

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$60 MILLION OF SEWER REVENUE AND REFUNDING BONDS, SERIES 2017 OF THE CENTRAL VALLEY WATER RECLAMATION FACILITY; AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER TRUST INDENTURE PROVIDING FOR THE ISSUANCE OF SEWER REVENUE BONDS, A SUPPLEMENTAL INDENTURE, A FINANCING AGREEMENT WITH THE UTAH WATER FINANCE AGENCY, AND OTHER DOCUMENTS REQUIRED IN CONNECTION HERewith; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY FOR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

*** *** ***

WHEREAS, the Central Valley Water Reclamation Facility (the “*Issuer*”) considers it necessary and desirable and for the benefit of the Participating Members of the Issuer identified in the hereinafter defined Supplemental Indenture, to issue sewer revenue bonds of the Issuer, as hereinafter provided, for the purpose of financing certain costs of constructing the Series 2017 Project (as defined in the hereinafter defined Supplemental Indenture), refunding the Issuer’s outstanding Taxable Sewer Revenue Bonds, Series 2005 (the “*Refunded Bonds*”), funding a debt service reserve, and paying costs of issuance of such bonds and the corresponding Program Revenue Bonds (Loan Financing Program), Series 2017 (the “*Agency Bonds*”) of the Utah Water Finance Agency (the “*Agency*”), pursuant to authority contained in Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the “*Act*”);

WHEREAS, the Issuer adopted a resolution on December 22, 2016, authorizing the Issuer to join the Agency and to enter into the Joint Action Agreement with the Agency;

WHEREAS, the Issuer has determined to issue its Sewer Revenue and Refunding Bonds, Series 2017, in the aggregate principal amount of not to exceed \$60 million (the “*Bonds*”), pursuant to a Master Trust Indenture Providing for the Issuance of Sewer Revenue Bonds, dated as of July 1, 2017 (the “*Master Indenture*”), and a Supplemental Indenture, dated as of July 1, 2017, (the “*Supplemental Indenture*” and together with the Master Indenture, the “*Indenture*”), each between the Issuer and ZB, National Association, as trustee (the “*Trustee*”); and to enter into a Financing Agreement, dated as of July 1, 2017 (the “*Financing Agreement*”), with the Utah Water Finance Agency (the “*Agency*”); and to cause the proceeds of the sale of the Bonds to be applied in accordance with the Indenture; and

WHEREAS, the governing board of the Issuer (the “*Board*”) desires to delegate to the Chair and General Manager the authority to approve, within the parameters set forth in this Resolution, the final interest rate or rates, purchase price, principal amount, maturity or maturities, redemption features and other terms of the Bonds for and on behalf of the Issuer, as provided herein;

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

Section 1. Issuance of the Bonds. (a) For the purpose of financing certain costs of the Series 2017 Project, refunding the Refunded Bonds, funding a debt service reserve, and paying costs of issuance of the Bonds and the corresponding Agency Bonds, the execution, issuance, sale and delivery of the Bonds is hereby authorized and approved. The Bonds shall be dated as of their date of original issuance and delivery, shall mature in not more than 20 years from their date or dates of issuance, shall bear interest at an interest rate or rates not to exceed

5% per annum, and shall be sold to the purchasers thereof at a discount of not more than 3% of the principal amount thereof.

(b) There is hereby delegated to the Chair and General Manager, subject to the limitations contained in this section and in paragraph (a) above, the power and authority to determine and effectuate the following with respect to the Bonds:

- (i) the aggregate principal amount of the Bonds to be executed and delivered;
- (ii) the number of series of Bonds to be issued and whether the interest on each such series shall be federally taxable or tax-exempt;
- (iii) the maturity date or dates and principal amount of each maturity of the Bonds to be issued;
- (iv) the interest rate or rates of the Bonds;
- (v) the sale of the Bonds and the purchase price to be paid for the Bonds;
- (vi) the Bonds to be retired from mandatory sinking fund redemption payments and the dates and the amounts of such payments;
- (vii) the optional redemption date or dates of the Bonds; and
- (viii) any other provisions deemed advisable by the Chair or General Manager not materially in conflict with the provisions of this Resolution.

Immediately following the pricing of the Bonds, any of the Chair, General Manager shall obtain such information as deemed necessary to make such determinations as provided above and consult with the Issuer's municipal advisor and, if applicable, pricing committee of the Board, and thereupon, the Chair or General Manager shall make such determinations as provided above and shall execute the related Bond Purchase Agreement or other showing as determined appropriate by such officer containing such terms and provisions of the Bonds, which execution shall be conclusive evidence of the action or determination of the officer as to the matters stated therein. The provisions so approved shall be deemed to be incorporated in this Resolution.

(c) The Bonds shall be special obligations of the Issuer, payable from and secured by a pledge and assignment of the Revenues (as defined in the Indenture) derived by the Issuer from the operation of its sewer system and certain funds established under the Indenture, subject to the application of the Revenues upon the terms and conditions set forth in the Indenture. The Bonds shall not be obligations of the State of Utah or any other political subdivision thereof, other than the Issuer, and neither the faith and credit nor the taxing or appropriation power of the State of Utah or any political subdivision thereof is pledged to the payment of the Bonds. The Bonds shall not constitute general obligations of the Issuer or any other entity or body, municipal, state or otherwise.

(d) The Issuer hereby approves the terms and conditions of the Agency Bonds (the form of which is set forth in the Trust Indenture, dated as of July 1, 2017, between the Agency and ZB, National Association, as trustee (the “*Agency Indenture*”)) and the Agency Indenture (a copy of which is attached as *Exhibit C*).

Section 2. Approval of Master Indenture. The Master Indenture, in substantially the form attached hereto as *Exhibit A*, is hereby authorized and approved, and the Chair is hereby authorized, empowered and directed to execute and deliver the Master Indenture on behalf of the Issuer, with such changes to the Master Indenture from the form attached hereto as are approved by the Chair, his execution thereof to constitute conclusive evidence of such approval. The provisions of the Master Indenture, as executed and delivered, are hereby incorporated in and made a part of this resolution.

Section 3. Approval of Supplemental Indenture. The Supplemental Indenture, in substantially the form attached hereto as *Exhibit A*, is hereby authorized and approved, and the Chair is hereby authorized, empowered and directed to execute and deliver the Supplemental Indenture on behalf of the Issuer, with such changes to the Supplemental Indenture from the form attached hereto as are approved by the Chair, his execution thereof to constitute conclusive evidence of such approval. The provisions of the Supplemental Indenture, as executed and delivered, are hereby incorporated in and made a part of this resolution.

Section 4. Approval of Financing Agreement. The Bonds authorized to be issued herein shall be delivered to ZB, National Association, as trustee for the Agency Bonds, to represent and secure the Issuer's obligations to repay the loan from the Agency, upon the terms and conditions set forth in the Financing Agreement. The Chair is hereby authorized, empowered and directed to execute and deliver the Financing Agreement on behalf of the Issuer, in substantially the form attached hereto as *Exhibit B*, with such changes to the Financing Agreement from the form attached hereto as are approved by the Chair, his execution thereof to constitute conclusive evidence of such approval.

Section 5. Other Certificates and Documents Required to Evidence Compliance with Federal Tax Laws. (a) Each of the Chair and the General Manager is hereby authorized and directed to execute such other certificates and documents as are required to evidence compliance with the federal laws relating to the tax-exempt status of interest on the Agency Bonds.

Section 6. The Issuer shall cause the following notice to be published one time in *The Salt Lake Tribune*, a newspaper of general circulation within the boundaries of the Issuer,

and shall cause a copy of this Resolution (including copies of the Indenture) to be kept on file in the office of the Issuer for public examination during the regular business hours of the Issuer for at least 30 days after the date of such publication. The Notice of Bonds to Be Issued shall be in substantially the following form:

NOTICE OF BONDS TO BE ISSUED

NOTICE IS HEREBY GIVEN that on May 24, 2017, the Board of Trustees (the “*Board*”) of Central Valley Water Reclamation Facility (the “*Issuer*”) adopted a resolution (the “*Resolution*”) in which it authorized the issuance of one or more series of the Issuer’s sewer revenue and refunding bonds (collectively, the “*Bonds*”) in an aggregate principal amount of not to exceed \$60,000,000, to mature in not more than 20 years from their date or dates, to bear interest at a rate or rates not to exceed 5.0% per annum, and to be sold at a discount from par, expressed as a percentage of principal amount, of not to exceed 3.0%.

The Bonds are to be issued and sold by the Issuer pursuant to (1) a Master Indenture Providing for the Issuance of Sewer Revenue Bonds, (the “*Master Indenture*”) and (2) a Supplemental Indenture providing for the issuance of the Bonds (the “*Supplemental Indenture*”).

The Bonds are to be issued for the purpose of obtaining a Loan from the Utah Water Finance Agency for (a) the acquisition and construction of certain improvements to the Issuer’s Sewer System, consisting principally of treatment system and collection system improvements and upgrades, expansion, and rehabilitation projects, a cogeneration replacement project, nutrient removal facilities, pipelines, and related property, rights of way, and other related facilities, (b) the refunding of certain outstanding bonds of the Issuer, (c) the funding of a debt service reserve requirement, and (d) the payment of costs of issuance of the Bonds.

The Issuer will not pledge any taxes of the Issuer for the payment of the Bonds. The Issuer will pledge, pursuant to the Master Indenture, the revenues attributable to the Issuer’s sewer system for the payment of the Bonds.

Copies of the Master Indenture and the Supplemental Indenture are on file in the office of the Issuer, located at 800 Central Valley Road, Salt Lake City, Utah, where they may be examined during the regular business hours of the Issuer from 8:00 a.m. to 5:00 p.m., Monday through Friday. The Resolution, including copies of the Master Indenture and the Supplemental Indenture shall be so available for inspection for a period of at least 30 days from and after the date of publication of this notice.

NOTICE IS FURTHER GIVEN that, pursuant to law, for a period of 30 days from and after the date of publication of this notice, any person in interest shall have the right to contest the legality of the above-described Resolution of the Board, or the Bonds or any provisions made for

the security and payment of the Bonds, and that after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause.

DATED this 24th day of May, 2017.

CENTRAL VALLEY WATER RECLAMATION
FACILITY

Section 7. Other Actions with Respect to the Bonds. The officers and employees of the Issuer shall take all action necessary or reasonably required to carry out, give effect to, and consummate the transactions contemplated hereby and shall take all action necessary in conformity with the Act to carry out the issuance of the Bonds, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the sale and delivery of the Bonds. If the Chair shall be unavailable to execute the Bonds or the other documents that they are hereby authorized to execute, attest and countersign, the same may be executed by the General Manager or the Vice Chair.

Section 8. Acts Ratified, Approved and Confirmed. All acts of the officers and employees of the Issuer in connection with the issuance of the Bonds are hereby ratified, approved and confirmed.

Section 9. Resolution Irrepealable. Following the execution and delivery of the Indenture, this resolution shall be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, cancelled, and discharged.

Section 10. Severability. If any section, paragraph, clause, or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or

unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

Section 11. Effective Date. This resolution shall be effective immediately upon its approval and adoption.

ADOPTED AND APPROVED by the Board this 24th day of May, 2017.

CENTRAL VALLEY WATER RECLAMATION
FACILITY

John E. Norton
Chair

EXHIBIT A

[MASTER INDENTURE AND SUPPLEMENTAL INDENTURE]

EXHIBIT B

[FINANCING AGREEMENT]

EXHIBIT C

[AGENCY INDENTURE]

**MASTER TRUST INDENTURE
PROVIDING FOR THE ISSUANCE OF
SEWER REVENUE BONDS**

BETWEEN

CENTRAL VALLEY WATER RECLAMATION FACILITY

AND

ZB, NATIONAL ASSOCIATION, AS TRUSTEE

DATED AS OF JULY 1, 2017

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**MASTER TRUST INDENTURE
PROVIDING FOR THE ISSUANCE OF
SEWER REVENUE BONDS**

THIS MASTER TRUST INDENTURE PROVIDING FOR THE ISSUANCE OF SEWER REVENUE BONDS, dated as of July 1, 2017, by and between Central Valley Water Reclamation Facility, (the “*Issuer*”) and ZB, National Association, a national banking association duly organized and qualified under the laws of the United States to accept and administer the trust hereby created, and having its principal place of business in Salt Lake City, Utah (the “*Trustee*”):

WITNESSETH:

WHEREAS, pursuant to the Interlocal Agreement (defined below) and the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the “*Act*”), the governing board of the Issuer (the “*Board*”) has authority to issue its sewer revenue bonds; and

WHEREAS, the Central Valley Board of the Issuer has determined that the public interest the interests of one or more of its members (the “*Members*”) require the acquisition and construction of improvements and extensions to the System of the Issuer in order to carry out the objects and purposes for which the Issuer was created, payable on a parity as to Revenues of the Issuer as provided herein;

NOW, THEREFORE, the Issuer and the Trustee agree as follows for the benefit of the other and for the benefit of the owners of the Bonds issued pursuant to this Indenture:

GRANTING CLAUSE

In order to secure the payment of Principal, Redemption Price and interest on the Bonds and of Repayment Obligations in accordance with their terms and the provisions of the Indenture, and to secure the observance and performance of all the covenants contained herein, in the Bonds, the Repayment Obligations, the Issuer hereby assigns and pledges to the Trustee and grants to the Trustee a security interest in all right, title and interest of the Issuer in and to (1) the proceeds of sale of the Bonds, (2) the Revenues, and (3) all Funds established or confirmed by the Indenture (except as provided in Section 5.01), including the investments, if any, thereof, subject to any required rebate of all or a portion of the earnings on such investments to the United States of America pursuant to the requirements of Section 148(f) of the Code, and all other rights hereinafter granted for the further securing of said Bonds and Repayment Obligations (collectively, the “*Trust Estate*”), subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, such Trust Estate to be held:

FIRST, for the equal and proportionate benefit, security and protection of all Bondholders and all Security Instrument Issuers, without preference, priority or distinction as to security or

otherwise of any of the Bonds or Security Instrument Repayment Obligations over any of the others, except as otherwise expressly provided in or permitted by the Indenture, by reason of time of issuance, sale, delivery, maturity or expiration thereof or otherwise for any cause whatsoever; and

SECOND, for the equal and proportionate benefit, security and protection of all Reserve Instrument Issuers, without preference, priority or distinction as to security or otherwise of any Reserve Instrument Repayment Obligations over any of the others by reason of time of issuance, delivery or expiration thereof or otherwise for any cause whatsoever.

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND EQUALITY OF BONDS

Section 1.01. Definitions. Unless the context otherwise requires:

(a) The terms defined in this Section shall, for all purposes of the Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified; and

(b) Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, trusts, corporations or governments or agencies or political subdivisions thereof.

ACCOUNT

“Account” means one of the accounts established pursuant to Section 5.02.

ACCRETED AMOUNT

“Accreted Amount” means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price plus the accumulated and compounded interest on such Bonds.

ACCRUED DEBT SERVICE

“Accrued Debt Service” means, as of any date of calculation, the amount of Debt Service that has accrued with respect to any Series of Bonds and any related Security Instrument Repayment Obligation, calculating the Debt Service that has accrued with respect to each Series of Bonds (other than Pledged Bonds) and each related Security Instrument Repayment

Obligation as an amount equal to the sum of (1) the interest on the Bonds of such Series (other than interest on Capital Appreciation Bonds constituting an Accreted Amount thereof) and on any related Security Instrument Repayment Obligation that has accrued and is unpaid and that will have accrued by the end of the then current calendar month, and (2) that portion of all Principal Installments payable within the twelve-month period following the date of calculation for the Bonds of such Series (other than Subordinated Bond Anticipation Notes) and on any related Security Instrument Repayment Obligation that would have accrued (if deemed to accrue in the same manner as interest accrues) by the end of the then current calendar month.

