any provision in the Indenture to the contrary, failure to perform or observe any of the covenants, agreements or conditions on the part of the Authority under the Indenture or in the Bonds shall not constitute an Event of Default under the Indenture until actual notice of such default by registered or certified mail shall be given to the Authority and the City by the Trustee or by the Bondholders of not less than 25% in aggregate principal amount of all Bonds Outstanding, and the Authority and the City shall have had thirty days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, that, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default under the Indenture if corrective action is instituted by the Authority and the City within the applicable period and diligently pursued, to the satisfaction of the Trustee until the default is corrected.

#### **Limitation on Remedies and Acceleration During Acquisition and Construction of Portions of Projects**

Notwithstanding the provisions of the Indenture, the Master Lease or of the Security Documents to the contrary, in the event that (a)(i) a portion of the Projects (the "Completed Portion of the Projects") financed with a separate Series of Bonds is accepted by the City for use and occupancy under the Master Lease, and (ii) the acquisition and construction of additional portions of the Projects (the "Uncompleted Portion of the Projects") financed with one or more Series of Bonds (other than the Series of Bonds described in (i) above) have yet to be completed, and (b) an Event of Default occurs due to the failure to complete the Uncompleted Portion of the Projects, the following limitations shall apply:

- (a) Such Event of Default shall be limited to the Series of Bonds issued to finance the Uncompleted Portion of the Projects and not the Series of Bonds issued to finance the Completed Portion of the Projects;
- (b) The City shall, subject to the occurrence of an Event of Nonappropriation, continue to pay Base Rentals and Additional Rentals with respect to the Completed Portion of the Projects, and the Master Lease shall remain in full force and effect with respect to the Completed Portion of the Projects;
- (c) The Trustee shall use the amounts on deposit in the related account of the Debt Service Reserve Fund to pay amounts due on the Series of Bonds issued to finance the Uncompleted Portion of the Projects and amounts on deposit in the account of the Debt Service Reserve Fund relating to the Series of Bonds issued to finance the Completed Portion of the Projects shall not be used to pay amounts due on the Series of Bonds issued to finance the Uncompleted Portion of the Projects;
- (d) The Series of Bonds issued to finance the Completed Portion of the Projects shall not be accelerated or otherwise affected by the Event of Default described in the Indenture; and
- (e) The Trustee shall not proceed to exercise any remedies under the Indenture or the Security Documents relating to the Completed Portion of the Projects with respect to the Event of Default described in the Indenture.

### **Supplemental Indentures Not Requiring Consent of Bondholders**

The Authority and the Trustee may, without consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to the Indenture which shall not be inconsistent with the general terms and provisions thereof for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee;
- (c) To subject to the Indenture additional revenues, properties or collateral;
- (d) To modify, amend or supplement the Indenture or any indenture supplemental hereto in such matter as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;
- (e) To evidence the appointment of a separate Trustee or a Co-Trustee or paying agent or the succession of a new Trustee or paying agent under the Indenture;
- (f) To issue the Initial Bonds, Refunding Bonds or Additional Bonds in accordance with the Indenture and the Master Lease; and
- (g) To make any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee or, as evidenced by an opinion of counsel delivered to the Trustee, the holders of the Bonds.

### **Supplemental Indentures Requiring Consent of Bondholders**

Exclusive of supplemental indentures covered by the Indenture and subject to the terms and provisions contained in the Indenture, and not otherwise, the Bondholders of not less than 66 2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such Supplemental Indentures hereto as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in the Indenture contained shall permit, or be construed as permitting, (i) an extension of the maturity of the principal of, or the interest on, any Bond issued under the Indenture, or (ii) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indentures, or (v) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture and the Security Documents on the Trust Estate or any part thereof (except in connection with the issuance of Refunding Bonds or Additional Bonds), or (vi) deprive the Bondholder of any Bond then Outstanding of the lien created by the Indenture on any material portion of the Trust Estate, without the prior consent of the Bondholders of 100% of the Bonds affected by such action. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which adversely affects the Trustee's rights, deeds or immunities under the Indenture or the Master Lease.

If the Bondholders of not less than 66 2/3% in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as provided in the Indenture, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as permitted and provided in the Indenture, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything therein to the contrary notwithstanding, so long as no Event of Default or Event of Nonappropriation with respect to the Projects shall have occurred and be continuing under the Master Lease, a Supplemental Indenture shall not become effective unless and until the City shall have consented to the execution and delivery of such Supplemental Indenture. In this regard and except with respect to Supplemental Indentures for which the City has otherwise been notified, the Trustee shall cause notice of the proposed execution of any such Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed by certified or registered mail to the City at least fifteen days prior to the proposed date of execution and delivery of any such Supplemental Indenture. The City shall be deemed to have consented to the execution and delivery of any such Supplemental Indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the City on or before the fifteenth day after the mailing of said notice.

### **Amendments of the Master Lease**

Amendments, etc., to the Master Lease Not Requiring Consent of the Bondholders. The Authority and the Trustee shall without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Master Lease as may be required (i) by the provisions of the Indenture and the Master Lease (including those provisions applicable to the issuance of the Initial Bonds, Refunding Bonds and Additional Bonds), (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) so as to more precisely identify the Projects, or the Project sites or substitute or add additional improvements or equipment to the Projects or additional rights or interests in property acquired in accordance with the provisions of the Master Lease, (iv) in connection with any amendment to the Indenture pursuant to the provisions of the Indenture governing amendments to the Supplemental Indenture not requiring consent of the Bondholders, or (v) in connection with any other change therein which, in the judgment of the Trustee is not to the prejudice of the Trustee or, as evidenced by an opinion of counsel delivered to the Trustee, the holders of the Bonds.

Amendments, etc., to the Master Lease Requiring Consent of the Bondholders. Except for the amendments, changes or modifications as provided in the preceding paragraph, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of the Master Lease without mailing of notice and receipt of the written approval or consent of the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds at the time outstanding as provided in the Indenture. If at any time the Authority and the City shall request the consent of the Trustee to any such proposed amendment, change or modification of the Master Lease, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by the provisions of the Indenture with respect to Supplemental Indentures requiring consent of the Bondholders. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated office of Trustee for inspection by all Holders of the Bonds. No such amendment, change or modification of the Master Lease shall reduce the aggregate principal amount of the Bonds the Bondholders of which are required to consent to any amendment, change or modification of such Master Lease, or materially reduce or postpone payments required to be made under the Master Lease without the consent of all of the Holders of the Bonds Outstanding. Approval or consent shall be evidenced in a manner acceptable to the Trustee and the Authority.

[Provisions Relating to Bond Insurance]

## **THE MASTER LEASE**

*[to be updated with master lease amendment changes]*

### **Definitions**

“Act” means collectively, the Building Authority Act, the Local Government Bonding Act, the Nonprofit Corporation Act and, to the extent applicable, the Refunding Bond Act.

“Additional Rentals” means the cost of all taxes, insurance premiums and expenses payable by, and fees and expenses of, the Trustee and its counsel with respect to the Bonds and other charges and costs which the City

assumes or agrees to pay exclusively from City Funds under the Master Lease, together with all interest and penalties that may accrue thereon in the event that the City shall fail to pay the same, as specifically set forth therein.

“Amendment to Master Lease” means any amendment to the Master Lease between the Authority, as lessor, and the City, as lessee, entered into pursuant to and in compliance with the provisions of the Master Lease and the General Indenture.

“Authority” means the Municipal Building Authority of West Valley City, Utah, a nonprofit corporation organized under the laws of the State, acting in the capacity of lessor under the Master Lease and as grantor under the Indenture, and any successor to the duties and functions of the Authority.

“Base Rentals” means the payments payable by the City exclusively from City Funds pursuant to the Master Lease during the Lease Term thereof, which constitute the payments payable by the City for and in consideration of the right of use of the Projects during such Lease Term and the purchase option granted in the Master Lease.

“Building Authority Act” means the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended.

“Business Day” means a legal business day on which banking business is transacted in the cities in which the Trustee or Paying Agent has its principal corporate trust offices.

“City” means West Valley City, Utah a body corporate duly established and existing under and by virtue of the Constitution and laws of the State, and any entity succeeding to its rights and obligations under the Master Lease.

“City Funds” means all revenues and receipts derived by the City from the operation of the Projects, including, without limitation, funds of the City legally available therefor, all to the extent the same are budgeted and appropriated by the governing body of the City for the purpose of paying Base Rentals, Additional Rentals or the Purchase Option Price hereunder during the Lease Term in which the Master Lease may be in effect.

“Completion Date” means the date of completion of acquisition and/or construction of a Project, within the meaning of Section 17D-2-401(2) of the Building Authority Act, and of final acceptance by the City of such Project.

“Construction Contract” means any contract or agreement relating to the acquisition, development or construction of a Project or portion thereof.

“Contractor” means that party to a Construction Contract or Design Contract providing services related to a Project or portion thereof.