ACT

“*Act*” means, Title 11, Chapter 13, Utah Code Annotated 1953, as amended; as applicable, the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended; and all laws amendatory thereof or supplemental thereto.

AGENCY BONDS

“*Agency Bonds*” means bonds issued for the benefit of the Issuer by the Utah Water Finance Agency or other entity organized under the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (other than the Issuer).

AGGREGATE DEBT SERVICE

“*Aggregate Debt Service*” means, as of any date of calculation and with respect to any period, the sum of the amounts of Debt Service for all Series of Bonds Outstanding and any Repayment Obligations outstanding for such period.

AUTHORIZED AMOUNT

“*Authorized Amount*” means, with respect to a Commercial Paper Program, the maximum principal amount of commercial paper which is then authorized by the Issuer to be outstanding at any one time pursuant to such Commercial Paper Program.

AUTHORIZED OFFICER

“*Authorized Officer*” means the Chair, the General Manager, and any other person authorized by resolution of the Board to perform the act or sign the document in question.

AVERAGE AGGREGATE DEBT SERVICE

“*Average Aggregate Debt Service*” means, as of any date of calculation, the Aggregate Debt Service on all Series of Bonds Outstanding as computed for each Fiscal Year during which any Series of Bonds is Outstanding or any of the Repayment Obligations are outstanding, divided by the number of such Fiscal Years, divided by the number of such Fiscal Years.

BOARD

“*Board*” means the Central Valley Board of the Issuer, or any other governing body of the Issuer hereafter provided for by law.

BOND ANTICIPATION NOTES

“*Bond Anticipation Notes*” means bonds, notes, interim certificates or other evidences of indebtedness issued by the Issuer pursuant to the provisions of Section 2.05 in advance of the permanent financing of the Issuer for a Project.

BOND FUND

“*Bond Fund*” means the Fund by that name established in Section 5.02.

BONDS

“*Bonds*” means the bonds, notes or other obligations (other than Repayment Obligations) authorized by and at any time Outstanding pursuant to the Indenture. The term Bonds includes Construction Bonds, Refunding Bonds and Bond Anticipation Notes.

BONDHOLDER

“*Bondholder,*” “*Holder of Bonds,*” “*Owner*” or any similar term, means any person who shall be the registered owner of any Bond or Bonds.

BUSINESS DAY

“*Business Day*” means a day of the year which is not a Saturday, Sunday or legal holiday in the State or a day on which the Trustee, any Transfer Agent, any Security Instrument Issuer or any Reserve Instrument Issuer is authorized or permitted to close.

CALENDAR YEAR

“*Calendar Year*” means the period commencing on January 1 of each year and terminating on the next succeeding December 31.

CAPITAL APPRECIATION BONDS

“*Capital Appreciation Bonds*” means Bonds the interest on which (1) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (2) is payable upon maturity or redemption of such Bonds.

CHAIR

“*Chair*” means the duly appointed or elected Chair of the Board, any successor to the principal functions thereof, or in the event of absence, incapacity or inability, the person authorized by law or designated by the Board to perform the functions of the Chair.

CODE

“*Code*” means the Internal Revenue Code of 1986, as amended and supplemented from time to time. Each reference herein to a section of the Code shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such provisions that are applicable to the Indenture, including the Bonds, the use of Bond proceeds or a Project.

COMMERCIAL PAPER PROGRAM

“*Commercial Paper Program*” means commercial paper obligations with maturities of not more than two hundred seventy (270) days from the dates of issuance thereof which are issued and reissued by the Issuer from time to time pursuant to Article II hereof and are outstanding up to an Authorized Amount.

COMPLETION DATE

“*Completion Date*” means the date of substantial completion of a Project as that date shall be certified as provided in Section 5.03(i) hereof.

CONSTRUCTION BONDS

“*Construction Bonds*” means all Bonds, whether issued in one or more Series, authenticated and delivered pursuant to Section 2.03, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to Article III or Section 4.04 or Section 8.06.

CONSTRUCTION FUND

“*Construction Fund*” means the Fund by that name established in Section 5.02.

COST OF CONSTRUCTION

“*Cost of Construction*” means the costs of the Issuer properly attributable to the financing, acquisition, construction, reconstruction, modification or improvement of the System, as identified for a particular Project, and all expenses preliminary and incidental thereto incurred by the Issuer in connection therewith and in the issuance of the Bonds, including all engineering, fiscal, municipal advisor, and legal expenses and costs of issuance, printing and advertising for

which funds may be disbursed from the Construction Fund and the establishment of necessary reserves and payment of interest during construction, including but not limited to:

- (1) Payment of the costs of acquiring, constructing, reconstructing, modifying, or improving a Project.
- (2) Payment of the initial or acceptance fee of the Trustee.
- (3) Payment to the Issuer of such amounts, if any, as shall be necessary to reimburse the Issuer in full for advances and payments theretofore made or costs theretofore incurred by the Issuer for any item of Cost of Construction.
- (4) Costs for obtaining any insurance policies or surety bonds with respect to a Project by the Issuer during the acquisition, construction, reconstruction, modification or improvement of such Project.
- (5) Payment of audit fees and expenses for maintenance of construction records required to be kept with respect to a Project.
- (6) Payment of the costs of any necessary litigation and the obtaining of all necessary permits, licenses and rulings.
- (7) Payment of the costs of issuance of the Bonds, including legal, accounting, fiscal agent and underwriting fees and expenses, payments and fees due under any agreement pursuant to which any Series of Bonds is sold, bond insurance premiums, bond discount, printing and engraving costs, and fees of rating agencies, incurred in connection with the authorization, sale and issuance of the Bonds and preparation of the Indenture and Supplemental Indenture pursuant to which the Bonds will be issued and fees, charges or other amounts coming due under any Security Instrument Agreement or Reserve Instrument Agreement.
- (8) Payment of interest on the Bonds estimated to fall due during the period of construction of a Project and for up to twelve (12) months thereafter (or such different period as may then be permitted by law).
- (9) The amount, if any, to be deposited into any Series Subaccount in the Debt Service Reserve Account pursuant to paragraph (11) of Section 2.02(a) and to provide for any other reserves to the extent permitted by law.
- (10) Payment of principal of and interest on Bond Anticipation Notes, if any, issued by the Issuer in connection with the acquisition, construction, reconstruction, modification or improvement of a Project.
- (11) Payment of any other costs and expenses relating to a Project, including Security Instrument Costs, Reserve Instrument Costs and fees and expenses of the

Trustee during the acquisition, construction, reconstruction, modification or improvement of a Project.

(12) Amounts necessary to provide working capital related to a Project to the extent permitted by law.

CROSS-OVER DATE

“*Cross-over Date*” means the date on which the Principal or Redemption Price of the Cross-over Refunded Bonds is scheduled to be paid from the proceeds of Cross-over Refunding Bonds.

CROSS-OVER REFUNDED BONDS

“*Cross-over Refunded Bonds*” means Bonds refunded by Cross-over Refunding Bonds.

CROSS-OVER REFUNDING BONDS

“*Cross-over Refunding Bonds*” means Refunding Bonds the proceeds of which are irrevocably deposited in escrow in satisfaction of the requirements of Section 11-27-3, Utah Code Annotated 1953, as amended, to secure the payment on the Cross-over Date of the Principal or Redemption Price of the Cross-over Refunded Bonds (subject to possible use to pay Principal or Redemption Price of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds to the Cross-over Date.

CURRENT INTEREST BONDS

“*Current Interest Bonds*” means Bonds not constituting Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the interest payment dates provided therefor in a Supplement Indenture.

DEBT SERVICE

“*Debt Service*” means for any particular Fiscal Year and for any Series of Bonds, for any Security Instrument Repayment Obligations under a Security Instrument Agreement and for any Reserve Instrument Repayment Obligations under a Reserve Instrument Agreement, an amount equal to the sum of:

(a) all interest (net of any amounts deposited with the Trustee pursuant to Section 2.03(b)(2) and available to pay interest on Bonds) payable during such Fiscal Year on such Bonds (other than Pledged Bonds) and on any Repayment Obligations then outstanding, plus

(b) the Principal Installments during such Fiscal Year on (i) such Bonds Outstanding (other than Subordinated Bond Anticipation Notes), calculated on the assumption that Bonds Outstanding on the day of calculation cease to be Outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Indenture, and (ii) any Repayment Obligations then outstanding;

provided, however, that

(1) when calculating interest payable during such Fiscal Year for any Series of Variable Rate Bonds (for which there is no Interest Rate Swap) or Repayment Obligations bearing interest at a variable rate which cannot be ascertained for any particular Fiscal Year, it shall be assumed that such Series of Variable Rate Bonds or related Repayment Obligations will bear interest at the average of the variable rates applicable to such Series of Variable Rate Bonds or related Repayment Obligations during any twenty-four month period (or a shorter period, commencing on the date of issuance of a Series of Variable Rate Bonds or the date of incurring the related Repayment Obligations) ending within sixty (60) days prior to the date of computation, or, with respect to any Series of Variable Rate Bonds or related Repayment Obligations for which such an average of the variable rates cannot be determined, at a rate certified by the Issuer's financial advisor, underwriter or other agent, including a Remarketing Agent, to be the rate of interest such Series of Variable Rate Bonds or related Repayment Obligations would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security, and bearing interest at a variable rate computed in a comparable manner;

(2) when calculating interest payable during such Fiscal Year for any Series of Variable Rate Bonds which are issued with an Interest Rate Swap in which the Issuer has agreed (directly or indirectly in connection with Agency Bonds) to pay a fixed rate and the Swap Counterparty has agreed to pay a variable rate that approximates the variable rate payable on such Series of Variable Rate Bonds, such Series of Variable Rate Bonds shall be deemed to bear interest at the fixed rate of such Interest Rate Swap; provided that such fixed rate may be utilized only so long as such Interest Rate Swap is contracted to remain in full force and effect;

(3) when calculating interest payable during such Fiscal Year for any Series of Bonds which are issued with a fixed interest rate and with respect to which an Interest Rate Swap is in effect in which the Issuer has agreed to pay (directly or indirectly in connection with Agency Bonds) a variable rate and the Swap Counterparty has agreed to pay a fixed rate that an Authorized Officer of the Issuer certifies in a Written Certificate of the Issuer approximates the fixed rate payable on such Series of Bonds, it shall be assumed that such Series of Bonds shall bear interest at a variable rate certified by the Issuer's financial advisor, underwriter or other agent, including a Remarketing Agent, to be the rate

of interest such Series of Bonds would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security, and bearing interest at a variable rate computed in a comparable manner; provided that such variable rate shall be utilized only so long as such Interest Rate Swap is contracted to remain in full force and effect; and

(4) when calculating interest payable during such Fiscal Year with respect to any Commercial Paper Program, “*Debt Service*” shall mean an amount equal to the sum of all principal and interest payments that would be payable during such Fiscal Year assuming that the Authorized Amount of such Commercial Paper Program is amortized on a level debt service basis over a period of 30 years beginning on the date of calculation or the period during which obligations can be issued under such Commercial Paper Program, and bearing interest (A) at an interest rate equal to the average of the interest rates applicable to such Commercial Paper Program during any consecutive 12-month period during the immediately preceding 24 months (or a shorter period, commencing on the date obligations are first issued under the Commercial Paper Program) ending within 30 days prior to the date of computation, or (B) with respect to any Commercial Paper Program for which such an average of the interest rates cannot be determined, at an interest rate certified by the Issuer’s financial advisor, underwriter or other agent, including a Remarketing Agent, to be the rate of interest that obligations of the Commercial Paper Program would bear if issued on the date of computation in the Authorized Amount, with the same security, bearing interest at a variable rate computed in a comparable manner;

and *further provided, however*, that there shall be excluded from “*Debt Service*” (1) interest on Bonds (whether Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest is available to pay such interest, (2) Principal of Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow in satisfaction of the requirements of Section 11-27-3, Utah Code Annotated 1953, as amended, and such proceeds or the earnings thereon are required to be applied to pay such Principal (subject to the possible use to pay the Principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such Principal, and (3) Repayment Obligations to the extent that payments on Pledged Bonds relating to such Repayment Obligations satisfy the Issuer’s obligation to pay such Repayment Obligations.

DEBT SERVICE ACCOUNT

“*Debt Service Account*” means the Account in the Bond Fund by that name established in Section 5.02.

DEBT SERVICE RESERVE ACCOUNT

“*Debt Service Reserve Account*” means the Debt Service Reserve Account in the Bond Fund established in Section 5.02.

DEBT SERVICE RESERVE REQUIREMENT

“*Debt Service Reserve Requirement*” means, with respect to each Series of Bonds for which a Series Subaccount corresponding to such Series of Bonds has been established in a Debt Service Reserve Account, the amount specified in the Supplemental Indenture establishing such Series Subaccount.

DEPOSITARY

“*Depositary*” means any bank or trust company selected by the Issuer and satisfactory to the Trustee as a depository of moneys and securities held under the provisions of the Indenture and may include the Trustee.

ESCROWED INTEREST

“*Escrowed Interest*” means earnings on amounts irrevocably deposited in escrow in accordance with the requirements of Section 11-27-3, Utah Code Annotated 1953, as amended, in connection with the issuance of Cross-over Refunding Bonds, which earnings are required to be applied to pay interest on such Cross-over Refunding Bonds to and including the Cross-over Date.

ESTIMATED COMPLETION DATE

“*Estimated Completion Date*” means the estimated date upon which a Project will have been substantially completed in accordance with the plans and specifications applicable thereto as that date shall be set forth in a Written Certificate of the Issuer.

ESTIMATED NET REVENUES

“*Estimated Net Revenues*” means, for any Fiscal Year, the estimated Revenues for such Fiscal Year, less the estimated Operation and Maintenance Costs for such Fiscal Year, based upon estimates set forth in a Written Certificate of the Issuer. In computing Estimated Net Revenues, historical Revenues may be adjusted to include not more than the Revenues estimated to be available to the Issuer in such Fiscal Year from: (1) any rate increase authorized prior to the delivery of a Series of Bonds in connection with which an estimate is made; (2) any customers expected to be connected to the System during or subsequent to the Fiscal Year for which the Estimated Net Revenues are being computed; (3) any new contracts entered into by the Issuer for the provision of sewer services; and (4) any improvements or extensions to the System to be acquired or constructed in whole or in part with the proceeds of a Series of Bonds or from other sources. Historical Operation and Maintenance Costs shall also be adjusted to reflect any anticipated increases or decreases in Operation and Maintenance Costs, whether as a result of the acquisition or construction of the Project or otherwise.

EVENT OF DEFAULT

“*Event of Default*” has the meaning specified in Section 9.01.

FIDUCIARY

“*Fiduciary*” or “*Fiduciaries*” means the Trustee, the Paying Agents, any Transfer Agent, any Depository, or any or all of them, as may be appropriate.

FISCAL YEAR

“*Fiscal Year*” means the annual accounting period of the Issuer as from time to time in effect, initially a period commencing on January 1 of each Calendar Year and ending on the next succeeding December 31.

FITCH

“*Fitch*” means Fitch Ratings, its successors and assigns.