“Costs of Acquisition and Construction” means:

(1) obligations of the City or the Authority incurred for labor, materials and equipment in connection with a Project or the cost of acquiring a Project;

(2) the cost of payment, performance or other bonds and any and all types of insurance (including but not limited to title insurance) that may be necessary or appropriate to have in effect during the course of a Project;

(3) all costs of planning and designing a Project, including architectural, planning, engineering, legal and fiscal advisors’ fees and the costs incurred by the City or the Authority for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper and timely completion of such Project;

(4) payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the acquisition and construction of a Project;

(5) the cost of equipment and furnishings for a Project, the cost of acquiring a site for a Project (or any interest therein) and all other costs authorized by the Building Authority Act which are considered to be a part of the costs of a Project in accordance with generally accepted accounting principles, including but not limited to interest accruing on the Bonds during the period required to complete the acquisition and construction of such Project and for not more than twelve (12) months after the Completion Date;

(6) any sums required to reimburse the Authority or the City for advances by either of them for any of the above items or for any other costs incurred and for work done by either of them which are properly chargeable to a capital account in respect of a Project;

(7) such amounts as the governing body of the Authority shall find to be necessary to provide necessary working capital in connection with a Project; and

(8) all expenses connected with the authorization, sale and issuance of a series of Bonds and the refunding of any Bonds, including the initial fees of the Trustee, escrow agent, rating agency fees, bond insurance premiums, fees for outside attorneys or accountants, whose opinions are required to obtain the issuance of the Bonds, financial advisors' fees and commissions and printing costs, those amounts as the Authority shall find necessary to establish reserves and maintenance, repair, replacement, and contingency funds and accounts, and the interest on Bonds for a reasonable time prior to, during, and for a reasonable period of time after completion of a Project.

"Design Contract" means any contract or agreement relating to the architecture, design, engineering or planning of a Project or portion thereof.

"Event of Default" means one or more events of default as defined in the Master Lease.

"Event of Nonappropriation" means a failure by the City to renew the Master Lease by failing or refusing to budget and appropriate sufficient City Funds for the payment of all or any part of the Base Rentals and Additional Rentals for any Renewal Term thereof as set forth in the Master Lease. The existence or nonexistence of an Event of Nonappropriation shall be determined as of the date on which the governing body of the City fails or refuses to adopt a final budget in accordance with applicable law which appropriates sufficient moneys to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term as contemplated by the Master Lease or on any earlier or later date on which the Trustee receives written notice from the City that the governing body of the City has failed or refused to make such appropriations and the term of the Master Lease will not be renewed; provided, however, that the Trustee may waive any Event of Nonappropriation which is cured by the City within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the Bondholders, except as otherwise provided in the Master Lease. Notwithstanding anything to the contrary in the Master Lease, the City's failure or refusal to adopt a final budget in accordance with applicable law within the time provided by the Master Lease which appropriates sufficient moneys to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term shall constitute an Event of Nonappropriation.

"Fire Station Acquisition Project" means, the acquisition, construction and equipping of a new fire station, and related improvements and the Authority's interest in the Fire Station Acquisition Site for lease to the City.

"Fire Station Remodeling Project" means the remodeling and equipping of an existing fire station and the Authority's interest in the Fire Station Ground Lease Site for lease to the City.

"Fire Station Acquisition Site" means the real property as more fully described in the Master Lease, where the Fire Station Acquisition Project is to be undertaken.

“Fire Station Ground Lease Site” means the real property as more fully described in the Master Lease, where the Fire Station Remodel Project is to be undertaken.

“Fiscal Year” means the twelve-month period used from time to time by the City for its financial accounting purposes (currently July 1 to June 30).

“Force Majeure” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the City and not due to its negligence.

“Ground Lease – Fire Station Remodel Project” means the Ground Lease Agreement – Fire Station Remodel Project dated as of July 1, 2016, by and between the City and the Authority.

“Ground Lease – Maverik Center Project” means the Ground Lease – Maverik Center Project dated as of July 1, 2016 by and between the City and the Authority.

“Ground Leases” mean collectively, the Ground Lease – Fire Station Remodel Project and the Ground Lease – Maverik Center Project.

“Ground Lease Term – Fire Station Remodel Project” means the duration of the leasehold estate created in the Fire Station Ground Lease Site as provided in the Ground Lease - Fire Station Remodel Project.

“Ground Lease Term – Maverik Center Project” means the duration of the leasehold estate created in the Maverik Center Ground Lease Site as provided in the Ground Lease - Maverik Center Project.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the State and who is not a full-time employee of the Authority, the City or the Trustee.

“Lease Term” means the duration of the leasehold estate created in the Projects as provided in Article IV of the Master Lease.

“Local Government Bonding Act” means Title 11, Chapter 14 Utah Code Annotated 1953, as amended.

“Maverik Center Ground Lease Site” means the real property, as more fully described in the Master Lease, where the Maverik Center Project has been undertaken.

“Maverik Center Project” means the refinancing of that certain sports and events arena currently known as the Maverik Center and the Authority’s interest in the Maverik Center Ground Lease Site for lease to the City.

“Net Proceeds,” when used with respect to (i) proceeds from policies of insurance required hereby (including any self-insurance), (ii) any condemnation award, (iii) proceeds resulting from a default under a contract relating to the acquisition and construction of a Project (including liquidated damages, if any), or (iv) the proceeds of any liquidation of all or portions of a Project, means the amount remaining after deducting all expenses (including, without limitation, attorneys’ fees and costs) incurred in the collection of such proceeds or award from the gross proceeds thereof.

“Nonprofit Corporation Act” means the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended.

“Original Term” means the initial portion of the Lease Term which terminates on June 30, 2017.

“Permitted Encumbrances” means, as of any particular time, (i) liens for taxes and assessments not then delinquent, or which the City may, pursuant to the provisions of the Master Lease, permit to remain unpaid; (ii) the



Master Lease, including any security interests granted therein; (iii) utility access and other easements and rights of way, restrictions and exceptions which the City Representative and the Authority Representative certify in writing to the Trustee will not interfere with the operation of the Projects or impair the marketability of title to the Projects or the general security provided for the Bondholders of the Bonds; (iv) the Indenture, the Security Documents and related financing statements; (v) the ownership interests of the City in any real or personal property which is the subject of any lease between the City, as lessor and the Authority, as lessee that is entered into in furtherance of any Project; (vi) any mechanic's, laborer's, materialmen's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question; and (vii) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Projects and as do not materially impair the operation or marketability of title to the Projects and (viii) any items contained in a Title Insurance Policy delivered in accordance with the General Indenture.

"Project Sites" means collectively, the Fire Station Acquisition Site, the Fire Station Ground Lease Site and the Maverik Center Ground Lease Site.

"Project or Projects" has the meaning ascribed to that term in the Indenture and includes the 2016 Project.

"Purchase Option Price" means an amount payable, at the option of the City, at any time for the purpose of terminating the payment obligation of the City under the Master Lease with respect to a Project and purchasing the Authority's interest in such Project, which amount, when added to the amounts then on deposit in the Bond Fund and the subaccount within the Debt Service Reserve Fund with respect to such Project (other than moneys held by the Trustee for the payment of the Bonds under the Indenture not deemed Outstanding), shall be sufficient (i) to pay, defease, retire and/or redeem all the Outstanding Bonds of the Series of Bonds issued to finance or refinance the particular Project in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, the principal of and interest to maturity or earliest applicable redemption date of the relevant Bonds and premium, if any, thereon, the expenses of defeasance and/or redemption, including escrow agent fees, if any, and fee and expenses of the City, the Authority and the Trustee), (ii) in case of redemption, to make arrangements satisfactory to the Trustee for the giving of the required notice of redemption; (iii) to make any payment of rebate with respect to any Tax-Exempt Bonds to be paid, defeased, retired and/or redeemed.

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

"Renewal Terms" means the optional Renewal Terms of the Lease Term as provided in Article IV of the Master Lease.

"Rentals" means all Base Rentals and Additional Rentals payable during the Lease Term under the Master Lease.

"Series 2016 Bonds" means the Authority's Lease Revenue and Refunding Bonds, Series 2016, issued in an aggregate principal amount of \$30,750,000 authorized in the Indenture.

"Series 2017 Bonds" means the Authority's Lease Revenue Bonds, Series 2017, issued in an aggregate principal amount of \$\_\_\_\_\_ authorized in the Indenture.

"2016 Project" means, collectively, the Fire Station Acquisition Project, the Fire Station Remodel Project and the Maverik Center Project and the Authority's interest in the Project Sites for lease to the City.

["2017 Project" means, collectively, the Public Safety Building Project, the Courts Building Project, the Parking Facilities Project, and the Family Fitness Center Project.]

### **Representations, Covenants and Warranties of the Authority**

The Authority will cause the Project to be acquired and constructed (subject to Permitted Encumbrances) and will complete or cause to be completed the acquisition and construction of the Project in accordance with the plans and specifications therefor. The Authority will lease the Project to the City as provided in the Master Lease.

It is understood by the parties to the Master Lease that the Authority shall have all rights, title and interest in the Project, subject to Permitted Encumbrances.

The Authority will not pledge the Base Rentals, the Additional Rentals, Purchase Option Price or any of its other rights under this Master Lease and will not assign its interest in or encumber the Project except as provided under the Master Lease or under the Indenture and the Security Documents. All property and moneys received by the Authority from the City will, so long as no Event of Nonappropriation or no Event of Default shall occur, be applied for the benefit of the City, and all property and moneys received by the Authority under the Master Lease with respect to the Project and under the Indenture for the Bondholders of the Bonds will be applied for the proportionate benefit of said Bondholders.

Neither the execution and delivery of the Master Lease, nor the fulfillment of or compliance with the terms and conditions thereof, nor the consummation of the transactions contemplated thereby conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Authority except Permitted Encumbrances.

Except as otherwise provided in the Master Lease, the Indenture and the Security Documents, the Authority will not assign this Master Lease, its rights to payments from the City or its duties and obligations under this Master Lease to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in the Master Lease.

The Authority will not use any of the proceeds of the sale of the Series 2017 Bonds in a manner not authorized by the terms of the Master Lease, the Indenture or the exhibits thereto.

#### **Lease Term**

The Lease Term shall commence as of the date of delivery of the Series 2017 Bonds and shall terminate at midnight on [June 30, 2017]. The Lease Term may be continued, solely at the option of the City, beyond the expiration of the Original Term for an additional one year, (the first "Renewal Term") and for additional Renewal Terms thereafter each of one year in duration (except that the final Renewal Term shall commence July 1, 20\_\_ and end on \_\_\_\_\_), upon the City having adopted a final budget in accordance with applicable law prior to the end of the then-current Original Term or Renewal Term, as the case may be, that appropriates specifically with respect to the Master Lease sufficient City Funds for the payment of Base Rentals and reasonably estimated Additional Rentals to become due during the next following Renewal Term, it being understood that by budgeting and appropriating such amounts, the City shall have elected to continue the Lease Term for the next following Renewal Term and shall have given adequate notice thereof as contemplated by Section 17D-2-402(1)(b) of the Building Authority Act. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Base Rentals shall be as otherwise specified in the Master Lease, for each such Renewal Term, as such Schedule may be revised as provided in the Master Lease.

Within five (5) days after the adoption of such final budget, the City shall deliver written notice to the Trustee stating that the City has extended the term of this Master Lease for the succeeding Renewal Term, describing in reasonable detail the actions taken by the governing body of the City (if such actions are then required to pay any Rentals under the Master Lease or, if no such actions are then required, explaining the reasons therefor) to appropriate funds sufficient for the purpose of paying the Base Rentals and reasonably estimated Additional Rentals (as provided in the Master Lease) to become due during such succeeding Renewal Term. Unless the Trustee shall have previously received the foregoing notice applicable to the next succeeding Renewal Term, the Trustee shall, at least 20 days prior to the last day of each Fiscal Year, make written inquiry of the City as to whether the City has extended the term of the Master Lease and whether the governing body of the City shall have made the appropriation necessary to pay the Base Rentals and reasonably estimated Additional Rentals to become due during such succeeding Renewal Term. The City shall deliver written notice to the Trustee as soon as practicable, but in no event later than the expiration of the Original Term or the then current Renewal Term, stating (as the case may be) that: (i) the governing body of the City has failed or refused to appropriate, specifically with respect to the Master Lease, moneys sufficient to pay such Base Rentals and reasonably estimated Additional Rentals for the next

succeeding Renewal Term and stating what actions the City and its officials propose to take with respect to the Master Lease, the Projects and any budgetary procedures for any Base Rentals and Additional Rentals that may thereafter accrue; or (ii) that the City is precluded from adopting its final budget for the fiscal year in question due to the procedural requirements of State law described below.

In the event the governing body of the City is precluded, solely as a result of notice, hearing or other procedural requirements imposed by State law in connection with the adoption of a final budget, from adopting a final budget on or prior to the last day of any Fiscal Year, no Event of Nonappropriation shall be deemed to have occurred as a result of the failure to so adopt a final budget, provided that: (i) prior to the last day of such Fiscal Year, the governing body of the City shall have adopted a tentative budget which includes a tentative appropriation of City Funds sufficient to pay the Base Rentals and reasonably estimated Additional Rentals to become due during the succeeding Renewal Term; (ii) prior to the last day of such Fiscal Year, the City shall have delivered to the Trustee a copy of the tentative budget adopted by its governing body and a notice stating that it is the intention of the governing body to renew the Lease Term upon the adoption of the final budget; (iii) any Base Rentals or Additional Rentals described in the preceding paragraph, and provided further that any Rentals which become due and payable pursuant to the terms of this Master Lease prior to the adoption of such final budget shall be paid by the City in accordance with the tentative budget adopted by the governing body of the City; and (iv) the governing body of the City shall adopt a final budget on or before the last date allowable under applicable law that includes the appropriation of City Funds required under the Master Lease to renew the Lease Term. The City shall promptly file a copy of the final budget so adopted by its governing body with the Trustee.

#### **Termination of Lease Term**

The Lease Term shall terminate upon the first to occur of the following events:

- (a) the exercise by the City of its option to purchase the Authority's interest in all of the Projects, granted under the provisions of the Master Lease;
- (b) an Event of Default and the election of the Authority or the Trustee to terminate the Master Lease under the provisions thereof;
- (c) the discharge of the lien of the Indenture under the provisions of the Master Lease;
- (d) the expiration or termination of the Lease Term pursuant to an Event of Nonappropriation or under the conditions provided in the Master Lease; or
- (e) the last day of the Lease Term of the Master Lease, upon payment of all Base Rentals and Additional Rentals required thereunder.

#### **Payment of Rentals by the Authority to the City**

Payments to Constitute Current Expenses of the City. The City and the Authority acknowledge and agree that the obligation of the City to pay Base Rentals and Additional Rentals under the Master Lease constitutes current expenses of the City payable exclusively from City Funds and shall not in any way be construed to be an obligation or indebtedness of the City within the meaning of Sections 3 or 4 of Article XIV of the Utah Constitution, or any other constitutional or statutory limitation or requirement applicable to the City concerning the creation of indebtedness. No provision in the Master Lease shall be construed or interpreted (i) to require the governing body of the City to appropriate any money to pay the Base Rentals, the Additional Rentals or the Purchase Option Price, or (ii) as a lending of the credit of the City within the meaning of Section 29 of Article VI of the Utah Constitution. Neither the City, nor the Authority on its behalf, has pledged the credit of the City to the payment of the Base Rentals, the Additional Rentals, the Purchase Option Price, the Bonds or the interest thereon, and neither the Master Lease, the Indenture nor the Bonds shall directly or contingently obligate the City to apply money, or to levy or pledge any form of taxation, to the payment of the Base Rentals, the Additional Rentals, the Purchase Option Price or the Bonds or any interest thereon except as expressly provided in the Master Lease. If the City fails to pay any Base Rentals or Additional Rentals due under the Master Lease it shall immediately quit and vacate the Projects and its obligation to pay Base Rentals or Additional Rentals under the Master Lease shall terminate.

### Payment of Base Rentals.

(a) The City shall pay Base Rentals exclusively from City Funds. The City shall pay Base Rentals during the Lease Term in such amounts as shall be sufficient to pay principal and interest when due on the Bonds. The Base Rentals shall be payable directly to the Trustee in semiannual payments at the times and manner and in the amounts as specified in the schedule of Base Rental payments attached to the Master Lease as shall equal the interest payments falling due on the Bonds on the next succeeding Interest Payment Date and the principal payments falling due on the Bonds either by regularly scheduled maturities or by mandatory sinking fund installment or redemption, on the next succeeding principal payment date, such that there shall be on deposit with the Trustee at least fifteen days prior to each principal and/or interest payment date on the Bonds an amount sufficient to make such payment. At the time of execution of the Master Lease Base Rental payments for each payment date will equal the amounts set forth in the Master Lease. The City understands that the Base Rental Payment Schedule attached as Schedule C may be revised from time to time based on the redemption of Bonds (other than mandatory sinking fund redemptions) or the issuance of any Additional Bonds or Refunding Bonds allowed under the Indenture. The City hereby agrees to pay the Base Rentals in accordance with the Base Rental Payment Schedule attached to the Master Lease as it may be revised from time to time by such amounts as are necessary to reflect the redemption of the principal of certain Bonds or to pay the principal of the Additional Bonds or Refunding Bonds and interest on such Additional Bonds or Refunding Bonds.

In addition, in the event the market value of the amount on deposit in the Debt Service Reserve Fund is, for any reason, reduced below the Debt Service Reserve Requirement, the City shall, in the event it elects to renew the Master Lease during the following Renewal Term, and as a condition of renewal (but solely from City Funds), pay to the Trustee in two substantially equal semiannual payments additional Base Rentals during the Lease Term, in an amount sufficient to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement. Notwithstanding anything contained in the Master Lease to the contrary, no payment of Base Rentals or Additional Rentals shall be required to be paid prior to the Completion Date of any one Project with respect to which such Rentals are being paid.

(b) In the event that (1)(A) a portion of a Project (the "Completed Portion of the Project") financed with a separate Series of Bonds is accepted by the City for use and occupancy under the Master Lease, and (B) the acquisition and construction of additional portions of the Project (the "Uncompleted Portion of the Project") financed with one or more Series of Bonds (other than the Series of Bonds described in (A) above) have yet to be completed, and (2) an Event of Default (as defined in the Indenture) occurs under the Indenture due to the failure to complete the Uncompleted Portion of the Project, the City and the Authority hereby agree, as follows:

(i) The City consents to the provisions of the Indenture governing such an Event of Default; and

(ii) The City shall, subject to the occurrence of an Event of Nonappropriation, continue to pay Base Rentals and Additional Rentals with respect to the Completed Portion of the Project, and the Master Lease shall remain in full force and effect with respect to the Completed Portion of the Project.

(c) In the event that less than all of any one Project is initially made available for use, occupancy and operation and the City accepts a portion of any one Project for its use, occupancy and operation pending final completion of the remainder of any one such Project, any Base Rentals paid by the City with respect to any one such Project shall be prorated in a manner so as to reflect the fair rental value of that portion of the Project then available for use, occupancy or operation by the City and so used, occupied or operated.