FUND

“*Fund*” means one of the funds confirmed and established pursuant to Section 5.02. The term “Fund” does not include any Rebate Fund.

GOVERNMENT OBLIGATIONS

“*Government Obligations*” means:

(1) Direct obligations (including obligations issued or held in book-entry form on the books of the Department of Treasury) of the United States of America, securities unconditionally guaranteed by, or backed by the full faith and credit of, the United States of America, and evidences of ownership interests in such direct or unconditionally-guaranteed obligations; and

(2) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which: (A) are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice; (B) are rated, based on the escrow, in the highest rating category of S&P and Moody’s; and (C) are fully-secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in clause (1) above, which fund may be applied only to the payment of interest when due, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable notice, as appropriate.

INDENTURE

“*Indenture*” means this Master Indenture Providing for the Issuance of Sewer Revenue Bonds, as from time to time amended or supplemented by Supplemental Indentures.

INTEREST RATE SWAP

“*Interest Rate Swap*” means an interest rate exchange agreement between the Issuer or the Trustee and a Swap Counterparty related to Bonds of one or more Series (including a Series of Bonds pledged to the payment of Agency Bonds for which there is an interest rate exchange agreement that is taken into account in determining the amount of interest payable by the Issuer) whereby a variable rate cash flow (which may be subject to any interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return on an equal principal or notional amount. If the Issuer or the Trustee enters into more than one Interest Rate Swap with respect to a Series of Bonds, each Interest Rate Swap shall specify the same payment dates.

INTERLOCAL AGREEMENT

“*Interlocal Agreement*” means the Central Valley Water Reclamation Facility Amended and Restated Interlocal Agreement, entered into and deemed effective by the Members as of January 1, 2017, as amended from time to time.

INVESTMENT SECURITIES

“*Investment Securities*” means any of the following securities, if and to the extent that the same are at the time legal for investment of the Issuer’s funds:

(1) Government Obligations;

(2) Bonds, debentures or notes issued by, or fully guaranteed as to principal and interest by, the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: (a) Federal Farm Credit banks (consolidated systemwide bonds and notes only), (b) Federal Home Loan banks (senior debt obligations only), (c) Federal National Mortgage Association (mortgage-backed securities and senior debt obligations only), (d) Student Loan Marketing Association (senior debt obligations only), and (e) Federal Home Loan Mortgage Corporation (participation certificates and senior debt obligations only);

(3) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America: (a) Export-Import Bank, (b) Farm Credit System Financial Assistance Corporation, (c) Rural Economic Community Development Administration (formerly the Farmers Home Administration), (d) General Services Administration, (e) U.S. Maritime Administration, (f) Small Business Administration, (g) Government National Mortgage Association (GNMA), (h)

U.S. Department of Housing & Urban Development (PHA's), (i) Federal Housing Administration, and (j) Federal Financing Bank.

(4) Money market funds rated "AAAm" or "AAAm--G" or better by S&P;

(5) 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;

(6) Bonds, notes or other evidences or 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;

(7) 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 not more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(8) the fund held by the Treasurer for the State and commonly known as the State Public Treasurer's Investment Fund; and

(9) Investment agreements authorized by the State Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended.

ISSUER

"Issuer" means the Central Valley Water Reclamation Facility, an interlocal agency established by the Members pursuant to the the Act.

MEMBERS

"Members" means the parties to the Interlocal Agreement.

MOODY'S

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or 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 Issuer with the approval of the Trustee.

NET REVENUES

“*Net Revenues*” means, for any period, the Revenues during such period less any transfers from the Revenue Fund to pay the Operation and Maintenance Costs during such period.

OPERATION AND MAINTENANCE COSTS

“*Operation and Maintenance Costs*” means all actual operation and maintenance costs related to the System incurred by the Issuer in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, including amounts reasonably required to be set aside in reserves for items of Operation and Maintenance Costs, the payment of which is not then immediately required.

Such Operation and Maintenance Costs include, but are not limited to, amounts paid by the Issuer for ordinary repairs, renewals and replacements of the System, for salaries and wages, employees’ health, hospitalization, pension and retirement expenses, fees and expenses for services, materials and supplies, rents, administrative and general expenses, insurance expenses, Security Instrument Costs, Reserve Instrument Costs, for Fiduciaries’ fees and expenses; Remarketing Agents’ and other agents’ fees and expenses; legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting and technical services, training of personnel, taxes, payments in lieu of taxes and other governmental charges; costs payable by the Issuer pursuant to a treatment contract; costs of utilities services and other auxiliary services; charges imposed by other than the Issuer, fuel costs, and any other current expenses or obligations required to be paid by the Issuer under the provisions of the Indenture or by law, all to the extent properly allocable to the System.

Such Operation and Maintenance Costs do not include depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the Issuer, including Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations, costs, or charges made therefor, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System.

OPERATION AND MAINTENANCE FUND

“*Operation and Maintenance Fund*” means the Fund by that name established in Section 5.02.

OPINION OF COUNSEL

“*Opinion of Counsel*” means a written opinion of counsel selected by the Issuer and satisfactory to the Trustee. Any Opinion of Counsel may be based, insofar as it relates to factual matters or information which is in the possession of the Issuer, upon a Written Certificate of the

Issuer, unless such counsel knows, or in the exercise of reasonable care should have known, that such Written Certificate is erroneous.

OTHER AVAILABLE REVENUES

“*Other Available Revenues*” means any amounts that the Issuer reasonably anticipates will be maintained on deposit in the Revenue Fund and available to pay Debt Service during the applicable Fiscal Year.

OUTSTANDING

“*Outstanding*” means, as of any date of calculation (subject to the provisions of Section 8.04), all Bonds which have been duly authenticated and delivered by the Trustee except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which cash funds or Investment Securities defined in clause (1) of the definition of “Investment Securities” shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds), *provided* that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the provisions of the Indenture or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated or delivered pursuant to the terms of Section 3.06, Section 4.04 or Section 8.06; and

(d) the Principal amount of any Bond issued pursuant to a Supplemental Indenture authorizing partial payment without cancellation if payment is noted on a payment record attached to such Bond provided such payment has been made.

PAYING AGENT

“*Paying Agent*” means any bank or trust company designated as paying agent for the Bonds of any Series, and its successor or successors hereinafter appointed in the manner provided in Section 7.02 of the Indenture.

PLEDGED BONDS

“*Pledged Bonds*” means any Bonds that have been pledged or in which any interest has otherwise been granted to a Security Instrument Issuer as collateral security for Security Instrument Repayment Obligations.

PRINCIPAL

“*Principal*” means (a) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), except as used in connection with the authorization and issuance of Bonds and with the order of priority of payment of Bonds after an Event of Default, in which case “*Principal*” means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest), and (b) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

PRINCIPAL INSTALLMENT

“*Principal Installment*” means, as of any date of calculation (a) with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (1) the Principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (2) the unsatisfied balance (determined as provided in the definition of “*Sinking Fund Installment*” in this Section) of any Sinking Fund Installment due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a Principal amount equal to such unsatisfied balance of such Sinking Fund Installment, or (3) if such future dates coincide as to different Bonds of such Series, the sum of such Principal amount of Bonds and of such unsatisfied balance of such Sinking Fund Installment due on such future date plus such applicable redemption premiums, if any, and (b) with respect to any Repayment Obligation, the principal amount of such Repayment Obligation due on a certain future date.

PROJECT

“*Project*” means the acquisition, construction and completion of improvements, extensions or additions (or an interest therein) to the System, regardless of whether the Issuer shall hold title thereto, if and to the extent that the same shall be designated by the Issuer as a Project in a Supplemental Indenture authorizing the issuance of the initial Series of Construction Bonds for such Project in accordance with Section 2.03. The Issuer need not become the owner of such improvements in order for them to constitute a Project.

PROJECT ACCOUNT

“*Project Account*” means the separate account for each Project in the Construction Fund pursuant to Section 5.03.

PROJECT AGREEMENTS

“*Project Agreements*” means (i) the Interlocal Agreement and (ii) any other agreement between the Issuer and one or more Members with respect to a Project.

PUT BOND

“*Put Bond*” means any Bond which is part of a Series of Bonds which is subject to purchase by the Issuer, its agent or a third party from the Holder of the Bond pursuant to provisions of the Supplemental Indenture authorizing the issuance of the Bond.

RATING AGENCY

“*Rating Agency*” means Moody’s, Standard & Poor’s or Fitch.

RATE COVENANT REQUIREMENT

“*Rate Covenant Requirement*” has the meaning specified in Section 6.11.

REBATE FUND

“*Rebate Fund*” means the fund, if any, established with respect to a Series of Bonds issued under the Indenture, to provide for the payment of rebate pursuant to the applicable provisions of the Code.

RECORD DATE

“*Record Date*” means, with respect to any interest payment date for any Series of Bonds, the date specified as the Record Date in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

REDEMPTION PRICE

“*Redemption Price*” means, with respect to any Bond, the Principal thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to any Supplemental Indenture.

REFUNDED DEBT

“*Refunded Debt*” has the meaning specified in Section 2.04(a).

REFUNDING BONDS

“*Refunding Bonds*” means all Bonds, whether issued in one or more Series, authenticated and delivered pursuant to Section 2.04, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to Article III or Section 4.04 or Section 8.06.

REMARKETING AGENT

“*Remarketing Agent*” means a remarketing agent appointed by the Issuer pursuant to Section 7.09 and its successors under the Indenture.

REPAYMENT OBLIGATIONS

“*Repayment Obligations*” means, collectively, all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations.

RESERVE INSTRUMENT

“*Reserve Instrument*” means an instrument or other device (other than a Security Instrument) issued by a Reserve Instrument Issuer and authorized or provided for in a Supplemental Indenture to satisfy all or any portion of the Debt Service Reserve Requirement, if any, for a Series of Bonds. The term “Reserve Instrument” includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit, surety bonds, and other security instruments and other devices.

RESERVE INSTRUMENT AGREEMENT

“*Reserve Instrument Agreement*” means any outstanding agreement entered into by the Issuer and a Reserve Instrument Issuer pursuant to a Supplemental Indenture and providing for the issuance by such Reserve Instrument Issuer of a Reserve Instrument.

RESERVE INSTRUMENT COSTS

“*Reserve Instrument Costs*” means, with respect to any Reserve Instrument, all fees, premiums, expenses and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument Issuer pursuant to a Reserve Instrument Agreement or the Supplemental Indenture authorizing the use of such Reserve Instrument. Such Reserve Instrument Agreement or Supplemental Indenture shall specify any fees, premiums, expenses and costs constituting Reserve Instrument Costs.

RESERVE INSTRUMENT COVERAGE

“*Reserve Instrument Coverage*” means, as of any date of calculation and with respect to each Reserve Instrument, the amount available to be paid under such Reserve Instrument into the related Series Subaccount in the Debt Service Reserve Account to satisfy all or any portion of the Debt Service Reserve Requirement.

RESERVE INSTRUMENT ISSUER

“*Reserve Instrument Issuer*” 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 LIMIT

“*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 the related Series Subaccount in the Debt Service Reserve Account to satisfy all or any portion of the Debt Service Reserve Requirement, 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 payment of Principal on the corresponding Series of Bonds upon redemption pursuant to Section 4.01 or purchase pursuant to Section 5.10.

RESERVE INSTRUMENT REPAYMENT OBLIGATIONS

“*Reserve Instrument Repayment Obligations*” means, as of any date of calculation and with respect to any Reserve Instrument, any outstanding amounts payable by the Issuer under the Reserve Instrument Agreement or the Supplemental Indenture authorizing the use of such Reserve Instrument to repay the Reserve Instrument Issuer 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.

REVENUE FUND

“*Revenue Fund*” means the revenue fund of the Issuer confirmed in Section 5.02(2), which is and shall continue to be kept separate and apart from any other Issuer funds and accounts.

REVENUES

“*Revenues*” means all operating and other revenues, fees, income, rents and receipts derived by the Issuer from or attributable to the System, including revenues derived by the Issuer under the Project Agreement. Revenues also includes:

- (a) the proceeds of any insurance covering business interruption loss and any insurance resulting from casualty damages to the assets of the System,
- (b) proceeds from the sale of any property of the System permitted under the Indenture or any lease or contractual arrangement with respect to the use of the System or the services, capacity or output thereof,

(c) all interest, profits or other income derived from the investment of any moneys held pursuant to the Indenture and required to be paid into the Revenue Fund, and

(d) the proceeds of any interest subsidy with respect to the Bonds paid for or for the account of the Issuer by any governmental body or agency;

provided, however, that Revenues shall not include: (a) proceeds received on insurance resulting from casualty damage to assets of the System; (b) the proceeds of sale of Bonds, notes or other obligations issued for System purposes; or (c) moneys received under any Security Instrument or any Reserve Instrument.

SECURITY INSTRUMENT

“*Security Instrument*” means an outstanding instrument or other device (other than a Reserve Instrument) issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds or, with respect to Bonds described in sections 8.01(b)(9) and (10), a series of Agency Bonds. The term “Security Instrument” includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices; *provided, however,* that no such device or instrument shall be a “Security Instrument” for purposes of this Indenture unless specifically so designated (a) with respect to a Series of Bonds, in a Supplemental Indenture authorizing the use of such device or instrument, or (b) with respect to a series of Agency Bonds, a resolution or indenture authorizing the use of such device or instrument with respect to such Agency Bonds.

SECURITY INSTRUMENT AGREEMENT

“*Security Instrument Agreement*” means any agreement entered into by the Issuer and a Security Instrument Issuer pursuant to a Supplemental Indenture providing for the issuance by such Security Instrument Issuer of a Security Instrument.

SECURITY INSTRUMENT COSTS

“*Security Instrument Costs*” means, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument. Such Security Instrument Agreement or Supplemental Indenture shall specify any fees, premiums, expenses and costs constituting Security Instrument Costs.

SECURITY INSTRUMENT ISSUER

“*Security Instrument Issuer*” means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Security Instrument.

SECURITY INSTRUMENT REPAYMENT OBLIGATIONS

“*Security Instrument Repayment Obligations*” means, as of any date of calculation and with respect to any Security Instrument, any outstanding amounts payable by the Issuer under the Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs. Each Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument shall specify any amounts payable under it which, when outstanding, shall constitute Security Instrument Repayment Obligations and shall specify the portions of any such amounts that are allocable as principal of and as interest on such Security Instrument Repayment Obligations.

SERIES

“*Series*” means all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to Article III or Section 4.04 or Section 8.06.

SERIES SUBACCOUNT

“*Series Subaccount*” means the separate subaccount created for a Series of Bonds, as the case may be, in the Debt Service Account pursuant to Section 5.07 or in the Debt Service Reserve Account pursuant to Section 5.08, as the case may be.

SINKING FUND INSTALLMENT

“*Sinking Fund Installment*” means an amount so designated which is established pursuant to Section 2.02(a)(8). The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited pursuant to Section 5.06(c), 5.07(d) or 5.09 toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

STANDARD & POOR'S

“*Standard & Poor's*” or “*S&P*” means S&P Global Ratings, its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Standard & Poor's” or “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with approval of the Trustee.

STATE

“*State*” means the State of Utah.

SUBORDINATED BOND ANTICIPATION NOTES

“*Subordinated Bond Anticipation Notes*” means Bond Anticipation Notes, the Principal Installments on which have been subordinated pursuant to Section 2.05(b)(2).

SUPPLEMENTAL INDENTURE

“*Supplemental Indenture*” means any indenture between the Issuer and the Trustee entered into pursuant to and in compliance with the provisions of this Indenture.

SWAP COUNTERPARTY

“*Swap Counterparty*” means a provider of an Interest Rate Swap, provided that such provider satisfies any applicable requirements of the Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended.

SYSTEM

“*System*” means the complete sewer system of the Issuer, including the collection, treatment, and disposition facilities, together with all improvements, extensions, and additions thereto which may be made while any of the Bonds remain Outstanding, and all property, real, personal and mixed, appurtenances and related facilities, of every nature now or hereafter owned or operated by the Issuer in connection therewith.

TAX EXEMPTION CERTIFICATE

“*Tax Exemption Certificate*” means any agreement, or certificate delivered by the Issuer in connection with the issuance of a Series of Bonds, in order to assure the exclusion from gross income of interest received on such Series of Bonds, or in connection with the issuance of a series of Agency Bonds, the payment of which is secured by a pledge of a Series of Bonds.

TRANSFER AGENT

“*Transfer Agent*” means the Trustee and each and every additional agent appointed by the Issuer from time to time as the bond registrar and agent of the Issuer pursuant to Section 7.10 for the transfer and authentication of Bonds for so long as such appointment shall continue in effect.

TRUSTEE

“*Trustee*” means ZB, National Association, its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided herein.

VARIABLE RATE BONDS

“*Variable Rate Bonds*” means, Bonds that bear interest other than at a rate or rates that are fixed to maturity.

WRITTEN CERTIFICATE OF THE ISSUER, WRITTEN REQUEST OF THE ISSUER, WRITTEN STATEMENT OF THE ISSUER

“*Written Certificate of the Issuer*”, “*Written Request of the Issuer*” and “*Written Statement of the Issuer*” means an instrument in writing signed on behalf of the Issuer by an Authorized Officer thereof. Any such instrument and any supporting opinions or certificates may, but need not, be combined in a single instrument with any other instrument, opinion or certificate, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the opinion or certificate of counsel, consultants, accountants or engineers, unless the Authorized Officer signing such Written Certificate or Request or Statement knows, or in the exercise of reasonable care should have known, that the opinion or certificate with respect to the matters upon which such Written Certificate or Request or Statement may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel, consultant, accountant or engineer, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indenture, but different Authorized Officers, counsel, consultants, accountants or engineers may certify to different facts, respectively. Every Written Certificate or Request or Statement of the Issuer, and every certificate or opinion of counsel, consultant, accountant or engineer provided for herein shall include:

- (1) a statement that the person making such certificate, request, statement or opinion has read the pertinent provisions of the Indenture to which such certificate, request, statement or opinion relates;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate, request, statement or opinion is based;

(3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; and

(4) with respect to any statement relating to compliance with any provision hereof, a statement whether or not, in the opinion of such person, such provision has been complied with.

YEAR

“Year” means any period of twelve consecutive months.

Section 1.02. Authority for the Indenture. The Indenture is executed and delivered pursuant to the provisions of the Act.

Section 1.03. Indenture to Constitute a Contract; Equal Security. In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, the execution, the issuance by Security Instrument Issuers from time to time of Security Instruments, and the issuance by Reserve Instrument Issuers from time to time of Reserve Instruments, the Indenture shall be deemed to be and shall constitute a contract between and among the Issuer and the Holders from time to time of the Bonds, such Security Instrument Issuers, and such Reserve Instrument Issuers, and the pledge made in the Indenture by the Issuer and the covenants and agreements set forth in the Indenture to be performed by the Issuer shall be, except as expressly provided in or permitted by the Indenture, for the benefit, security and protection of the parties as provided in the Granting Clause set forth at the beginning of the Indenture.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds. Bonds designated as “Sewer Revenue Bonds” (or “Sewer Revenue Notes,” as appropriate) are hereby authorized to be issued by the Issuer under the Indenture. The maximum Principal amount of the Bonds which may be issued hereunder is not limited; *provided, however*, the Issuer reserves the right to limit or restrict the aggregate Principal amount of the Bonds which may at any time be issued or Outstanding hereunder. Bonds may be issued in such Series as from time to time shall be established and authorized by the Issuer. The Bonds may be issued in one or more Series pursuant to one or more Supplemental Indentures. Unless otherwise provided in a Supplemental Indenture, the designation of the Bonds shall include, in addition to the name “Sewer Revenue Bonds” (or “Sewer Revenue Notes,” as appropriate), such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

Section 2.02. General Provisions for the Issuance of Bonds. (a) Whenever the Issuer shall determine to issue any Series of Bonds, the Issuer shall execute and deliver a Supplemental Indenture which shall specify or provide for the following:

(1) The purpose for which such Series of Bonds is to be issued, which shall be for a purpose set forth in Section 2.03, Section 2.04 or Section 2.05, or a combination of such purposes;

(2) The authorized Principal amount and Series designation of such Series of Bonds;

(3) The date, any Record Date and the maturity date or dates of the Bonds of such Series;

(4) The interest payment dates and the interest rate or rates (including a zero interest rate) of the Bonds of such Series, or the manner of determining such rate or rates, *provided* that if such Bonds are Variable Rate Bonds, the Supplemental Indenture authorizing such Series of Bonds shall specify the maximum rate of interest such Bonds may bear;

(5) The authorized denominations of the Bonds of such Series;

(6) Any Paying Agents and the places of payment of the Principal and Redemption Prices, if any, of, and interest on, the Bonds of such Series, and, if other than the Trustee, any Transfer Agents and the places where Bonds may be registered for transfer or exchange;

(7) The Redemption Prices, if any, and subject to Article IV, the redemption terms, if any, for the Bonds of such Series;

(8) The amount and due date of each Sinking Fund Installment, if any, for the Bonds of such Series;

(9) The deposit, if any, of proceeds of the Bonds of such Series into the Construction Fund;

(10) The deposit of such proceeds, if any, representing accrued interest on such Series of Bonds to the date of delivery thereof into the Series Subaccount established for such Series of Bonds in the Debt Service Account;

(11) The Debt Service Reserve Requirement for such Series of Bonds, if any, pursuant to Section 5.08 and the deposit of such proceeds, if any, into any Series Subaccount established for such Series of Bonds in the Debt Service Reserve Account;

(12) The deposit, if any, of working capital amounts from any legally available source into the Operation and Maintenance Fund;

(13) The form of the Bonds of such Series;

(14) To the extent applicable, any Security Instrument or Reserve Instrument authorized to be executed and delivered by the Issuer in connection with the issuance of the Bonds of such Series; and

(15) Any further covenants by the Issuer required by any Security Instrument Issuer, Reserve Instrument Issuer or purchaser of Bonds or otherwise deemed necessary or desirable by the Issuer.

The Supplemental Indenture shall establish a separate Series Subaccount in the Debt Service Account for each Series of Bonds and, if a Debt Service Reserve Requirement has been established for such Series of Bonds, shall also establish a separate Series Subaccount in the Debt Service Reserve Account for such Series of Bonds.

(b) The Bonds of any Series shall be executed by the Issuer for issuance under the Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Issuer upon the Written Request of the Issuer, but only upon receipt by the Trustee of the following documents or moneys or securities, all of such documents dated or certified, as the case may be, as of the date of such delivery by the Trustee (unless the Trustee shall accept any of such documents bearing a prior date):

(1) An executed copy of the Supplemental Indenture authorizing the issuance of the Bonds of such Series;

(2) A Written Request of the Issuer as to the delivery of the Bonds of such Series;

(3) An Opinion of Counsel of nationally recognized standing in the field of law relating to municipal bonds to the effect that (A) the Issuer has the power under the Act, as amended to the date of such Opinion, to issue the Bonds of such Series, to execute and deliver the Indenture, and the Indenture has been duly and lawfully executed and delivered by the Issuer, is in full force and effect and is valid and binding upon the Issuer and enforceable in accordance with its terms, and no other authorization for the Indenture is required; (B) the Indenture creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds held or set aside under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; (C) the Bonds of such Series are valid and binding special obligations of the Issuer, enforceable in accordance with their terms and the terms of the Indenture and entitled to the benefits of the Indenture and the Act as amended to the date of such Opinion; and (D) the Bonds of such Series have been duly and validly authorized and issued in accordance with law and the Indenture; *provided, however*, that such Opinion of Counsel may contain limitations acceptable to the purchaser of such Series of Bonds, including limitations as to enforcement by bankruptcy or similar laws, equity principles, sovereign police powers, and federal powers;

(4) The amounts, if any, necessary for deposit into the Construction Fund, the appropriate Series Subaccount in the Debt Service Account, the appropriate Series Subaccount, if any, in the Debt Service Reserve Account, and the Operation and Maintenance Fund, as required pursuant to Section 2.02(a); and

(5) Such further documents, moneys and securities as are required by the provisions of Section 2.03, Section 2.04 or Section 2.05 or of any Supplemental Indenture.

(c) The Issuer may authorize by Supplemental Indenture the use of one or more Security Instruments with respect to any Series of Bonds and the execution and delivery of any Security Instrument Agreements deemed necessary in connection therewith.

(d) The Issuer may authorize by Supplemental Indenture the issuance and delivery to the Trustee of one or more Reserve Instruments and the execution and delivery of any Reserve Instrument Agreements deemed necessary in connection therewith.

(e) The Issuer may authorize by Supplemental Indenture the issuance of Put Bonds; *provided* that any obligation of the Issuer to pay the purchase price of any such Put Bonds shall not be secured by a pledge of Revenues prior to or on a parity with the pledge contained in Section 5.01. The Issuer may provide for the appointment of such Remarketing Agents, indexing agents or other agents as the Issuer may determine.

(f) The Issuer may authorize by Supplemental Indenture such other provisions relating to a Series of Bonds as are permitted by law and are consistent with the provisions of the Indenture.

(g) After the original issuance of the Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Section 4.04 or Section 8.06.

(h) Notwithstanding any provision of this Section 2.02 to the contrary, a Supplemental Indenture may provide for the delivery of a Series of Bonds, issued in the form of a single Bond in installments to be noted by the Trustee in a delivery schedule attached thereto.

Section 2.03. *Special Provisions for the Issuance of Construction Bonds.* (a) One or more Series of Construction Bonds may be authenticated and delivered upon original issuance from time to time in such Principal amount for each such Series as may be determined by the Issuer for the purpose of paying or providing for the payment of all or a portion of (1) the Cost of Construction of a Project, (2) Principal, Redemption Price and interest on Bond Anticipation Notes or (3) any combination of (1) and (2). Each such Series shall be in such Principal amount which, when taken together with funds previously used or to be provided by the Issuer for such Project, will provide the Issuer with sufficient funds to pay the estimated Cost of Construction of such Project, as set forth in the Written Certificate of the Issuer furnished pursuant to Section 2.03(c)(1).

(b) Each Supplemental Indenture authorizing the issuance of a Series of Construction Bonds:

(1) shall specify the Project for which the proceeds of such Series of Construction Bonds will be applied; and

(2) may require the Issuer to deposit a specified amount of money from the proceeds of the sale of such Series of Construction Bonds or from other legally available sources into a Project Account in the Construction Fund to pay when due all or a portion of the interest on such Series of Construction Bonds accrued and to accrue to the Estimated Completion Date set forth in the Written Certificate of the Issuer delivered with respect to such Series of Construction Bonds pursuant to Section 2.03(c)(1), plus interest to accrue on such Series of Construction Bonds after the Estimated Completion Date for up to one Year (or such different period as may then be permitted by law).

(c) Each Series of Construction Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Sections 2.02 and 2.03(d)) of the following documents, all dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(1) a Written Certificate of the Issuer setting forth the then Estimated Completion Date and the then estimated Cost of Construction of the Project being financed by such Series of Bonds; and

(2) a Written Certificate of the Issuer to the effect that, upon the authentication and delivery of the Bonds of such Series, no event will have occurred which, with the passage of time or the giving of notice, or both, would give rise to an Event of Default under the Indenture.

(d) Each Series of Construction Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Sections 2.02 and 2.03(c)) of either of the following documents, dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(1) A Written Certificate of the Issuer (A) setting forth for the latest Fiscal Year for which the latest audited financial statement described in Section 6.10(b) is available prior to the authentication and delivery of such Series of Bonds, the Net Revenues for such period, and (B) showing that such Net Revenues for such Year are not less than the Rate Covenant Requirement for each Fiscal Year to and including the Fiscal Year in which occurs the latest maturity of such Series of Construction Bonds and for all Bonds that will be Outstanding and the Repayment Obligations that the Issuer anticipates will be outstanding immediately after the issuance of the proposed Series of Construction Bonds; or

(2) (A) A Written Certificate of the Issuer setting forth the Estimated Net Revenues (assuming the completion of the Project on its then Estimated Completion Date) either:

(i) if the Supplemental Indenture authorizing the Series of Bonds being issued requires that interest on the Series of Bonds be capitalized until a certain date pursuant to Section 2.03(b)(2), for each of the two Fiscal Years succeeding such date; or

(ii) if the Supplemental Indenture authorizing the Series of Bonds does not require that any interest on the Series of Bonds be capitalized pursuant to Section 2.03(b)(2), for the then current Fiscal Year and each succeeding Fiscal Year to and including the second Fiscal Year succeeding the Estimated Completion Date of the Project; and

(B) A Written Certificate of the Issuer showing that the Estimated Net Revenues as shown in such Written Certificate of the Issuer for each of such Fiscal Years are not less than the Rate Covenant Requirement for each of such Fiscal Years for all Bonds that will be Outstanding and the Repayment Obligations that the Issuer anticipates will be outstanding immediately after the issuance of the proposed Series of Construction Bonds.

Notwithstanding any other provision of the Indenture, the provisions of Section 2.03(c)(1) and this Section 2.03(d) shall not apply to the first Series of Bonds issued under the Indenture.

(e) The proceeds, including accrued interest, of the Construction Bonds of each Series shall be deposited simultaneously with the delivery of such Bonds into the Construction Fund and, to the extent permitted by law and the provisions of the Indenture, in any other Funds or Accounts or such other funds or accounts as may be established by the Supplemental Indenture authorizing the issuance of such Series of Construction Bonds in such amounts as may be provided in such Supplemental Indenture; and

(f) There may also be deposited from any legally available source, to the extent permitted by law and the provisions of the Indenture, in the Funds and Accounts or such other funds or accounts as may be established by the Supplemental Indenture, such amounts, if any, as may be provided in the Supplemental Indenture authorizing the issuance of such Series of Construction Bonds.

Section 2.04. Special Provisions for the Issuance of Refunding Bonds. (a) One or more Series of Refunding Bonds may be issued in such Principal amount which, when taken together with other legally available funds, will provide the Issuer with funds which will be sufficient to accomplish the refunding of all or a part of the Outstanding Bonds of one or more Series, or all or part of any other borrowing of the Issuer, including in each case the payment of all expenses and the establishment of any reserves in connection with such refunding. The term “*Refunded Debt*” shall refer to such Bonds or other borrowing to be so refunded.

(b) Each Supplemental Indenture authorizing the issuance of a Series of Refunding Bonds shall specify the Refunded Debt to be refunded.