(d) The amount of the Base Rentals otherwise payable by the City under the Master Lease shall be reduced by an amount equal to (i) any earnings on the investment of the Bond Fund, (ii) any moneys transferred to the Bond Fund from the Debt Service Reserve Fund pursuant to the Indenture and (iii) any Direct Payments on deposit with the Trustee in the Bond Fund. In the event that Direct Payments

are deposited with the Trustee after the City has made the related payment of Base Rentals, the City may elect to have the Trustee return to the City an amount equal to such Direct Payments (so long as the amount remaining on deposit in the Bond Fund continues to be sufficient to pay principal and interest next due on the Bonds, if such payment is requested prior to the related Interest Payment Date) or to have the Trustee retain the Direct Payments in the Bond Fund and take the credit with respect to the next required Base Rentals payment. Each payment of Base Rentals shall be in consideration for the use of the Projects by the City during the applicable period commencing on the Bond Payment Date next preceding the Bond Payment Date to which such Base Rental payment is attributable and for the option to purchase the Projects granted in the Master Lease. Each payment of Base Rentals shall be in consideration for the use of the Projects by the City during the applicable period commencing on the Bond Payment Date to which such Base Rental payment is attributable and for the option to purchase the Projects granted in the Master Lease.

(e) The payments of Base Rentals and Additional Rentals under the Master Lease for each Renewal Term during the term of the Master Lease shall constitute the total Rentals which are payable for said Renewal Term and shall be paid by the City for and in consideration of the right of use, occupancy and operation of the Projects and the continued quiet use and enjoyment of the Projects for and during said Renewal Term. The parties to the Master Lease agree that such total Rentals will represent the fair rental value of the Projects. In making such determination, the parties will give consideration to the costs of financing the Costs of Acquisition and Construction of the Projects, the uses and purposes of the Projects and the benefits therefrom which will accrue to the parties to the Master Lease and the general public by reason of the Projects.

(f) Notwithstanding the foregoing, the City may not elect to renew the Master Lease in part and in the event it desires to renew the Master Lease must continue to pay City Funds in an amount sufficient to pay Base Rentals attributable to all of the Projects which have been delivered for occupancy or use (or any portion thereof, in proportion to such available portion).

(g) It is understood and agreed by the City that, subject to the terms of the Master Lease and the Indenture, all Base Rentals payable under the Master Lease by the City, as well as the Purchase Option Price, if paid with respect to any or all of the Projects, are assigned by the Authority to the Trustee for the benefit of the Bondholders as set forth in the Indenture. The City assents to such assignment. The Authority hereby directs the City, and the City agrees to pay to the Trustee at its principal office in Salt Lake City, Utah or such other office as designated by the Trustee, all Base Rentals payable by the City pursuant to the Master Lease and, if paid, the Purchase Option Price.

(h) The amount of the Base Rentals and Purchase Option Price otherwise payable shall be reduced as appropriate to reflect any redemption of Bonds and/or the purchase of Bonds and the cancellation thereof in advance of their maturity. If at any time the amounts held by the Trustee in the Bond Fund and the Debt Service Reserve Fund (other than moneys held for the payment of Bonds not deemed Outstanding) shall be sufficient to pay at the times required the principal of and interest and premium, if any, on all of the Bonds then Outstanding, the City shall not be obligated to pay any further Base Rentals under the Master Lease.

(i) As provided in Section 17D-2-401(2)(b)(i) of the Local Building Authority Act, the City is not required to make any payment of Base Rentals or Additional Rentals under the Master Lease until construction of the related Projects are complete. In the event that a Project is not completed by the time that amounts set aside for payment of capitalized interest are expended, the City and the Authority shall (i) reallocate proceeds of the related Series of Bonds to make funds available for additional capitalized interest, (ii) seek other legally available funds for such purpose or (iii) issue Additional Bonds to finance additional capitalized interest; provided, however, the City may commence making payments of Base Rentals with respect to individual projects constituting a Project.

#### **Payment of Additional Rentals with Respect to the Projects**

In addition to the Base Rentals and as part of the total consideration for the use of the Projects and the option to purchase any or all of the Projects, and commencing upon the execution and delivery of the Master Lease

and continuing throughout the period that the City pays Base Rentals, the City shall pay or shall cause to be paid the following Additional Rentals, exclusively from City Funds, during the Lease Term thereof as provided in the Master Lease:

- (a) the annual fee of the Trustee for the ordinary services of the Trustee rendered and their ordinary expenses incurred under the Indenture;
- (b) the reasonable fees and expenses of the Trustee and any paying agent appointed under the Indenture with respect to the Bonds for acting as paying agent as provided in the Indenture;
- (c) the reasonable fees and expenses of the Trustee for extraordinary services rendered by it and extraordinary expenses, including the fees and expenses of its counsel, incurred as Trustee under the Indenture;
- (d) the reasonable out-of-pocket expenses of the Authority relating to the Projects not otherwise required to be paid by the City under the terms of the Master Lease;
- (e) the costs of maintenance and repair of the Projects as required under the Master Lease;
- (f) the costs of taxes, governmental charges, utility charges, management and operations expenses, liens and encumbrances with respect to the Projects as required under the Master Lease;
- (g) the costs of casualty, public liability and property damage and worker's compensation insurance with respect to the Projects as required under the Master Lease;
- (h) the amount of any tax or excise on the Base Rentals, Additional Rentals, Purchase Option Price or any other tax, however described, levied, assessed or imposed by the United States Government, the State or any political subdivision or any taxing authority thereof against the Authority;
- (i) an amount equal to any franchise, succession, capital levy or transfer tax or any income, excess profits or revenue tax, or any other tax, assessment, charge or levy upon the Base Rentals, Additional Rentals or the Purchase Option Price payable by the City pursuant to the Master Lease;
- (j) any amounts required to be deposited to the Rebate Fund established with respect to a Series of Bonds; and
- (k) during the Original Term or any Renewal Term in which there is an insufficiency of Net Proceeds as described in the Master Lease, an amount equal to the insufficiency of Net Proceeds required to repair, replace, restore or modify the affected Projects.

The Additional Rentals specified in subsections (a), (b), (c) and (k) shall be payable to the Trustee and shall be due and payable within ten days after notice in writing from said Trustee to the City stating the amount of Additional Rentals then due and payable and the purpose thereof. Except as otherwise provided in the Master Lease or in the Indenture, the Additional Rentals specified in subsections (d), (e), (f), (g), (h), and (i), shall be payable to the Authority or directly to the person or entity with respect to which such costs or fees were incurred and shall be due and payable at such time as the Authority or such person or entity shall require. Additional Rentals specified in subsection (j) shall be determined by, or at the direction of, the City and deposited with the Trustee as required by Section 148 of the Code.

### **Manner of Payment**

The Base Rentals, Additional Rentals and, if paid, the Purchase Option Price, shall be paid exclusively from City Funds and in lawful money of the United States of America. The obligation of the City to make payment of the Base Rentals and Additional Rentals required under the Master Lease and to perform and observe the other covenants and agreements contained therein shall be absolute and unconditional in all events except as expressly provided thereunder.

## **Nonappropriation**

In the event that sufficient City Funds shall not be budgeted and appropriated by the City, in a final budget adopted within the time permitted by the Master Lease, for the payment of the (i) Base Rentals becoming due during such Renewal Term, and (ii) such Additional Rentals becoming due during such Renewal Term which can be determined with reasonable accuracy, then an Event of Nonappropriation shall be deemed to have occurred as of the first day of such Renewal Term and the City shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for in the Master Lease beyond the last day of the Renewal Term preceding such Event of Nonappropriation. Subject to the provisions of the next succeeding sentence, once the City has elected to continue the Master Lease for a Renewal Term by budgeting and appropriating sufficient City Funds for the payment of Base Rentals and Additional Rentals thereunder the City shall, as of the first day of such Renewal Term, be obligated to pay such Base Rentals and Additional Rentals during such Renewal Term. If the City fails to pay any Base Rentals or Additional Rentals due under the Master Lease, or upon an Event of Nonappropriation the City shall immediately quit and vacate the Projects and its obligation to pay Base Rentals or Additional Rentals thereunder shall terminate. The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Projects as trustee for the benefit of the Bondholders of the Bonds and the Trustee shall be further entitled to all moneys then on hand and being held in all funds created under the Indenture, less any moneys then due and owing to the Trustee for services performed as trustee thereunder. All property, funds and rights acquired by the Trustee by reason of an Event of Nonappropriation shall be held by the Trustee under the Indenture for the benefit of the Bondholders as set forth in said Indenture until the principal of, premium, if any, and interest on the Bonds are paid in full and other amounts payable under the Indenture are paid in full and other amounts payable under the Indenture are paid and any excess shall thereafter be paid to the City.

## **Request for Appropriation**

During the Lease Term, the City covenants and agrees as follows:

- (a) to include in its annual tentative budget prepared by the appropriate officials acting on behalf of the City in accordance with applicable law an item for expenditure of an amount necessary (after taking into account any and all City Funds then legally available for such purpose), to pay the Base Rentals and reasonably estimated Additional Rentals (calculated pursuant to the Master Lease) for the Projects during the next succeeding Renewal Term; and
- (b) to take such further action (or cause the same to be taken) as may be necessary or desirable to assure that the final budget submitted to the governing body of the City for its consideration seeks an appropriation of City Funds sufficient to pay such Base Rentals and Additional Rentals for each such Renewal Term, including all such actions for such purpose as may be required under State law.

The next inclusion in the City's annual tentative budget shall be made under applicable law prior to the fiscal year commencing 2018, so that the Base Rentals and the reasonably estimated Additional Rentals payable during such Renewal Term will have been appropriated for such purpose, and subsequent inclusions in each respective tentative budget for appropriations by the City shall be made in each fiscal year thereafter so that the Base Rentals and Additional Rentals to be paid during the succeeding Renewal Term will be available for such purposes as long as the governing body of the City determines to approve such amount in the final budget as adopted. To effect the covenants set forth in (a) above, the City hereby directs its budget officer, or any other officer at the time charged with the responsibility of formulating budget proposals, to include in the tentative budget prepared annually by such budget officer or other officer and submitted to the governing body of the City, in any year in which the Master Lease is in effect, items for all payments required for the ensuing Renewal Term under the Master Lease. It is the intention of the City that the decision to renew or not to renew the term of the Master Lease is to be made solely by the governing body of the City at the time it considers for adoption of the final budget for each of its fiscal years and corresponding Renewal Terms thereunder, and not by any official of the City, acting in his or her individual capacity as such. In this connection, the City covenants and agrees that such budget officer or other officer shall not amend, modify or otherwise change the appropriations made in any finally adopted budget for the payment of any Base Rentals or Additional Rentals without the express prior approval of the governing body of the City.

## **Acquisition and Construction of Projects**

Agreement to Acquire and Construct the Projects. The City and the Authority agree that the Authority shall cause the Projects to be acquired and constructed as provided in the Master Lease, all of which construction, shall be made in accordance with the plans and specifications for such Projects as approved by the City. The City agrees that in order to effectuate the purposes of the Master Lease, it authorizes on behalf of the Authority, to make, execute, acknowledge and transmit any other contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and in general do all things which may be requisite or proper, all for the carrying out and furtherance of the acquisition and construction of the Projects.

The Authority agrees to carry out or to cause to be carried out the acquisition, construction and equipping of any Project through the application of moneys to be disbursed from the Construction Fund by the Trustee utilizing a requisition request complying with the requirements of the Master Lease.

The Authority agrees to cause all Projects to be constructed with all reasonable dispatch, subject only to delays caused by Force Majeure excepted.

The City covenants in the Master Lease, to the extent permitted by applicable law, to use other legally available funds and to seek additional legally available funds to the extent necessary to complete the acquisition, construction and equipping of any Project as required in the Master Lease, or to make certain design changes in such Projects to the extent necessary to complete the acquisition, construction and equipping of such Project with moneys then available for such purposes in the Construction Fund.

Establishment of Completion Date; Disbursement of Balance of Construction Fund. The Completion Date with respect to any one Project shall be evidenced to the Trustee by a certificate signed by the City Representative and the Authority Representative stating that, except for amounts retained by the Trustee at the direction of the Authority for any Costs of Acquisition and Construction not then due and payable, (i) the acquisition, construction, installation and improvement of such Project has been completed in accordance with the plans and specifications and all labor, services, materials and supplies used in such acquisition, construction, installation and improvement have been paid for, (ii) all other facilities necessary in connection with such Project have been constructed, acquired and installed to their satisfaction, (iii) such Project is suitable and sufficient for its intended purposes, and (iv) all costs and expenses incurred in the acquisition, construction and equipping of such Project have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Upon receipt of such certificate, the Trustee shall retain in the applicable Construction Fund account an aggregate sum equal to the amount estimated by the City Representative and the Authority Representative to be necessary for payment of the Cost of Acquisition and Construction not then due and payable. All moneys then on hand in such the Construction Fund account in excess of the amount to be retained shall be transferred by the Trustee, as set forth in a written direction of the Authority and the City, to the Bond Fund to be used by the Trustee as provided in the related Supplemental Indenture.

## **Maintenance; Taxes; Insurance and Other Charges**

Maintenance of the Projects by the City. The City shall, at its own expense from available City Funds, operate, manage, keep and maintain the Projects (or cause the Projects to be operated, managed, kept and maintained) in good working order, condition and repair, including replacements of a capital nature when necessary, and including periodic painting as reasonably determined by the Authority and in accordance with all operating and maintenance manuals and all applicable laws, rules, ordinances, orders and regulations as shall be in effect from time to time of: (1) any federal, state, county, municipal, or other governmental or quasi-governmental agencies and bodies having or claiming jurisdiction thereof and all their respective departments, bureaus, and officials; (2) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction thereof; and (3) all insurance companies insuring all or any part of the Projects. The foregoing shall not be construed to prohibit the City from challenging the validity or applicability of such laws, rules, ordinances, orders and regulations and to defer compliance until the challenge has been completed.



Modification of the Projects. The City shall have the privilege of remodeling any Project or making substitutions, additions, modifications and improvements thereto, at its own cost and expense, and the same shall be subject to the Master Lease, the Indenture and the Security Documents, and shall also be included under the terms thereof; provided, however, that such remodeling, substitutions, additions, modifications and improvements shall not in any way damage such Projects or cause it to be used for purposes other than those authorized under the provisions of the Master Lease, and the Constitution and laws of the State; and provided, however, that such Projects, as remodeled, improved or altered upon completion of such remodeling, substitutions, additions, modifications and improvements made pursuant to the Master Lease shall be of a fair rental value not less than the fair rental value of such Projects immediately prior to the remodeling or the making of substitutions, additions, modifications and improvements.

Taxes, Other Governmental Charges and Utility Charges. In the event that a Project or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body which may be secured by a lien against such Project, an Additional Rental, from and to the extent of City Funds, shall be paid, or cause to be paid, by the City equal to the amount of all such taxes, assessments and governmental charges then due. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the City shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during that period that the City is obligated to pay Base Rentals. The City shall not allow any liens for taxes, assessments or governmental charges to exist (including, without limitation, any taxes levied which, if not paid, will become a charge on the rentals and receipts prior to or on a parity with the charge thereon and the pledge and assignment thereof to be created and made in the Indenture), or any interest therein (including the interest of the Authority) on the rentals and revenues derived therefrom or hereunder. The City shall also pay, or shall cause to be paid, as Additional Rentals, from and to the extent of available City Funds, as the same respectively become due, all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Projects.

As long as the City is in possession of the Projects and except as otherwise provided in the Master Lease, it shall keep it free and clear of all liens, charges and encumbrances (except Permitted Encumbrances and any encumbrances arising through the Authority) and shall have the responsibility for all management, operations, maintenance and repair of the Projects. The City in its discretion may discharge its responsibility under the Master Lease by: (1) using its own employees; or (2) contracting for services; or (3) subleasing all or portions of the Projects, subject to the provisions of the Master Lease and the Indenture; or (4) any combination of such methods. No such contract or sublease shall place a greater burden on the Authority than provided in the Master Lease, nor infringe upon rights granted to or retained by the Authority hereunder, nor violate or in any way impair the Authority's obligations under the Indenture or any other instrument, if any, securing any debt or borrowings by the Authority, all or substantially all the proceeds of which are to be used to finance Projects.

The City may, at the expense and in the name of the City, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom provided the City shall first deposit with the Trustee, or in court, a bond or other security satisfactory to the Trustee pursuant to the Security Documents unless the Trustee shall notify the City that, in the opinion of Independent Counsel, by nonpayment of any such items the security afforded pursuant to the terms of the Master Lease, the Indenture and the Security Documents will be materially endangered or the Projects or any portion thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid forthwith.

Provisions Respecting Insurance. The City agrees to insure or cause to be insured the Projects against loss or damage of the kinds usually insured against by public bodies similarly situated, including, without limitation, policies of casualty and property damage, by means of policies issued by reputable insurance companies duly qualified to do such business in the State with a uniform standard coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at that time in use in the State, in amounts that are not less than full insurable value of the Projects. The term "full insurable value" as used in the Master Lease shall mean the actual replacement value, or at the option of the City any lesser amount which is equal to or greater than the principal amount of all of the Bonds then Outstanding of the Series which financed said Projects (or applicable portions thereof in case said Series of Bonds financed more than one Project). Alternatively, the City may insure or

cause to be insured under a blanket insurance policy or policies which cover not only the Projects but other properties in the amounts required by the previous sentence.

Any insurance policy issued pursuant to the preceding paragraph shall be so written or endorsed as to make losses, if any, payable to the Trustee. The Net Proceeds of the insurance required in the Master Lease shall be applied as described under "Obligation of the City to Repair and Replace the Project" below or, at the option of the City, as described in "Discharge of the Obligation of the City to Repair and Replace the Project" below.

The City agrees to carry or cause to be carried public liability insurance with one or more reputable insurance companies in amounts that are typically carried by governmental entities of the same size as the City for property damage for any occurrence. In the event that the limits on governmental liability established by Section 63G, Chapter 7, Utah Code Annotated 1953, as amended, are increased, the amounts required by the Master Lease shall be deemed to be increased to such higher amounts. If self-insurance is not utilized, the Authority and the Trustee shall be made additional insureds under such policies.

### **Damage, Destruction and Condemnation; Use of Net Proceeds**

Damage, Destruction and Condemnation. If, prior to the termination of the Lease Term and the payment in full of the Bonds (or the making of provisions for the payment thereof in accordance with the Indenture) (i) the Projects or any material portion thereof shall be destroyed (in whole or in part), or damaged by fire or other casualty; or (ii) title to, or the temporary or permanent use of the Projects or any material portion thereof or the Projects or any material portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (iii) a material defect in construction of a Project shall become apparent; or (iv) title to or the use of all or any material portion of the Projects shall be lost by reason of a defect in title thereto, the City shall be obligated, from and to the extent of City Funds and subject to the provisions of "Discharge of the Obligation of the City to Repair and Replace the Project" below, to continue to pay the amounts specified in the Master Lease regardless of whether said Project or Projects shall have been accepted.