(c) Each Series of Refunding Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02) of the following documents or moneys or securities (or if such documents or moneys or securities are to be delivered to the trustee or debtor for the other borrowings, to such trustee or debtor, with a copy or other evidence of such delivery to the Trustee), all of such documents dated as of the date of such delivery (unless the Trustee or other trustee or debtor, as appropriate, shall accept any of such documents bearing a prior date):

(1) Any of:

(A) a Written Certificate of the Issuer setting forth for each Fiscal Year to and including the Fiscal Year that includes the date of the latest maturity of the Refunded Debt to be refunded or such Series of Refunding Bonds, whichever is later, the Aggregate Debt Service for:

(i) the Refunded Debt to be refunded and

(ii) such Series of Refunding Bonds,

and stating that the Aggregate Debt Service on the Refunding Bonds for each such Fiscal Year set forth pursuant to clause (ii) of this paragraph is no greater than 110% of the Aggregate Debt Service on the Refunded Debt for each such Fiscal Year set forth pursuant to clause (i) of this paragraph; or

(B) (i) a Written Certificate of the Issuer (ii) setting forth the Estimated Net Revenues for the then current Fiscal Year and each succeeding Fiscal Year to and including the second Fiscal Year succeeding the issuance of such Series of Refunding Bonds; and (ii) showing that the Estimated Net Revenues for each of such Fiscal Years are not less than the Rate Covenant Requirement for each of such Fiscal Years with respect to all Series of Bonds that the Issuer anticipates will be Outstanding and all Repayment Obligations that the Issuer anticipates will be outstanding, in each case immediately after the issuance of the proposed Series of Refunding Bonds; or

(C) the Written Certificate of the Issuer described in Section 2.03(d)(1).

(2) Irrevocable instructions to the Trustee (or such trustee or lender or its designee, as appropriate), satisfactory to it, to give due notice of redemption of all the Refunded Debt being refunded that is subject to redemption, on the redemption date or dates specified in such instructions;

(3) If the Refunded Debt to be refunded is not by its terms subject to redemption within the next succeeding 90 days, irrevocable instructions to the Trustee (or such trustee or lender or its designee, as appropriate), satisfactory to it, to mail the notice provided for in Section 11.01(b) (or any similar provision for other borrowings, as appropriate) to the holders of the Refunded Debt being refunded;

(4) Either (A) moneys in an amount sufficient to effect payment at the applicable redemption price of the Refunded Debt to be refunded, together with accrued interest to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents (or such trustee or lender or its designee, as appropriate) in a separate account irrevocably in trust for and assigned to the respective holders of the Refunded Debt to be refunded, or (B) Investment Securities (or similar investments as provided for in the documents relating to other borrowings, as appropriate) in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of Section 11.01(b) (or any similar provision for other borrowings, as appropriate), which Investment Securities and moneys shall be held in trust and used only as provided in such Section.

(5) If the Refunding Bonds to be issued are Cross-over Refunding Bonds:

(A) The Supplemental Indenture providing for the issuance of the Refunding Bonds shall provide that until the Cross-over Date neither Principal of nor interest on the Cross-over Refunding Bonds shall be payable from or secured by a pledge of the Revenues, but shall be payable solely from the escrow provided for in Section 11-27-3, Utah Code Annotated 1953, as amended.

(B) There shall be filed with the Trustee a written certificate of the Issuer (or any municipal advisor, underwriter, or accountant on behalf of the Issuer) demonstrating the sufficiency of the moneys and investments in the escrow provided for in Section 11-27-3, Utah Code Annotated 1953, as amended, to pay the Principal of and interest on the Cross-over Refunding Bonds to the Cross-over Date and the Principal or Redemption Price of the Cross-over Refunded Bonds on the Cross-over Date.

(C) The instructions required by Section 2.04(c)(2) and (3) may contain such conditions to the giving of such notices as the Issuer may specify in the Supplemental Indenture authorizing the issuance of such Cross-over Refunding Bonds, including, without limitation, the absence of any default in the payment of the Cross-over Refunded Bonds.

(D) If a Written Certificate of the Issuer is delivered pursuant to Section 2.04(c)(1)(B), such Written Certificate of the Issuer shall set forth the Estimated Net Revenues for the Fiscal Year during which the Cross-over Date occurs and each succeeding Fiscal Year to and including the second Fiscal Year

succeeding such Cross-over Date, instead of the Fiscal years specified in Section 2.04(c)(1)(B).

(6) Notwithstanding any other provision of the Indenture, the provisions of this Section 2.04(d) shall not apply to the first Series of Bonds issued under the Indenture.

(d) A Series of Refunding Bonds may be combined with a Series of Construction Bonds.

Section 2.05. Conditions for Issuance of Bond Anticipation Notes. (a) One or more Series of Bond Anticipation Notes, payable on a parity with all Outstanding Bonds (except as provided in Section 2.05(b)(2) below), may be authenticated and delivered upon original issuance from time to time in such Principal amount for each such Series as may be determined by the Issuer for the purpose of paying or providing for the payment of all or a portion of the Cost of Construction of a Project, or the refunding of Bond Anticipation Notes, or a combination of such purposes. Each such Series shall be in such Principal amount which, when taken together with funds previously used or to be provided by the Issuer for such Project, will provide the Issuer with sufficient funds to pay the estimated Cost of Construction of such Project, as set forth in the Written Certificate of the Issuer furnished pursuant to Section 2.05(c)(1). The Issuer hereby covenants to apply so much of the proceeds of the Bonds in anticipation of which such Bond Anticipation Notes have been issued as shall be necessary to provide for the payment of all Principal Installments on such Bond Anticipation Notes.

(b) (1) Each Supplemental Indenture authorizing the issuance of a Series of Bond Anticipation Notes (i) shall specify the Project for which the proceeds of such Series of Bond Anticipation Notes will be applied, and (ii) may require the Issuer to deposit a specified amount of money from the proceeds of the sale of such Series of Bond Anticipation Notes into a Project Account in the Construction Fund to pay when due all or a portion of the interest on such Series of Bond Anticipation Notes accrued and to accrue to the Estimated Completion Date set forth in the Written Certificate of the Issuer delivered with respect to such Series of Bond Anticipation Notes pursuant to Section 2.05(c)(1), plus interest to accrue on such Series of Bond Anticipation Notes after the Estimated Completion Date for up to one Year (or such different period as may then be permitted by law). Such Supplemental Indenture may also contain such limitations and restrictions on, and covenants and agreements of, the Issuer and such rights and remedies for the holders of such Series of Bond Anticipation Notes, as deemed necessary and desirable by the Issuer; *provided, however*, that such limitations, restrictions, covenants, agreements, rights and remedies shall not be contrary to or inconsistent with the limitations, restrictions, covenants, agreements, rights and remedies contained in this Indenture for the payment and security of any Bonds then Outstanding.

(2) If so provided in the Supplemental Indenture providing for the issuance of any Series of Bond Anticipation Notes, the payment of the Principal Installments on such Bond Anticipation Notes shall be subject to the prior lien and charge created herein for the payment of the Bonds out of the Bond Fund. In such case, such Supplemental

Indenture shall provide that each of such Subordinated Bond Anticipation Notes shall state on its face that the payment of Principal Installments thereof is so subordinated.

(3) No Bond Anticipation Notes shall mature later than five years from its date, including all refundings thereof by Bond Anticipation Notes (whether such refundings occur by reason of exchanges of Bond Anticipation Notes or by reason of payment of such Bond Anticipation Notes from refunding Bond Anticipation Notes, or otherwise).

(c) Each Series of Bond Anticipation Notes shall be authorized and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02 and Section 2.05(d) below) of the following documents, all dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(1) a Written Certificate of the Issuer setting forth the then Estimated Completion Date and the then estimated Cost of Construction of the Project being financed by such Series of Bond Anticipation Notes; and

(2) a Written Certificate of the Issuer to the effect that, upon the authentication and delivery of the Bond Anticipation Notes of such Series, no event will have occurred which, with the passage of time or the giving of notice, or both, would give rise to an Event of Default under the Indenture; *provided, however*, that in the case of refunding Subordinated Bond Anticipation Notes, the Issuer need not so certify with respect to the subordinated Principal Installments thereof.

(d) As of the date of issuance of any Series of Bond Anticipation Notes, the aggregate Principal amount of all Outstanding Bond Anticipation Notes (including such Series) shall never exceed the Principal amount of a hypothetical Series of Bonds which could be issued by the Issuer on such date in compliance with Section 2.03(d), having an assumed final maturity of twenty (20) years, bearing an assumed rate of interest equal to the highest rate then borne by any outstanding Bond Anticipation Notes and having Debt Service due in each Fiscal Year in approximately equal amounts; provided that if no Series of Bond Anticipation Notes are then Outstanding under the Indenture, the interest rate used for purposes of the calculation set forth in this Section 2.05(d) shall be the interest rate borne by the Series of Bond Anticipation Notes to be issued. Each Series of Bond Anticipation Notes shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02 and Section 2.05(c) above) of a Written Certificate of the Issuer, dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date), stating that the person signing each such certificate has reviewed and is familiar with the provisions of this Section 2.05(d) and that, in the opinion of such signer, the Bond Anticipation Notes then proposed to be issued by the Issuer can be duly and validly issued by the Issuer pursuant to the provisions hereof, assuming for purposes of compliance with Section 2.03(d) as required by the preceding sentence, that the Debt Service on the proposed Series of Bond Anticipation Notes is calculated on the basis of the hypothetical Series of Bonds as set forth in this Section 2.05(d).

Section 2.07. Provisions Regarding Bonds Secured by a Security Instrument. (a) The Issuer may include such provisions in a Supplemental Indenture authorizing the issuance of a Series of Bonds secured by a Security Instrument as the Issuer deems appropriate, including:

(1) So long as the Security Instrument is in full force and effect, and payment on the Security Instrument is not in default, (A) the Security Instrument Issuer shall be deemed to be the Holder of the Outstanding Bonds of such Series when the approval, consent or action of the Bondholders for such Series of Bonds is required or may be exercised under the Indenture and following an Event of Default, and (B) the Indenture may not be amended in any manner which affects the rights of such Security Instrument Issuer without its prior written consent.

(2) In the event that the Principal and Redemption Price, if applicable, and interest due on any Series of Bonds Outstanding shall be paid under the provisions of a Security Instrument, all covenants, agreements and other obligations of the Issuer to the Bondholders of such Series of Bonds shall continue to exist and such Security Instrument Issuer shall be subrogated to the rights of such Bondholders in accordance with the terms of such Security Instrument.

(b) In addition, such Supplemental Indenture may establish such provisions as are necessary to provide relevant information to the Security Instrument Issuer and to provide a mechanism for paying Principal Installments and interest on such Series of Bonds from the Security Instrument.

ARTICLE III

TERMS AND PROVISIONS OF BONDS

Section 3.01. Terms of Bonds. (a) The Principal and Redemption Price of the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Trustee or at the principal office of any Paying Agent or otherwise as provided in a Supplemental Indenture with respect to a Series of Bonds. Unless otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, payment of interest on any Bond shall be made to the registered owner thereof as of the close of business on the Record Date and shall be paid by check mailed to the registered owner thereof at the address of such registered owner as it appears on the registration books of the Issuer maintained by the Trustee or at such other address as is furnished to the Trustee in writing by such registered owner prior to the Record Date.

(b) Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, the Bonds of any Series shall be issued in fully-registered form without coupons. Each Series of Bonds shall be in such denominations as may be authorized by the Supplemental Indenture authorizing the issuance of the Bonds of such Series. A Supplemental Indenture may provide for the delivery of a Series of Bonds, issued in the form of a single fully-registered Bond, in installments to be noted by the Trustee in a delivery schedule attached to such Bond.

Anything in this Indenture to the contrary notwithstanding, a Supplemental Indenture may provide that Bonds issued in such single fully-registered form may be submitted to the Trustee for notation of payment of installments and for notation of transfer, without requiring cancellation of such single fully-registered Bond. Such Supplemental Indenture may provide for transfer of such Bonds to a new Holder by delivery after such notation, and without cancellation.

(c) The Bonds of each Series shall be dated as of the issue date specified in the Supplemental Indenture pursuant to which such Series of Bonds is issued. Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, each fully-registered Bond of any Series shall bear interest from the interest payment date next preceding the date of registration and authentication thereof unless it is registered as of an interest payment date, in which event it shall bear interest from the date thereof, or unless it is registered prior to the first interest payment date, in which event it shall bear interest from its date, or unless, as shown by the records of the Trustee, interest on the Bonds of such Series shall be in default, in which event it shall bear interest from the date to which interest has been paid in full.

(d) The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Indenture as may be necessary or desirable to comply with the Act, custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Issuer prior to the authentication and delivery thereof.

(e) From and after the issuance of the Bonds of any Series, the findings and determinations of the Board respecting that Series shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Bonds is at issue, and no bona fide purchaser of any such Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance, or to the application of the purchase price paid for such Bonds. The validity of the issuance of any Series of the Bonds shall not be dependent on or affected in any way by (1) any proceedings taken by the Issuer for the planning, acquisition, construction, reconstruction, modification or improvement of a Project, or (2) any contracts made by the Issuer in connection therewith, or (3) the failure to complete the planning, acquisition, construction, reconstruction, modification or improvement of a Project. The recital contained in the Bonds that the same are issued pursuant to the Act shall be conclusive evidence of their validity and of the regularity of their issuance and all the Bonds shall be incontestable from and after their issuance. Bonds shall be deemed to be issued, within the meaning of the Indenture, whenever the definitive Bonds, or any temporary Bonds exchangeable therefor, have been delivered to the purchasers thereof, and the purchase price thereof received, or in the case of Bonds to be refunded through exchange, whenever such exchange has been made.

Section 3.02. Execution of Bonds. (a) The Bonds shall be signed on behalf of the Issuer by the manual or facsimile signature of the Chair. The Bonds shall then be delivered to the Trustee for manual authentication by it or by any Transfer Agent. In case any officer who shall have signed or attested any of the Bonds shall cease to be such officer before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or by any Transfer Agent or issued by the Issuer, such Bonds may nevertheless be authenticated, delivered and

issued and, upon such authentication, delivery and issuance, shall be as binding upon the Issuer as though such person who signed or attested the same had continued to be such officer of the Issuer. Also, any Bond may be signed or attested on behalf of the Issuer by any person who on the actual date of the execution of such Bond shall be the proper officer of the Issuer, although on the nominal date of such Bond any such person shall not have been such officer of the Issuer.

(b) Only such of the Bonds as shall bear thereon a certificate of authentication, executed by the Trustee or by any Transfer Agent, shall be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such certificate of the Trustee or of any Transfer Agent shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered under, and are entitled to the benefits of, the Indenture and that the Holder thereof is entitled to the benefits of the Indenture.

Section 3.03. Transfer of Fully-Registered Bonds. Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds:

(a) Any fully-registered Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 3.05, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation or, if applicable, notation of the new Holder together with the signature of the Trustee or any applicable Transfer Agent on the back of such Bond or on a form of record attached to such Bond for such purpose, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed.

(b) Whenever any fully-registered Bond shall be surrendered for transfer, the Trustee or any Transfer Agent shall authenticate and deliver a new fully-registered Bond or Bonds duly executed by the Issuer, for like aggregate principal amount or, if applicable, shall deliver the same Bond, duly annotated with the new Holder and signed by the Trustee or any applicable Transfer Agent on the back of such Bond or on a form of record attached to such Bond for such purpose. The Trustee or any Transfer Agent shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

(c) The Issuer, the Trustee and any Transfer Agent shall not be required (1) to issue, register the transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Bonds selected for redemption under Article IV and ending at the close of business on the day of such mailing, or (2) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part.