Obligation of the City to Repair and Replace the Project. Subject to the provisions of the Master Lease, the City, the Authority, and the Trustee shall cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards with respect to a Project or Projects to be deposited in the Construction Fund account if received before the Completion Date and in a separate trust fund under the Indenture if received thereafter. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification or improvement of said Project or Projects by the City upon receipt of a requisition acceptable to the Trustee signed by the City Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the person, firm or corporation to whom payment is due; (iii) the amount to be paid; (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the applicable Construction Fund account or separate trust fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation; and (v) such other documents and information as the Trustee requires. The balance of any such Net Proceeds remaining after such repair, restoration, modification or improvement has been completed shall be transferred to the Bond Fund to be applied to the payment of the principal of, premium, if any, and interest on the applicable Series of Bonds, or if said Bonds shall have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), any balance remaining in such Construction Fund account(s) or separate trust fund shall be paid to the City. If the Net Proceeds shall be insufficient to pay in full the cost of any repair, restoration, modification or improvement, the City shall, from and to the extent of available City Funds, complete the work and pay any cost in excess of the amount of the Net Proceeds. The City agrees that, if by reason of any such insufficiency of the Net Proceeds, the City shall make any payments pursuant to the provisions of the Master Lease, the City shall not be entitled to any reimbursement therefor from the Authority, the Trustee or the Bondholders of the Bonds nor shall the City be entitled to any diminution of the Base Rentals and Additional Rentals payable under the Master Lease. The City further agrees that any repair, restoration, modification or improvement paid for in whole or in part from such Net Proceeds shall be subject to the security afforded by the Indenture, the Master Lease and the Security Documents, and shall be included under the terms of the Master Lease.

Covenant to Seek Appropriation of Insufficiency of Net Proceeds; Discharge of the Obligation of the City to Repair and Replace the Projects. In the event that the Net Proceeds of any insurance policy, performance bond or condemnation award shall be insufficient to pay in full the cost of any repair, restoration, or modification of a Project or Projects required under the Master Lease, the appropriate budget officers of the City shall, within 30 days of notice of such insufficiency, seek an appropriation from the City for an amount equal to any such insufficiency. In the event that the City shall fail to appropriate, by the first day of the next Renewal Term following such request for an appropriation, an amount at least equal to such insufficiency for such purpose, the obligation to repair and replace said Project or Projects under the Master Lease may be discharged by depositing the Net Proceeds of the insurance policies, performance bonds or condemnation awards made available by reason of such occurrence into the Bond Fund. Upon the deposit of such Net Proceeds in said Bond Fund, the City shall have no further obligation for the payment of Base Rentals and Additional Rentals thereunder with respect to said Project or Projects, and possession of said Project or Projects as well as all rights created pursuant to the Master Lease and the interest of the City and the Authority therein and in any funds or accounts created under the Indenture with respect to said Project or Projects (except for moneys held in the Rebate Fund and for the payment of Bonds not then deemed Outstanding), shall be surrendered to the Trustee, as trustee for the Bondholders of the applicable Series of Bonds. Thereafter, the Authority's interest in said Project or Projects may be liquidated pursuant to the provisions of and subject to the limitations set forth in the Indenture, Security Documents and the proceeds of such liquidation and the Net Proceeds of any insurance policy, performance bond or condemnation award so deposited in the Bond Fund, as well as all other moneys on deposit in any fund created under the Indenture with respect to said Project or Projects (except moneys held in the Rebate Fund or for the payment of Bonds not then deemed Outstanding), shall be applied to the redemption of the applicable Series of Bonds on the next succeeding redemption date. Such redemption of the applicable Series of Bonds shall be made upon full or partial payment of the principal amount of said Bonds then Outstanding and accrued interest thereon all in accordance with the Indenture.

Granting of Easements and Releases. As long as no Event of Default with respect to the Projects shall have happened and be continuing, the City may at any time or times grant easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to any property or rights included in the Master Lease and the Indenture, free from the security interest afforded by or under the Master Lease, the Indenture and the Security Document or the City may release portions of the sites on which a Project or Projects is located or existing easements, licenses, rights of way and other rights and privileges with or without consideration, and the Authority agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver, any instrument necessary or appropriate to confirm and grant or release such portion of the Project Site or any such easement, license, right of way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by the City Representative requesting such instrument and stating that such grant or release will not impair the effective use or interfere with the operation of such Projects or any material portion thereof; and (iii) an opinion of counsel to the City that such grant or release will not materially weaken, diminish or impair the security granted to the Bondholders and contemplated hereby or under the Master Lease, the Indenture or the Security Documents.

### **Conveyance of the Projects**

(a) The Authority's right and interest in and to all of the Projects shall be transferred, conveyed and assigned by the Authority to the City:

(i) Upon payment by the City to the Trustee of the then applicable Purchase Option Price and upon giving not less than thirty (30) days prior written notice to the Authority and the Trustee; or

(ii) Upon payment by the City to the Trustee of all Base Rentals and Additional Rentals required to be paid under the Master Lease during the Lease Term; or

(iii) Upon the discharge of the lien of the Indenture.

Under the Indenture, the Trustee shall agree to execute such documents and instruments as shall be necessary to effect a release of the security interest granted by said Indenture or the Security Documents upon the payment in full of all of the Bonds.

(b) The City understands that the Purchase Option Price may be revised from time to time based on certain redemptions of Bonds (other than mandatory sinking fund redemptions or the issuance of any Additional Bonds or Refunding Bonds authorized under the Indenture. In the event the City so elects to purchase all of the Projects as provided in the Master Lease, the City agrees to pay such applicable Purchase Option Price (together with the other amounts constituting the purchase price for the Projects as provided in the Master Lease) as it may be revised from time to time by such amounts as are necessary to reflect the redemption of the Bonds or the issuance of Additional Bonds or Refunding Bonds. Nothing in the Master Lease shall be construed to create any obligation of the City to purchase the Projects.

Release of a Project Upon Payment of Related Series of Bonds. In addition to the purchase option set forth above, the Master Lease grants the City the option of purchasing a Project in advance of the final maturity of the related Series of Bonds. So long as no Event of Default shall have occurred and be continuing under the Indenture and so long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing under the Master Lease, a Project may be released from the lien created with respect to the Bonds and the Indenture and the Master Lease and transferred to the City (subject to Permitted Encumbrances and liens and encumbrances resulting from the failure of the City to perform or observe the agreements on its part contained in the Master Lease or otherwise consented to by the City), if (i) the City shall deposit with the Trustee the Purchase Option Price for such Projects; and (ii) there shall have been delivered to the Trustee an opinion of nationally recognized bond counsel to the effect that the release of such Projects will not adversely affect the excludability of interest on the Bonds from federal gross income of the owners thereof or the status of the bonds as Tax Credit Bonds, if applicable. The City shall be obligated to pay all costs of the Trustee and the Authority in providing for the transfer and release of any Project or portion thereof.

Conveyance on Purchase of Projects. At the closing of any purchase of any or all of the Projects pursuant to the option to purchase granted in the Master Lease, the Authority shall, upon receipt by the Trustee of the Purchase Option Price, or upon the payment by the City of all Base Rentals and Additional Rentals required, or upon discharge of the lien of the Indenture as the case may be, deliver to the City the following:

(a) If necessary, a release by the Trustee of the lien under the Indenture and Security Documents, together with any other instrument necessary or appropriate to release any security interest granted by the Master Lease with respect to the Project or Projects to be released, the Indenture and the Security Documents.

(b) All necessary documents conveying to the City good and marketable title to the Project or Projects to be released as it then exists subject to the following: (i) the right, title and interest of the City in such Project or Projects; (ii) those liens and encumbrances created by the City or to the creation or suffering of which the City consented; (iii) those liens and encumbrances resulting from the failure of the City to perform or observe any of the agreements on its part contained in the Master Lease; and (iv) Permitted Encumbrances, other than the Indenture, the Master Lease, the Security Documents and any financing statements filed by the Authority pursuant to the Master Lease with respect to the Project or Projects to be released or the Indenture.

Relative Position of Option and Indenture. The purchase option granted to the City with respect to all of the Projects shall be and remain prior and superior to the Indenture and may be exercised whether or not an Event of Nonappropriation or Event of Default shall have occurred and be continuing under the Master Lease or under the Indenture; provided, however, that such option must be exercised before the later of (i) ninety days after notification in writing by the Trustee to the City of the occurrence of an Event of Default under the Indenture, or (ii) the ultimate disposition of the Projects upon exercise of any available foreclosure remedy, and further provided that, as a condition of the exercise of such option, the City must pay, in addition to the Purchase Option Price, any interest payment deficiencies accruing from the date of the Event of Default.

## **Events of Default and Remedies**

Events of Default Defined. Any one of the following shall be an “Event of Default” under the Master Lease:

(a) Failure by the City to pay any Base Rentals or Additional Rentals required to be paid under the Master Lease at the time specified therein, in the absence of an Event of Nonappropriation; or

(b) An "Event of Default" shall have occurred under that certain Master Lease Agreement dated as of July 1, 2001, as supplemented and amended by a First Amendment dated as of October 1, 2010, by and between the City and the Authority and relating to the Authority's Lease Revenue Refunding Bonds, Series 2010.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in (a), for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the City by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not unreasonably withhold their consent to an extension of such time if corrective action shall be instituted by the City within the applicable period and diligently pursued until the default is corrected; or

(d) The City shall abandon any material portion of a Project; or

(e) The City's interest in the Master Lease or any part thereof shall be assigned or transferred without the written consent of the Authority, either voluntarily or by operation of law, except as permitted hereunder; or

(f) The City shall file any petition or institute any proceedings wherein or whereby the City seeks to be adjudicated a bankrupt, or to be discharged from any and all of its debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts, or seeks a reorganization or a readjustment of the City's debts, or for any other similar release, or any such petition or any such proceedings of the same or similar kind or character shall be filed, or instituted or taken against the City and the same shall not have been dismissed or otherwise resolved in favor of the City within sixty days from the filing or institution thereof.

(g) Failure by the City to pay any Base Rentals or Additional Rentals required to be paid under the Master Lease at the time specified therein, in the absence of an Event of Nonappropriation; or

(h) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in (a), for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the City by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not unreasonably withhold their consent to an extension of such time if corrective action shall be instituted by the City within the applicable period and diligently pursued until the default is corrected; or

(i) The City shall abandon any material portion of a Project; or

(j) The City's interest in the Master Lease or any part thereof shall be assigned or transferred without the written consent of the Authority, either voluntarily or by operation of law, except as permitted hereunder; or

(k) The City shall file any petition or institute any proceedings wherein or whereby the City seeks to be adjudicated a bankrupt, or to be discharged from any and all of its debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts, or seeks a reorganization or a readjustment of the City's debts, or for any other similar release, or any such petition or any such proceedings of the same or similar kind or character shall be filed, or instituted or taken against the City and the same shall not have been dismissed or otherwise resolved in favor of the City within sixty days from the filing or institution thereof.

The foregoing provisions are subject to the following limitations: (i) the obligations of the City to make payments of the Base Rentals and Additional Rentals as provided in the Master Lease shall be subject to the occurrence of an Event of Nonappropriation; and (ii) if, by reason of Force Majeure, the City shall be unable, in whole or in part, to carry out any agreement on its part contained in the Master Lease, other than the obligations on the part of the City contained in the Master Lease, the City shall not be deemed in default during the continuance of such inability. The City agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the

City from carrying out its agreement; provided, however, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the City, and the City shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the City, unfavorable to the City.

Remedies on Default. Whenever any Event of Default referred to in the previous section shall have happened and be continuing, subject to the limitations contained in the Indenture, the Trustee or the Authority with the written consent of the Trustee, shall have the right, at their or its option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) Immediately reenter and take possession of the Projects;
- (b) Exercise any rights or remedies as the Trustee may have under the Security Documents; or
- (c) Take whatever action at law or in equity may appear necessary or desirable to enforce their or its rights in and to the Projects, including, without limitation, the right to terminate the Lease Term.

Upon the occurrence of an Event of Default, the City shall immediately quit and vacate the Projects and its obligation to pay Base Rentals or Additional Rentals under the Master Lease shall terminate. Any moneys collected pursuant to action taken under the Master Lease shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Limitations on Remedies. No judgment requiring a payment of money may be entered against the City by reason of an Event of Default under the Master Lease, except as expressly provided in the Master Lease. In the event the security interest created under the Indenture, the Master Lease or the Security Documents shall be foreclosed subsequent to the occurrence of an Event of Default, no deficiency judgment may be entered against the City or the Authority.

No Remedy Exclusive. No remedy conferred upon or reserved to the Authority and the Trustee in the Master Lease is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Master Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

## **THE SECURITY DOCUMENTS**

The Authority under the Security Documents will irrevocably warrant, grant, transfer, convey and assign to Trustee, IN TRUST, WITH POWER OF SALE, all of the Authority's right, title and interest in the Series 2017 Projects, including, but not limited to the Authority's interests in real property, rents, issues, profits, royalties, income, interest in leases or subleases, options to purchase, easements, rights of way, proceeds of insurance or condemnation and tangible personal property in order to provide additional security for the Authority's payment obligations under the Bonds and the Indenture. The Security Documents generally provide for the procedure by which the Trustee can foreclose on and sell the Authority's interest in the Series 2017 Projects to pay the Authority's payment obligations under the Bonds and Indenture.

**APPENDIX C**

**ECONOMIC AND DEMOGRAPHIC  
INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY**

**THE CITY**

**Demographic Statistics**

Certain demographic information relating to the City is set forth in the following table:

<u>Fiscal Year</u>	<u>Population</u> <sup>(1)</sup>	<u>Unemployment Rate</u> <sup>(2)</sup>
2015	134,999	3.5%
2014	134,283	4.1
2013	133,229	5.8
2012	131,877	5.2
2011	129,480	6.9
2010	126,117	6.3
2009	125,218	6.0
2008	124,963	2.7
2007	124,089	3.3
2006	120,757	6.6

<sup>(1)</sup> Data are projections by the West Valley City Community Development Department.

<sup>(2)</sup> Utah Department of Workforce Services or estimates when actual numbers were not available.

(Source: The City.)

**Construction Activity**

The following table summarizes the value of permit authorized construction for the City for the years shown for both residential and commercial construction.

	<i>Calendar Year</i>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
New Dwelling Units	174	274	527	382	191
New Residential Value (\$000)	22,538.8	33,136.1	59,716.3	42,545.7	20,776.9
New Nonresidential Value (\$000)	49,602.4	26,046.0	37,751.7	51,743.8	50,826.2
Additions/Alterations/Repairs					
Residential Value (\$000)	5,961.0	5,490.8	1,403.1	1,840.2	1,057.3
Additions/Alterations/Repairs					
Nonresidential Value (\$000)	<u>18,636.9</u>	<u>43,854.0</u>	<u>19,716.9</u>	<u>32,421.2</u>	<u>14,058.9</u>
Total Construction (\$000)	96,739.1	108,526.9	118,588.0	128,550.9	86,719.3

(Source: University of Utah Bureau of Economic and Business Research.)

## SALT LAKE COUNTY

The following demographic information is provided solely as background information regarding Salt Lake County (the "County"). The County is the economic and population center of the State. Based on 2010 Census data, the County has approximately 37% of the total population of the State. The State capital, Salt Lake City, is located in the County.

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2016*	3.0	3.1	4.7
2015	3.3	3.5	5.0
2014	3.7	3.8	6.2
2013	4.2	4.4	7.4
2012	5.2	5.4	8.1
2011	6.6	6.8	8.9

\* As of December 2016, seasonally adjusted.

(Source: Utah Department of Workforce Services and the U.S. Department of Labor.)

### Economic Indicators in the County

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
LABOR FORCE (1)					
Labor Force (annual average)	589,256	577,571	571,229	557,101	546,644
Employed (annual average)	569,865	556,398	545,729	527,698	510,425
Unemployed (annual average)	19,391	21,173	25,500	29,403	36,219
Average Employment (Non-Farm Jobs)	661,297	639,466	624,309	603,919	583,010
% Change Prior Year	3.41	2.43	3.38	3.59	2.06
<i>Average Employment by Sector:</i>					
Agriculture, Forestry, Fishing & Hunting	192	179	194	213	217
Mining	2,696	2,948	3,399	3,652	3,220
Utilities	2,697	2,617	2,593	2,716	2,711
Construction	33,667	31,844	30,814	30,727	29,702
Manufacturing	53,410	52,453	52,616	52,554	51,227
Wholesale Trade	31,414	30,546	30,758	31,158	29,969
Retail Trade	69,718	67,573	66,700	64,437	61,153
Transportation and Warehousing	37,264	34,652	33,991	33,179	32,376
Information	18,292	18,474	18,265	17,761	16,567
Finance and Insurance	43,847	41,492	40,114	38,151	37,704
Real Estate and Rental and Leasing	9,840	9,611	9,294	9,166	9,010
Professional, Scientific & Technical Services	49,454	46,800	44,135	40,811	38,201
Management of Companies and Enterprises	16,622	16,558	16,319	16,101	15,664
Administrative, Support, Waste Management, & Remediation	50,537	48,471	46,631	43,587	41,823
Education Services	60,798	59,409	56,651	53,899	52,081
Health Care and Social Assistance	73,783	71,321	70,073	67,351	65,889
Arts, Entertainment, and Recreation	8,846	8,524	8,085	7,848	7,468
Accommodation and Food Services	47,803	46,214	44,774	42,524	40,787
Other Services and Unclassified Establishments	20,968	20,331	19,568	18,754	18,130
Public Administration	29,539	29,630	29,532	29,540	29,330
Total Establishments	41,519	40,040	38,702	36,826	35,890
Total Wages (\$Millions)	32,691.89	30,469.01	28,858.15	27,727.61	25,917.21



**Economic Indicators (continued)**

INCOME AND WAGES	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total Personal Income (\$000) (2)	\$49,488,031	\$46,634,482	\$44,302,371	\$43,101,775	\$40,204,993
Per Capita Income (2)	38,338	40,481	40,977	42,671	44,692
Median Household Income (2)	n/a	62,536	60,555	59,626	59,168
Average Monthly Nonfarm Wage (1)	\$4,120	\$3,971	\$3,852	\$3,826	\$3,705
SALES & CONSTRUCTION	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Gross Taxable Sales (3)	\$24,256.5M	\$22,941.0M	\$21,986.1M	\$21,387.8M	\$19,879.6M
New Dwelling Units (4)	6,053	6,066	5,228	2,934	2,406
Total Construction Value (\$000)(4)	2,059,529.2	1,966,763.8	1,583,876.4	1,589,472.9	1,561,759.6
New Residential Value (\$000)(4)	1,028,601.8	1,052,539.4	906,737.9	634,610.4	478,994.2
New Nonresidential Value (\$000)(4)	595,273.5	467,928.3	407,459.1	608,593.5	624,547.0

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(Sources: (1) Utah Department of Workforce Services; (2) U.S. Department of Commerce, Bureau of Economic Analysis, last updated November 17, 2016; (3) Utah State Tax Commission; (4) University of Utah Bureau of Economic and Business Research.)

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## Major Employers in the County

The following is a list of some of the largest employers in the County.