Section 3.04. Exchange of Bonds. Fully-registered Bonds may be exchanged at the principal corporate trust office of the Trustee or of any Transfer Agent for a like aggregate Principal amount of fully-registered Bonds of the same Series and maturity of other authorized denominations. The Trustee or any Transfer Agent shall require the payment by the Bondholder

requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, no such exchange shall be required to be made between each Record Date and the succeeding interest payment date.

Section 3.05. Bond Registration Books. The Trustee will keep or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Issuer; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

Section 3.06. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Issuer, at the expense of the Holder of such Bond, shall execute, and the Trustee or any Transfer Agent, shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee or any Transfer Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee or any Transfer Agent shall be cancelled by it and delivered to, or upon the order of, the Issuer. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Issuer and the Trustee and, if such evidence be satisfactory to both and indemnity as required by the Act or Utah law and satisfactory to the Trustee shall be given, the Issuer, at the expense of the owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof). Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an additional contractual obligation of the Issuer, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds of the same Series secured by the Indenture. Neither the Issuer nor the Trustee shall be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the Principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and duplicate Bond shall be treated as one and the same.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Privilege of Redemption of Bonds. Any Series of Bonds subject to redemption prior to maturity pursuant to a Supplemental Indenture shall be redeemable, upon notice being given, at such times, at such Redemption Prices and upon such terms as provided in this Article and (in addition to and consistent with the terms contained in this Article) as may be specified in the Supplemental Indenture authorizing the issuance of the Bonds of such Series.

Section 4.02. Selection of Bonds for Redemption. Except as otherwise provided in a Supplemental Indenture:

(a) If less than all of the Bonds of any Series are called for redemption and if the Bonds of such Series shall mature on more than one date, the Bonds of such Series shall be redeemed from the Outstanding Bonds of such Series from such maturities as shall be determined by the Issuer in its discretion.

(b) If less than all of the Bonds of any Series maturing on any single date are called for redemption, the Trustee shall select the Bonds to be redeemed, from the Outstanding Bonds of such Series maturing on that date not previously called for redemption, in such manner as in the Trustee's sole discretion it shall deem appropriate and fair; *provided, however*, that subject to other applicable provisions of the Indenture or of any Supplemental Indenture, the portion of any Bond to be redeemed shall be in a Principal amount equal to a denomination in which Bonds of such Series are authorized to be issued. In selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the Principal amount of each Bond by the minimum denomination in which Bonds of such Series are authorized to be issued. If part but not all of a Bond shall be selected for redemption, the Holder thereof or his attorney or legal representative shall present and surrender such Bond to the Trustee for payment of the Redemption Price on the portion thereof so called for redemption. The Issuer shall execute and the Trustee or any Transfer Agent shall authenticate and deliver to or upon the order of such Holder or his legal representative, without charge therefor, a Bond or Bonds of the same maturity and bearing interest at the same rate as the Bond so surrendered for the unredeemed portion of the surrendered Bond. The Trustee shall promptly notify the Issuer in writing of the Bonds or portions thereof selected for redemption.

Section 4.03. Notice of Redemption. Except as otherwise provided in a Supplemental Indenture:

(a) Notice of redemption shall be given by first-class mail, postage prepaid, not less than 30 nor more than 45 days before such redemption date, to the registered owner of such Bond, at his address as it appears on the bond registration books of the Trustee or at such address as he may have filed with the Trustee for that purpose, and shall be sent by registered mail to the member whose name appears first in the underwriting syndicate purchasing the Series of Bonds from which any Bond is to be redeemed and to any Security Instrument Issuer or Reserve Instrument Issuer with respect to such Series of Bonds, but neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds. Each notice of redemption shall state the redemption date, the place of redemption, the source of the funds to be used for such redemption, the Principal amount and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the distinctive numbers of the Bonds to be redeemed, and shall also state that the interest on the Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the Redemption Price thereof and interest accrued thereon to the redemption date.

(b) Notice of redemption shall be given by the Trustee for and on behalf and at the expense of the Issuer, at the Written Request of the Issuer (which request shall be given to the Trustee at least 45 days prior to the date fixed for redemption). With respect to any notice of optional redemption of Bonds, unless upon the giving of such notice such Bonds shall be deemed to have been paid within the meaning of Article XI hereof, such notice may state that such redemption shall be conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the Redemption Price of and interest on the Bonds to be redeemed, and that if such money shall not have been so received said notice shall be of no force and effect, and the Issuer shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made. Unless the notice of redemption contains such a condition, the Issuer shall deposit with, or otherwise make available to, the Trustee the money required for payment of the Redemption Price of and the accrued interest to the redemption date on all Bonds then to be called for redemption at least two days before the date fixed for such redemption.

Section 4.04. Effect of Redemption; Disposition of Redeemed Bonds; Partial Redemption. Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds:

(a) If notice of redemption has been duly given as aforesaid, and moneys for payment of the Redemption Price, together with interest to the redemption date on the Bonds so called for redemption, are held by the Trustee, then such Bonds shall, on the redemption date designated in such notice, become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the redemption date; and from and after the date so designated interest on the Bonds so called for redemption shall cease to accrue.

(b) All Bonds redeemed in whole or in part pursuant to the provisions of this Article shall be cancelled by the Trustee or any Transfer Agent and shall thereafter be delivered to, or upon the order of, the Issuer.

(c) Upon surrender of any registered Bond redeemed in part only, the Issuer shall duly execute and the Trustee or any Transfer Agent shall authenticate and deliver to the registered owner thereof, at the expense of the Issuer, a new Bond or Bonds of the same Series and maturity and of authorized denominations equal in aggregate Principal amount to the unredeemed portion of the Bond surrendered.

ARTICLE V

PLEDGE OF REVENUES; ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 5.01. *The Pledge Effected by the Indenture.* The Bonds and the Repayment Obligations are special obligations of the Issuer payable from and secured by the Revenues and funds pledged therefor. There are hereby pledged for the payment of Principal, Redemption Price of and interest on the Bonds and of Repayment Obligations, in accordance with their terms and the provisions of the Indenture, subject only to the provisions of the Indenture permitting the application of Revenues for the purposes and on the terms and conditions set forth in the Indenture, (1) the proceeds of sale of the Bonds, (2) the Revenues, and (3) all Funds (other than the Rebate Fund and the Operation and Maintenance Fund), including the investments, if any, thereof, subject to any required rebate of all or a portion of the earnings on such investments to the United States of America pursuant to the requirements of Section 148(f) of the Code.

Section 5.02. *Establishment of Funds.* The following Funds are hereby established and/or confirmed:

- (1) Construction Fund, to be held by the Trustee,
- (2) Revenue Fund, to be held by the Issuer,
- (3) Operation and Maintenance Fund, to be held by the Issuer, and
- (4) Bond Fund, to be held by the Trustee, consisting of (A) a Debt Service Account in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds and any related Security Instrument Repayment Obligations, and (B) a Debt Service Reserve Account in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds for which a Debt Service Reserve Requirement has been established.

The Issuer may, by Supplemental Indenture, establish one or more additional Funds or accounts.

Section 5.03. *Construction Fund.* (a) There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Indenture or any Supplemental Indenture.

(b) The Trustee shall establish within the Construction Fund a separate Project Account for each Project and may establish one or more subaccounts in each Project Account.

(c) The proceeds of insurance maintained in connection with a Project during the period of construction of such Project against physical loss of or damage to properties of the System, or of contractors' performance bonds with respect thereto, pertaining to the period of construction thereof, shall be paid into the appropriate Project Account in the Construction Fund.

(d) Amounts in each Project Account in the Construction Fund established for a Project shall be applied to pay the Cost of Construction of the Project. In the event and to the extent that proceeds of the sale of Bonds were deposited in a Project Account pursuant to Section 2.03(b)(2) to provide for the payment of capitalized interest, the Trustee shall, without further direction, during the period for which interest was capitalized, transfer from the Project Account and deposit into the appropriate Series Subaccount in the Debt Service Account, the amounts required to pay interest on the Bonds when due, subject to any limitations contained in the Supplemental Indenture authorizing such Bonds.

(e) Before any payment is made from any Project Account by the Trustee (except for transfers into Series Subaccounts in the Debt Service Account to pay interest on the Bonds as contemplated in (d) above), the Issuer shall file with the Trustee a Written Request of the Issuer, showing with respect to each payment to be made, the name of the person to whom payment is due and the amount to be paid, and stating that the obligation to be paid was incurred and is a proper charge against the Project Account. Each such Written Request shall be sufficient evidence to the Trustee that: (A) obligations in the stated amounts have been incurred by the Issuer and that each item thereof is a proper charge against the applicable Project Account; and (B) there has not been filed with or served upon the Issuer notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in such Written Request which has not been released or will not be released simultaneously with the payment of such obligation other than materialmen's or mechanics' liens accruing by mere operation of law.

(f) Upon receipt of each such Written Request, the Trustee shall pay the amounts set forth therein as directed by the terms thereof.

(g) The Issuer shall maintain on file with the Trustee a schedule of dates on which the Issuer estimates that money in each Project Account in the Construction Fund will be expended and the amounts estimated to be required on those dates. The Issuer may revise such schedule at any time to reflect changes in the estimated dates and amounts. Amounts in the Construction Fund shall be invested and reinvested by the Trustee in accordance with instructions received from an Authorized Officer of the Issuer to the fullest extent practicable in Investment Securities (or, to the extent permitted by a Supplemental Indenture executed and delivered pursuant to Section 10.02(a)(3), in other investments) maturing in such amounts and at such times as may be necessary to make funds available when needed. The Trustee may, and to the extent required for payments from the Construction Fund shall, sell any such Investment Securities at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the applicable Project Account in the Construction Fund.

(h) Subject to any required rebate of earnings on investments to the United States of America pursuant to Section 148(f) of the Code, all net income earned on any moneys or investments in the Project Account established in the Construction Fund for a Project shall be held in such Project Account for the purposes thereof unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds.

(i) The Completion Date of a Project shall be evidenced by a Written Certificate of the Issuer, which shall be filed with the Trustee as soon as practicable upon completion of the Project, stating (1) that such Project has been completed substantially in accordance with the plans and specifications applicable thereto, as from time to time amended, (2) the date of such Completion Date and (3) the amounts, if any, required in the opinion of the signer or signers for the payment of any remaining part of the Cost of Construction of such Project. Upon the filing of such Written Certificate of the Issuer, the balance in the Project Account in the Construction Fund in excess of the amount, if any, stated in such Certificate and if, subsequent to the filing of such Certificate, a supplemental Written Certificate of the Issuer is filed with the Trustee stating that the balance of the money remaining in the Construction Fund is no longer needed to pay Costs of Construction of such Project, any remaining balance in the Project Account in the Construction Fund shall, to the extent permitted under applicable law and covenants regarding the use of proceeds of the Bonds, be (i) used to purchase Bonds as provided in Section 5.10, (ii) deposited into the Debt Service Reserve Account to fund any amounts required to be deposited therein, (iii) deposited into the Debt Service Account, (iv) transferred into another Project Account to pay Costs of Construction of a Project or (v) used for any other purpose for which proceeds of Bonds may be used under applicable law and covenants regarding the use of proceeds of Bonds.

Section 5.04. Revenues and Revenue Fund. All Revenues shall be deposited promptly by the Issuer to the credit of the Revenue Fund, except that the proceeds of any interest subsidy with respect to the Bonds received from the United States Government may be deposited directly into the Bond Fund for credit to the Debt Service Account. The Revenues shall be held and invested in accordance with applicable provisions of law governing the deposit and investment of the Issuer's funds, and the moneys credited to the Revenue Fund shall be expended only in the manner herein specified.

Section 5.05. Operation and Maintenance Fund; Payment of Operation and Maintenance Costs. (a) The Operation and Maintenance Costs shall be paid by the Issuer from time to time as they become due and payable from moneys in the Operation and Maintenance Fund.

(b) From and after the delivery of the first Series of Bonds under the Indenture, the Issuer shall from time to time transfer from the Revenue Fund or any other legally available moneys and deposit into the Operation and Maintenance Fund such amounts as shall be necessary to maintain on deposit in the Operation and Maintenance Fund not less than the amount required by subsection (c) of this Section.

(c) The Board shall determine, at least annually, the amount of working capital reasonably required for the efficient operation and maintenance of the System, which amount shall be not less than an amount reasonably estimated to pay the Operation and Maintenance Costs of the System for [three] calendar months.

Section 5.06. Flow of Funds. (a) After making any transfers to the Operation and Maintenance Fund required by Section 5.05(e), the Issuer shall, on or before the fifth Business Day preceding the end of each month, withdraw from the Revenue Fund to the extent available

and deposit in the following order and in the following amounts, moneys or Investment Securities which mature or are redeemable at the option of the holder prior to the date when it is anticipated that the proceeds from such Investment Securities are to be disbursed:

(1) for credit to the Debt Service Account, the amount, if any, required so that the balance in each of the separate Series Subaccounts therein shall equal the Accrued Debt Service on the Series of Bonds and, to the extent required by the Supplemental Indenture creating such Series Subaccount, on any Security Instrument Repayment Obligations for which such Series Subaccount was established; *provided*, that if there are not sufficient moneys to satisfy the requirements of this subsection (1) with respect to all Series Subaccounts in the Debt Service Account, all moneys available for distribution among such Series Subaccounts shall be deposited into the Debt Service Account and distributed on a pro rata basis to the deficient Series Subaccounts in the Debt Service Account, such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency for each such Series Subaccount bears to the total deficiency for all such Series Subaccounts; and *provided further*, that in the event and to the extent moneys have been deposited in any Project Account pursuant to Section 2.03(b)(2), such moneys shall be transferred from the appropriate Project Account and deposited into the appropriate Series Subaccount in the Debt Service Account in an amount sufficient to cause the balance in such Series Subaccount to equal the interest component of such Accrued Debt Service; and

(2) for credit to each Series Subaccount established within the Debt Service Reserve Account, the amount, if any, necessary to satisfy the applicable Debt Service Reserve Requirement or such other amount required to be deposited therein pursuant to the Supplemental Indenture under which such Series Subaccount was established (including the payment of Reserve Instrument Repayment Obligations to the extent provided for by such Supplemental Indenture); *provided* that if there are not sufficient moneys to satisfy the requirements of this subsection (2) with respect to all Series Subaccounts in the Debt Service Reserve Account, all moneys available for distribution among such Series Subaccounts shall be deposited into the Debt Service Reserve Account and distributed on a pro rata basis to the deficient Series Subaccounts in the Debt Service Reserve Account, such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency for each such Series Subaccount bears to the total deficiency for all such Series Subaccounts;

provided, however, that so long as there shall be held in the Bond Fund, an amount (excluding any Reserve Instrument Coverage) sufficient to pay in full all Outstanding Bonds and all outstanding Repayment Obligations in accordance with their terms (including Principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Bond Fund.

(b) Amounts remaining in the Revenue Fund at the end of each month after payment of the amounts required by paragraphs (1) and (2) of subsection (a) of this Section to be deposited into the Bond Fund may be applied by the Issuer, free and clear of the lien of the Indenture, to any one or more of the following, to the extent permitted by law: (1) the purchase or redemption

of any Bonds and payment of expenses in connection with the purchase or redemption of any Bonds; (2) payments of Principal or redemption price of and interest on any bonds, including junior lien revenue bonds, of the Issuer or Principal Installments on Subordinated Bond Anticipation Notes, issued to acquire improvements or extensions to the System; (3) payments into any Project Account or Accounts established in the Construction Fund for application to the purposes of such Accounts; (4) payment of the costs of capital improvements to the System; and (5) any other lawful purpose of the Issuer.

(c) Upon any purchase or redemption, pursuant to subsection (b) of this Section, of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, the Principal amount of such Bonds shall be credited toward such Sinking Fund Installments in inverse chronological order of their due dates, unless the Issuer shall elect to have the Sinking Fund Installments credited as provided in Section 5.09.

Section 5.07. Bond Fund - Debt Service Account. (a) Each Supplemental Indenture providing for the issuance of a Series of Bonds shall establish a separate Series Subaccount in the Debt Service Account for each such Series of Bonds issued, which Series Subaccount may be subdivided as provided in such Supplemental Indenture. Subject to the provisions of the Supplemental Indenture authorizing the issuance of any Series of Bonds, any payments made by a Security Instrument Issuer with respect to a Series of Bonds shall be deposited into the Series Subaccount relating to such Series of Bonds.

(b) The Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to the respective Paying Agents: (1) on or before each interest payment date, the amount required for the interest payable on such date; (2) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (3) on or before any redemption date, the amount required for the payment of interest and Redemption Price on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents to pay Principal Installments and Redemption Price of, and interest on the related Series of Bonds.

(c) Whenever there is a Security Instrument Repayment Obligation due and payable to any Security Instrument Issuer pursuant to the terms and provisions of a related Security Instrument Agreement, the Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to such Security Instrument Issuer an amount equal to such Security Instrument Repayment Obligation. If payment is so made to a Security Instrument Issuer, a corresponding payment on any Pledged Bonds held for the benefit of the Security Instrument Issuer shall not be made but shall be deemed to have been made (without requiring an additional payment by the Issuer) and the Trustee shall keep its records accordingly.

(d) Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, amounts accumulated in a Series Subaccount in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) shall, if so directed by the Issuer in a Written Request not less than 60 days before the due date of such Sinking Fund Installment, be applied by the Trustee to (1) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (2) the redemption at

the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms, or (3) any combination of (1) and (2). All purchases of any Bonds pursuant to this subsection (d) shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Issuer shall direct the Trustee. The applicable sinking fund Redemption Price (or Principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of a Series Subaccount in the Debt Service Account until such Sinking Fund Installment date, for the purpose of calculating the amount of such Series Subaccount. After the 60th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date, by giving notice as required by the Indenture, Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the Issuer as an Operation and Maintenance Cost.

Section 5.08. Bond Fund - Debt Service Reserve Account. (a) Each Supplemental Indenture providing for the issuance of a Series of Bonds shall establish in the Debt Service Reserve Account a separate Series Subaccount for such Series of Bonds if there is a Debt Service Reserve Requirement for such Series of Bonds. Such Supplemental Indenture shall specify the Debt Service Reserve Requirement for such Series Subaccount. Subject to any limitations contained in a Supplemental Indenture, the Issuer may satisfy any Debt Service Reserve Requirement for a Series of Bonds by means of a Reserve Instrument (or may substitute one Reserve Instrument for another); *provided, however*, that if such Series of Bonds is Outstanding and there is a rating in effect for such Series of Bonds, the Issuer shall provide to the Trustee written evidence satisfactory to the Trustee from each Rating Agency then having a rating in effect for such Series of Bonds to the effect that the Rating Agency has reviewed the proposed Reserve Instrument and that the use of such Reserve Instrument (or the substitution of one Reserve Instrument for another, as appropriate) will not, by itself result in a reduction or withdrawal of such Rating Agency's rating of such Series of Bonds.

(b) If on the final Business Day of any month, after the deposit of moneys required by Section 5.06(a)(1), the amount in any Series Subaccount in the Debt Service Account shall be less than the amount required to be in such Series Subaccount, the Trustee shall (1) apply amounts from the corresponding Series Subaccount, if any, in the Debt Service Reserve Account to the extent necessary to make good the deficiency, and (2) to the extent that moneys and investments available in the corresponding Series Subaccount, if any, in the Debt Service Reserve Account are not sufficient to eliminate the deficiency in the Series Subaccount in the Debt Service Account and Reserve Instruments are in effect for the corresponding Series of Bonds, immediately make a demand for payment on all such Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up

such deficiency, and immediately deposit such payment upon receipt thereof in the appropriate Series Subaccount in the Debt Service Account.

(c) Whenever the moneys on deposit in a Series Subaccount in the Debt Service Reserve Account for a Series of Bonds, including investment earnings and Reserve Instrument Coverage with respect thereto, shall exceed the Debt Service Reserve Requirement for all Outstanding Bonds of such Series and related Repayment Obligations, any excess moneys shall be transferred by the Trustee and deposited into the Revenue Fund.

(d) Whenever the amount in a Series Subaccount in the Debt Service Reserve Account, excluding any Reserve Instrument Coverage, together with the amount in the corresponding Series Subaccount in the Debt Service Account for a Series of Bonds, is sufficient to pay in full all Outstanding Bonds of such Series and related Repayment Obligations in accordance with their terms (including Principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in such Series Subaccount in the Debt Service Reserve Account shall be transferred to the corresponding Series Subaccount in the Debt Service Account and no deposits shall be required to be made into such Series Subaccount in the Debt Service Reserve Account.

(e) Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, in calculating the amount on deposit in a Series Subaccount in the Debt Service Reserve Account, the amount of the Reserve Instrument Coverage for the corresponding Series of Bonds will be treated as an amount on deposit in such Series Subaccount in the Debt Service Reserve Account.

(f) Unless otherwise specified in the Supplemental Indenture authorizing a Series of Bonds, no Reserve Instrument for such Series of Bonds shall be allowed to expire unless and until cash has been deposited into the appropriate Series Subaccount in the Debt Service Reserve Account, or a new Reserve Instrument has been issued in place of the expiring Reserve Instrument, in an amount or to provide coverage at least equal to the Debt Service Reserve Requirement for the corresponding Series of Bonds.

Section 5.09. Purchase of Bonds. The Issuer may purchase Bonds of any Series from any available funds at public or private sale, as and when and at such prices as the Issuer may in its discretion determine, but at a price (excluding accrued interest) not exceeding the Principal amount thereof, or in the case of Bonds which by their terms are subject to redemption prior to maturity, at the then current or first applicable Redemption Price (excluding accrued interest), as the case may be. All Bonds so purchased shall at such times as shall be selected by the Issuer be delivered to and cancelled by the Trustee or any Transfer Agent and shall thereafter be delivered to, or upon the order of, the Issuer, and no Bonds shall be issued in place thereof. In the case of the purchase of Bonds of a Series and maturity for which Sinking Fund Installments shall have been established, the Issuer shall, by a Written Request of the Issuer delivered to the Trustee, elect the manner in which the Principal amount of such Bonds shall be credited toward Sinking Fund Installments.

ARTICLE VI

COVENANTS OF THE ISSUER

Section 6.01. Punctual Payment of Bonds. The Issuer will punctually pay or cause to be paid the Principal or Redemption Price and the interest to become due in respect of all the Bonds and any Repayment Obligations, in strict conformity with the terms of the Bonds, any Security Instrument Agreement, any Reserve Instrument Agreement and the Indenture, and the Issuer will punctually pay or cause to be paid all Sinking Fund Installments which may be established for any Series of Bonds.

Section 6.02. Construction of Projects. Once the Issuer has determined to construct a Project and issued Bonds with respect to such Project, the Issuer will promptly commence, or cause to be commenced, the construction of such Project and will continue, or cause to be continued, the same to completion with all practicable dispatch, and such Project will be constructed in a sound and economic manner, except as otherwise provided in Section 6.14.

Section 6.03. Against Encumbrances. The Issuer will not create, and will use its best efforts to prevent the creation of, any mortgage or lien upon the System or any property essential to the proper operation of the System or to the maintenance of the Revenues; *provided, however*, that this provision shall not prohibit the Issuer from entering into lease purchase contracts, installment purchase contracts or similar arrangements to finance the acquisition of additions to the System. The Issuer will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Revenues that is senior to or on a parity with the Bonds, except as provided in or permitted by the Indenture.

Section 6.04. Against Sale or Other Disposition of Property Except Under Conditions. The Issuer will not sell or otherwise dispose of any property essential to the proper operation of the System or the maintenance of the Revenues, *provided* that this covenant shall not be construed to prevent the disposal by the Issuer of property which in its judgment has become inexpedient to use in connection with the System; *provided further* that this covenant shall not apply to the sale or other disposition of (a) any property constituting part of the System that has a fair market value equal to or less than 2% of the fair market value of the System or (b) property constituting part of the system that has a fair market value greater than 2% of the fair market value of the system if the Issuer shall first file with the Trustee a Written Certificate of the Issuer, demonstrating that immediately subsequent to such sale or disposition, and after giving effect to the loss of Revenues (including any change in Operation and Maintenance Costs), if any, resulting from such sale or other disposition and for the remainder of the Fiscal Year in which such sale or other disposition is consummated and in the next succeeding Fiscal Year, the Estimated Net Revenues of the System will be not less than the Rate Covenant Requirement. The Issuer will not enter into any lease or other agreement which impairs or impedes the operation of the System or which impairs or impedes the rights of the Bondholders, Security Instrument Issuers and Reserve Instrument Issuers with respect to the Revenues. The Trustee shall have no responsibility with respect to any such leases or agreements entered into by the Issuer.

Section 6.05. Operation and Maintenance. The Issuer will cause the System to be operated continuously in an efficient and economical manner, to the extent practicable under conditions as they may from time to time exist, and will at all times cause the System to be maintained, preserved and kept in good repair, working order and condition, and the Issuer will from time to time cause to be made all necessary and proper repairs and replacements so that the rights and security of the Holders of the Bonds, Security Instrument Issuers and Reserve Instrument Issuers may be fully protected and preserved.

Section 6.06. Maintenance of Revenues. (a) The Issuer will at all times:

(1) faithfully and punctually perform all duties with reference to the System required by the constitution and laws of the State; and

(2) comply with all terms, covenants and provisions, express or implied, of all contracts and agreements entered into by it for System use and services and all other contracts or agreements affecting or involving the System or the business of the Issuer with respect thereto.

The Issuer shall promptly collect all charges due for System use, service and output supplied by it as the same become due, and shall at all times maintain and promptly and vigorously enforce its rights against any Member who does not pay such charges when due; *provided, however,* that this paragraph shall not be construed as requiring the Issuer to incur expenses for such collection or enforcement that, in the Issuer's reasonable judgment, will not likely result in the collection of moneys at least sufficient to pay such expenses.

(b) The Issuer will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further accounts, instruments and transfers as the Trustee may reasonably require for the better assuring, pledging and confirming to the Trustee all and singular the Revenues and the other amounts pledged hereby to the payment of the principal of, Redemption Price and interest on the Bonds and the Repayment Obligations. The Issuer will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Revenues, except as otherwise permitted hereunder.

(c) The Issuer will not permit service to be supplied by the System, to any person, firm, corporation, public or private, or to any public agency or instrumentality without due consideration to be received in exchange. All payments so made shall be considered Revenues and shall be applied in the manner hereinabove provided for the application of Revenues.

Section 6.07. Observance of Laws and Regulations. The Issuer will well and truly keep, observe and perform all valid and lawful obligations or orders or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State of Utah, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege, license or franchise now owned or hereafter acquired by the Issuer, including its right to exist and carry on business, to the end that such rights, privileges, licenses and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired; *provided, however,* that

the Issuer shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

Section 6.08. Payment of Taxes and Claims. The Issuer will, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon any of the properties of the System or upon the Revenues, when the same shall become due, and will duly observe and conform to all valid requirements of any governmental authority relative to any such properties. The Issuer will keep the System and all parts thereof free from judgments, mechanics' and materialmen's liens (except those arising by mere operation of law from the construction of any Project and other improvements of the System) and free from all other liens, claims, demands and encumbrances of whatsoever prior nature or character, to the end that the priority of the lien of the Indenture on the Revenues may at all times be maintained and preserved and free from any claim or liability which might embarrass or hamper the Issuer in conducting its business.

Section 6.09. Insurance. Subject in each case to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(a) The Issuer will secure and maintain ordinary and necessary insurance on such of the physical properties of the System as are normally insured by public entities engaged in the operation of similar properties, except that the Issuer may in its discretion be a self-insurer of any risk;

(b) The Issuer will secure and maintain adequate fidelity insurance or bonds on all officers and employees handling or responsible for funds of the Issuer related to the System; and

(c) The Issuer will place on file with the Trustee annually within 180 days after the close of each Fiscal Year, a Written Statement of the Issuer containing a summary of all insurance policies then in effect with respect to the System and the Issuer's officers and employees.

Section 6.10. Accounts and Reports. (a) The Issuer will at all times keep, or cause to be kept, proper books of record and accounts, separate and apart from all other records and accounts of the Issuer, in which complete and accurate entries shall be made of all transactions relating to the System and the Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee, the Holders of not less than 5% of the Bonds then Outstanding, any Security Instrument Issuer, any Reserve Instrument Issuer, any party specified by a Supplemental Indenture, or their representatives authorized in writing.

(b) The Issuer will place on file with the Trustee and with any party specified by a Supplemental Indenture annually within 180 days after the close of each Fiscal Year, a financial statement in reasonable detail for the preceding Fiscal Year showing the Revenues, all expenditures from the Revenues for Operation and Maintenance Costs and other expenditures from the Revenues applicable to the System and the resulting Net Revenues available for Debt Service, together with a balance sheet in reasonable detail reflecting the financial condition of

the System, including the balances of all Funds relating to the System as of the end of each Fiscal Year, which financial statement and balance sheet shall be accompanied by an accountant's certificate, *provided, however*, that the Trustee shall have no responsibility to review or interpret such financial statements.

(b) The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Indenture shall be available for inspection of Bondholders, Security Instrument Issuers and Reserve Instrument Issuers at the principal corporate trust office of the Trustee and, upon the Written Request of the Issuer, shall be mailed to each Bondholder, Security Instrument Issuer, Reserve Instrument Issuer, investment banker, security dealer or other person interested in the Bonds who shall file a written request therefor with the Issuer.

(d) The Issuer shall file with the Trustee and with any party specified by a Supplemental Indenture (1) immediately upon becoming aware of any Event of Default or other default in the performance by the Issuer of any covenant, agreement or condition contained in the Indenture, a Written Certificate of the Issuer specifying such default; and (2) not later than 180 days following the end of each Fiscal Year a Written Certificate of the Issuer stating that, to the best of the knowledge and belief of the Authorized Officer of the Issuer executing such Written Certificate, except for any default then existing which shall have been specified in the Written Certificate of the Issuer referred to in (1) above, the Issuer has kept, observed, performed and fulfilled each and every one of its covenants and obligations contained in the Indenture and there does not exist at the date of such Written Certificate any default by the Issuer under the Indenture or any Event of Default or other event which, with the lapse of time specified in Section 9.01, would become an Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

Section 6.11. Rates and Charges. (a) In order to assure full and continuous performance of the covenants contained in Section 6.01 and Section 6.06 with a margin for contingencies and temporary unanticipated reduction in Revenues, the Issuer covenants and agrees to establish, fix, prescribe and collect rates, charges and fees for the sale or use of System services furnished by the Issuer which, together with other income, are reasonably expected to yield Net Revenues which are at least equal to the Rate Covenant Requirement for the forthcoming Fiscal Year. The term "*Rate Covenant Requirement*" means an amount of Revenues:

(1) which, for such Fiscal Year, are, exclusive of Other Available Revenues, at least equal to the sum of (a) 100% of the Aggregate Debt Service, excluding amounts payable on Repayment Obligations for the forthcoming Fiscal Year, (b) 100% of the Repayment Obligations, if any, which will be due and payable during the forthcoming Fiscal Year, and (c) 100% of the amounts, if any, required by the Indenture to be deposited by the Issuer into the Debt Service Reserve Account during the forthcoming Fiscal Year,

(2) which, together with any Other Available Revenues, is at least equal to the sum of (a) 105% of the Aggregate Debt Service excluding amounts payable on Repayment Obligations for the forthcoming Fiscal Year, (b) 100% of the Repayment Obligations, if any, which will be due and payable during the forthcoming Fiscal Year,

and (c) 100% of the amounts, if any, required by the Indenture to be deposited by the Issuer into the Debt Service Reserve Account during the forthcoming Fiscal Year.