<u>Firm Name</u>	<u>Industry</u>	<u>Approximate Number of Employees</u>
University of Utah	Higher Education	20,000+
Intermountain Health Care, Inc.	Health Care	20,000+
State of Utah	State Government	20,000+
Wal-Mart Associates, Inc.	Warehouse Clubs & Supercenters	15,000-19,999
Granite School District	Public Education	7,000-9,999
Smith's Food & Drug Centers	Grocery Stores	7,000-9,999
U.S. Postal Service	Federal Government	5,000-6,999
Salt Lake County	Local Government	5,000-6,999
Jordan School District	Public Education	5,000-6,999
The Canyons School District	Public Education	4,000-4,999
Home Depot U.S.A., Inc.	Retail Home Improvement	4,000-4,999
Zions Bank Management Services	Banking	4,000-4,999
Delta Air Lines, Inc.	Air Transportation	3,000-3,999
Department of Veterans Affairs	Health Care/Federal Government	3,000-3,999
Discover Products Inc.	Consumer Lending	3,000-3,999
Elwood Staffing Services, Inc.	Employment	3,000-3,999
L3 Communications	Communications Equipment Mfg.	3,000-3,999
Salt Lake City Corporation	Local Government	3,000-3,999
Salt Lake City School District	Public Education	3,000-3,999
Wells Fargo Bank, National Association	Banking	3,000-3,999
ARUP Laboratories	Medical Laboratory	2,000-2,999
C.R. England, Inc.	Trucking	2,000-2,999
Convergys Customer Management	Call Center	2,000-2,999
Costco Wholesale Corporation	Warehouse Clubs & Supercenters	2,000-2,999
Harmon City, Inc.	Grocery Stores	2,000-2,999
JetBlue Airways Corporation	Air Transportation	2,000-2,999
Maverick Country Stores Inc.	Retail	2,000-2,999
PacifiCorp	Power and Light	2,000-2,999
Salt Lake Community College	Higher Education	2,000-2,999
Sizzling Platter, LLC	Food Services	2,000-2,999
Skywest Airlines	Air Transportation	2,000-2,999
United Parcel Services	Parcel Delivery	2,000-2,999
Utah Transit Authority	Public Transportation	2,000-2,999

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(Source: Utah Department of Workforce Services; as of February 2016.)

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by is executed and delivered by West Valley City, Utah (the “City”), in connection with the issuance of the Municipal Building Authority of West Valley City, Utah Lease Revenue Bonds, Series 2017 (the “Bonds”). The Bonds are being issued pursuant to a General Indenture of Trust, dated as of July 1, 2016 (the “General Indenture”), as heretofore supplemented and as further supplemented by a Second Supplemental Indenture of Trust, dated as of April 1, 2017 (the “Second Supplemental Indenture” and together with the General Indenture, the “Indenture”), each by and between the Municipal Building Authority of West Valley City, Utah (the “Issuer”), and ZB, National Association, as trustee and a Master Lease Agreement, dated as of July 1, 2016 (the “Master Lease”), as amended by a First Amendment to Master Lease, dated as of April 1, 2017, each by and between the City and the Issuer. The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule (as each such term is defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any annual report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

“Business Day” means any day, other than a day on which banks located in New York, New York or the city in which the principal office of the Trustee is located are required or authorized by law or executive order to close, or on which the New York Stock Exchange is closed.

“Dissemination Agent” shall mean, initially, the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is 1300 I Street, NW, Suite 1000, Washington DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500, and the website address of which is [www.msrb.org](http://www.msrb.org) and [www.emma.org](http://www.emma.org) (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the Issuer dated \_\_\_\_\_, 2017, relating to the Bonds.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Utah.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 210 days following the end of each fiscal year of the City, commencing with the fiscal year ending June 30, 2017, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. On or before said date, the City shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not

the Dissemination Agent). In each case, the Annual Report of the City may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for Listed Event under Section 5(e).

(b) If by the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB.

(d) The Dissemination Agent shall:

(i) determine each year prior to the dates for providing the Annual Report of the City, the website address to which the MSRB directs the Annual Report to be submitted; and

(ii) file reports with the City certifying that its Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) A copy of the City's annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If the City's audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the tabular information of the type contained in the Official Statement in the tables under the following headings: "DEBT STRUCTURE OF THE AUTHORITY AND THE CITY—Debt Authorization and Limit," "FINANCIAL INFORMATION REGARDING THE CITY—General Governmental Tax Revenues by Source," "—Assessed and Estimated Actual Value of Taxable Property," "—Property Tax Levies and Collections."

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the City is an "obligated person" (as defined by the Rule) which have been made available to the public at the MSRB's internet website or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such document incorporated by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner but in no event more than ten (10) Business Days after the occurrence of the Listed Event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
6. Defeasances;
7. Tender offers;
8. Bankruptcy, insolvency, receivership or similar proceedings; or
9. Rating changes.

(b) Pursuant to the provisions of this Section 5, the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner but in no event more than ten (10) Business Days after the occurrence of the Listed Event, if material:

1. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
2. Appointment of a successor or additional trustee or the change of the name of a trustee;
3. Non-payment related defaults;
4. Modifications to the rights of the owners of the Bonds;
5. Bond calls; or
6. Release, substitution or sale of property securing repayment of the Bonds.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Undertaking shall terminate upon the earlier of: (a) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (b) the date that the City shall no longer constitute an "obligated person" within the meaning of the Rule; or (c) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist the City in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the City.

Section 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City and the Trustee may amend this Disclosure Undertaking (and the Trustee shall agree to any amendment so requested by the City), and any provision of this Disclosure Undertaking may be waived, without the consent of the holders or beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The City will provide notice of such amendment or waiver to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no

obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City or the Trustee to comply with any provision of this Disclosure Undertaking, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or the Trustee, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Indenture or the Master Lease, and the sole remedy under this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence, gross negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriters, the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

DATE: \_\_\_\_\_ 2017.

WEST VALLEY CITY, UTAH

By: \_\_\_\_\_  
Mayor

COUNTERSIGNED:

By: \_\_\_\_\_  
City Recorder

## APPENDIX E

### FORM OF BOND COUNSEL OPINION

*Upon the issuance of the Series 2017 Bonds, Gilmore & Bell, P.C., Bond Counsel to the Authority, proposes to issue its approving opinion in substantially the following form, with respect to the Series 2017 Bonds.*

We have acted as bond counsel for the Municipal Building Authority of West Valley City, Utah (the “Authority”), in connection with the issuance by the Authority of \$ \_\_\_\_\_ aggregate principal amount of its Lease Revenue Bonds, Series 2017 (the “Series 2017 Bonds”). The Series 2017 Bonds are being issued pursuant to a resolution of the governing body of the Authority adopted on [February 28, 2017], and a resolution of the City Council of West Valley City, Utah (the “City”) adopted on [February 28, 2017]; (iii) a General Indenture of Trust dated as of July 1, 2016, as heretofore supplemented and as further supplemented by a Second Supplemental Indenture of Trust, dated as of April 1, 2017 (collectively, the “Indenture”), by and between the Authority and ZB, National Association, as trustee. The Series 2017 Bonds are being issued to (i) finance the acquisition, construction, furnishing and equipping of a new public safety building, a new courts building, parking facilities, improvements to the City’s Family Fitness Center, and related improvements (collectively, the “Series 2017 Project”); (ii) fund a capitalized interest account; (iii) acquire a reserve fund surety for deposit to a debt service reserve fund; and (iv) pay costs associated with the issuance of the Series 2017 Bonds.

The Series 2017 Projects have been leased by the Authority to the City on an annually renewable basis and with an option to purchase, exercisable by the City, pursuant to the terms of a Master Lease Agreement dated as of July 1, 2016, as amended by a First Amendment to Master Lease dated as of April 1, 2017 (together, the “Lease”) between the Authority and the City. Payments by the City under the Lease may be made only from funds which are budgeted and appropriated by the City for such purpose. Except to the extent payable from the proceeds of the Series 2017 Bonds and income from the investment thereof, the proceeds of certain insurance policies, performance bonds, condemnation awards and liquidation proceeds, if any, the Series 2017 Bonds are payable solely from, and are secured by a pledge of, rentals derived by the Authority under the Lease. The Indenture provides that the Series 2017 Bonds and the interest thereon (i) are not general obligations, but are special, limited obligations of the Authority, (ii) do not constitute an indebtedness of the City within the meaning of any constitutional provision or statutory limitation, and (iii) do not constitute or give rise to a pecuniary liability of the City or a charge against the general credit or taxing powers of the City. Neither the City nor the Authority on its behalf has pledged the credit of the City to the payment of the Series 2017 Bonds or the interest thereon or rentals under the Lease.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Lease has been authorized, executed and delivered by the City and the Authority, and constitutes a valid and binding obligation enforceable against the City and the Authority.
2. The Indenture has been authorized, executed and delivered by the Authority and constitutes a valid and binding obligation enforceable against the Authority.
3. The Series 2017 Bonds have been authorized by the Authority, executed and delivered by authorized officials of the Authority and are valid and binding special, limited obligations of the Authority, and the Series 2017 Bonds do not constitute a general obligation indebtedness of the Authority or the City within the meaning of any State of Utah constitutional provision or statutory limitation, or a charge against the general credit of the Authority or the City.

4. The interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2017 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the City have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017 Bonds.

5. The interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is exempt from State of Utah individual income taxes.

We express no opinion herein regarding the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Series 2017 Bonds.

The rights of the holders of the Series 2017 Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Respectfully submitted,



## **APPENDIX F**

### **PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM**

DTC will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or its agent.

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

Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2017 Bonds may wish to

ascertain that the nominee holding the Series 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Series 2017 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

**APPENDIX G**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**