(b) If the annual financial statement made in accordance with the provisions of Section 6.10(b) relating to Revenues discloses that during the period covered by such financial statement the Net Revenues were not at least equal to the Rate Covenant Requirement, the Issuer shall not be in default under this Section if, within 90 days after the date of such financial statement the Issuer revises the schedule of rates, charges and fees, insofar as is practicable, and revises Operation and Maintenance Costs, so as to produce Net Revenues at least equal to the Rate Covenant Requirement.

Section 6.12. Maintenance of Paying Agents. The Trustee shall pay to the Paying Agents, to the extent of the moneys held by the Trustee for payment, funds for the prompt payment of the Principal and Redemption Price of and interest on the Bonds.

Section 6.13. Eminent Domain. If all or any part of the System shall be taken by eminent domain proceedings or conveyance in lieu thereof, the net proceeds realized by the Issuer therefrom shall be deposited with the Trustee in a special fund in trust and shall be applied and disbursed by the Trustee subject to the following conditions:

(a) If such funds are sufficient to provide for the payment of the entire amount of Principal due or to become due upon all of the Outstanding Bonds, together with all of the interest due or to become due thereon and any redemption premiums thereon, so as to enable the Issuer to retire all of the Bonds then Outstanding, either by call and redemption at the then current Redemption Prices or by payment at maturity or partly by redemption prior to maturity and partly by payment at maturity, and to pay all Repayment Obligations, the Trustee shall apply such moneys to such retirement or payment, as appropriate, and to the payment of such interest. Pending the application of such proceeds for such purpose, such moneys shall be invested by the Trustee in Government Obligations. The balance of such moneys, if any, shall be transferred to the Issuer.

(b) If such proceeds are insufficient to provide the moneys required for the purposes set forth in subsection (a) of this Section, the Issuer shall file with the Trustee a Written Request of the Issuer requesting the Trustee to apply such proceeds for one of the following purposes:

(1) If such Written Request requests the Trustee to apply such proceeds to the purchase, redemption or retirement of Bonds, the Trustee shall apply such proceeds to the purchase, redemption or retirement of Bonds then Outstanding. If more than one Series of Bonds is then Outstanding, such proceeds shall be applied pro rata to the purchase, redemption or retirement of the Bonds of each such Series, in the proportion which the Principal amount of Bonds of each such Series then Outstanding bears to the aggregate Principal amount of all Bonds then Outstanding. Pending the application of such proceeds for such purpose, such moneys shall be invested by the Trustee in Government Obligations.

(2) If such Written Request requests the Trustee to deliver such proceeds to the Issuer to apply to the cost of additions, betterments, extensions or improvements to the System, the Issuer shall also file with the Trustee a Written Certificate of the Issuer showing the loss in annual Revenues, if any, suffered, or to be suffered, by the Issuer by reason of such eminent domain proceedings, together with a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired or constructed by the Issuer from such proceeds. If, in the opinion of the Issuer (evidenced by a Written Certificate of the Issuer filed with the Trustee), which shall be final, the additional Revenues to be derived from such additions, betterments, extensions or improvements will sufficiently offset the loss of Revenues resulting from such eminent domain proceedings so that the ability of the Issuer to meet its obligations hereunder will not be substantially impaired, the Trustee shall pay such proceeds to the Issuer. The Issuer shall hold such proceeds in trust and apply them to the acquisition or construction of the additions, betterments, extensions or improvements substantially in accordance with the Written Certificate of the Issuer. The Issuer shall acquire or construct such additions or improvements in a sound and economic manner and as expeditiously as is practicable. Any balance of such proceeds not required by the Issuer for the purposes aforesaid shall be deposited into the Revenue Fund.

(3) If such Written Request requests the Trustee to deposit such proceeds into the Revenue Fund upon the basis that such eminent domain proceedings have had no effect, or at the most a relatively immaterial effect, upon the security of the Bonds, the Issuer shall also file with the Trustee a Written Certificate of the Issuer stating that such eminent domain proceedings have not substantially impaired or affected the operation of the System or the ability of the Issuer to meet all of its obligations hereunder with respect to the payment of the Bonds. Upon receipt of such Written Request and such Written Certificate of the Issuer, the Trustee shall deposit such proceeds into the Revenue Fund.

Section 6.14. Reconstruction of System; Application of Insurance Proceeds. If any useful portion of the System shall be damaged or destroyed, the Issuer shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof at such location as the Issuer deems appropriate, unless the Issuer shall file with the Trustee a Written Certificate of the Issuer to the effect that such reconstruction or replacement is not in the interests of the Issuer and the Bondholders. The proceeds of any insurance paid on account of such damage or destruction, other than business interruption loss insurance or public liability insurance, shall, if the appropriate Project Account in the Construction Fund has not been closed, be paid into the Construction Fund as provided in Section 5.03(c), or if the Construction Fund has been closed, shall be held by the Trustee in a special account and made available for, and to the extent necessary applied to, the cost of such reconstruction or replacement, if any. Pending such application, such proceeds may be invested by the Issuer in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such cost of reconstruction or replacement.

Any balance of such proceeds of insurance shall be applied in the same manner as provided in Section 5.03(i).

Section 6.15. Compliance with Indenture. The Issuer will not issue any Bonds in any manner other than in accordance with the provisions of the Indenture and will not suffer or permit any default to occur under the Indenture, but will faithfully observe and perform all the covenants, conditions and requirements hereof. The Issuer will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Holders of the Bonds, the Security Instrument Issuers and the Reserve Instrument Issuers of the rights, benefits and security provided in the Indenture. The Issuer for itself, its successors and assigns, represents, covenants and agrees with the Holders of the Bonds, the Security Instrument Issuers and the Reserve Instrument Issuers as a material inducement to the purchase of the Bonds and the issuance of the Security Instruments and the Reserve Instruments, that so long as any of the Bonds shall remain Outstanding and the principal or Redemption Price thereof or interest thereon shall be unpaid or unprovided for, it will faithfully perform all of the covenants and agreements contained in the Indenture and the Bonds.

Section 6.16. Power to Issue Bonds and Pledge Revenues and Other Funds. The Issuer is duly authorized under all applicable laws to create and issue the Bonds and to execute and deliver the Indenture and to pledge the Revenues and other moneys, securities and funds purported to be pledged by the Indenture in the manner and to the extent provided in the Indenture. The Bonds and the provisions of the Indenture are and will be the valid and legally enforceable obligations of the Issuer in accordance with their terms and the terms of the Indenture. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and Funds pledged under the Indenture and all the rights of the Bondholders, the Security Instrument Issuers and the Reserve Instrument Issuers under the Indenture against all claims and demands of all persons whomsoever.

Section 6.17. Power to Own System and Collect Rates and Fees. The Issuer has, and will have so long as any Bonds are Outstanding or Repayment Obligations are unpaid, good, right and lawful power to own (to the fullest extent of its interest therein) or to operate the System and to fix and collect rates, fees and other charges in connection with the System. The Issuer shall at all times undertake reasonable efforts to perfect, protect and maintain all permits, licenses and claims necessary for the operation of the System.

Section 6.18. General. (a) The Issuer shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Issuer under the provisions of the Act and the Indenture.

(b) Upon the date of authentication and delivery of any of the Bonds, all acts, conditions and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed in regular and in due time, form and manner as required by law and the

Issuer will have duly and regularly complied with all applicable provisions of law and will be duly authorized to issue the Bonds under the Act in the manner and upon the terms as in the Indenture provided.

ARTICLE VII

THE TRUSTEE AND THE PAYING AGENTS

Section 7.01. Appointment of Trustee. (a) The Issuer shall in the Supplemental Indenture authorizing the first Series of Bonds appoint the Trustee for the Holders of the Bonds, to act as the legal depository of the Issuer for the purpose of receiving all moneys which the Issuer is required to pay to the Trustee hereunder, and to hold, allocate, use and apply the same as provided in the Indenture. The Trustee shall signify its acceptance of the duties and obligations imposed on it by the Indenture by executing and delivering to the Issuer a written acceptance thereof. The Trustee shall also act as registrar and as a Transfer Agent for the Bonds, with the duties herein provided, and shall also act in accordance with the duties specified in Section 3.01(a), except that the Issuer may appoint one or more additional Transfer Agents.

(b) The Trustee may at any time resign or be discharged of its duties and obligations hereby created by giving not less than 60 days' written notice to the Issuer, specifying the date when such resignation shall take effect, and mailing notice thereof by first class mail, postage prepaid, to the Holders of all Bonds then Outstanding. Such resignation shall take effect on the day specified in such notice unless previously a successor shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor; *provided, however*, that such resignation of the Trustee shall in no event take effect until such successor shall have been appointed and accepted the duties of Trustee.

(c) The Issuer may at any time remove the Trustee initially appointed or any successor thereto by the adoption of a Board resolution providing for such removal, for the appointment of a successor, and for the effective date of the removal of the Trustee. The Trustee may also be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of Bonds representing a majority of the Principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized. Any such removal of the Trustee shall in no event take effect until such successor shall have been appointed and shall have accepted the duties of Trustee by the execution of a Supplemental Indenture.

(d) Notice of the resignation or removal of the Trustee and the appointment of a successor shall be given by first class mail, postage prepaid, to the registered Holders of all Bonds then Outstanding, to all Security Instrument Issuers, and to all Reserve Instrument Issuers, within 30 days after execute and delivery of the Board resolution providing for such appointment. Any successor Trustee appointed by Board resolution subsequent to the issuance of the first Series of Bonds issued hereunder shall be a bank or trust company in good standing incorporated under the laws of the United States of America or any state, duly authorized to

exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000.

Section 7.02. *Paying Agents; Appointment and Acceptance of Duties; Removal.* The Issuer shall appoint Paying Agents for the Bonds of each Series pursuant to Supplemental Indentures. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the Issuer and to the Trustee a Supplemental Indenture or other written acceptance thereof. The Issuer may remove any Paying Agent and any successor thereto, and appoint a successor or successors thereto; *provided, however,* that any such Paying Agent designated by the Issuer shall continue to be a Paying Agent of the Issuer for the purpose of paying the Principal and Redemption Price of and interest on the Bonds until the designation of a successor as such Paying Agent. Each Paying Agent designated for a Series of Bonds is hereby authorized to redeem Bonds of such Series when duly presented to it for payment or redemption, which Bonds shall thereafter be delivered to the Trustee for cancellation.

Section 7.03. *Terms and Conditions of the Trusts.* The Trustee shall perform the trusts contained in the Indenture as a corporate trustee ordinarily would perform said trusts under a corporate indenture, only upon and subject to the following express terms and conditions:

(a) The Trustee shall perform such duties and only such duties as are specifically set forth in the Indenture. The duties and obligations of the Trustee shall be determined solely by the express provisions of the Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for the conduct of any of the same who have been selected by it with ordinary care in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney for the Issuer or any other attorneys, if, in the case of such other attorneys, they are approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice. The Trustee shall not be liable for any error of judgment made in good faith by any of its officers or employees unless it shall be proved that the Trustee was negligent in ascertaining pertinent facts.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the

performance or observance of any covenants, conditions or agreements on the part of the Issuer herein set forth; but the Trustee may require of the Issuer full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of the Issuer under the Indenture.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner or pledgee of Bonds secured hereby with the same rights which it would have if not Trustee. To the extent permitted by law, the Trustee may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not Trustee.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to the Indenture, upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond, shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the The Holders of not less than a majority in Principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Written Certificate of the Issuer as sufficient evidence of the facts therein contained and shall also be at liberty to accept a similar Written Certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the General Manager or Chair to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty, and the Trustee shall not be answerable with respect to such permissive rights for other than its gross negligence or willful default.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except (1) failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Article V hereof, (2) the failure of the Issuer to file with the Trustee any document required by the Indenture to be so filed prior to or subsequent to the issuance of the Bonds, or (3) any default with respect to a Security

Instrument Agreement or a Reserve Instrument Agreement as to which any of the parties thereto has specifically notified the Trustee in writing; *provided* that the Trustee shall be required to take notice or be deemed to have notice of any default hereunder if specifically notified in writing of such default by the Holders of not less than 10% in aggregate Principal amount of Bonds then Outstanding and all notices or other instruments required by the Indenture to be delivered to the Trustee have been delivered at the principal corporate trust office of the Trustee. In the absence of such notice, the Trustee may conclusively assume there is no default except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all books, papers and records of the Issuer pertaining to the System, the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in the Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds or any action whatsoever within the purview of the Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee reasonably deemed desirable by it for the purpose of establishing the right of the Issuer to the authentication of any Bonds or the taking of any other action by the Trustee.

(l) The Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by the Indenture at the request, order or direction of any of the Bondholders, Security Instrument Issuers, Reserve Instrument Issuers, pursuant to the provisions of the Indenture, unless such Bondholders, Security Instrument Issuers, Reserve Instrument Issuers shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law.

(n) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, Bond or other paper or document, unless requested in writing so to do by (1) Holders of not less than 25% in aggregate Principal amount of the Bonds then Outstanding, (2) any Security Instrument Issuer of a Security Instrument then in full force and effect and not in default on a payment obligation, or (3) any Reserve Instrument Issuer of a Reserve Instrument then in full force and effect and

not in default on a payment obligation; *provided*, that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of the Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to so proceeding. The reasonable expense of every such inquiry or examination shall be paid by the Issuer or, if paid by the Trustee, shall be repaid by the Issuer.

(o) The Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be authorized or within the discretion, rights or powers conferred upon it by the Indenture.

(p) None of the provisions contained in the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it.

(q) The Trustee shall not be obligated to take or omit to take any action hereunder if, upon the basis of advice of counsel selected by it, the Trustee determines it would be unlawful to take or omit to take such action.

(r) The books of record and accounts maintained by the Trustee in connection with its duties hereunder shall at all times during business hours of the Trustee be subject to the inspection of an Authorized Officer of the Issuer.

(s) The Trustee hereby waives any right to set off and shall apply any and all deposits (general or special, time or demand, provisional or final) or collateral at any time held or any other indebtedness at any time owing by the Trustee, to or for the funds and accounts created hereunder or under any Supplemental Indenture, for the payment of the Principal of and interest on any Bonds.

Section 7.04. *Intervention by the Trustee.* In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee has a substantial bearing on the interests of Holders of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the Holders of a majority of the aggregate Principal amount of Bonds then Outstanding or any Security Instrument Issuer of a Security Instrument then in full force and effect and not in default on a payment obligation. The rights and obligations of the Trustee under this section are subject to the approval of a court of competent jurisdiction.

Section 7.05. *Successor Trustee.* Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business or assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Trustee hereunder and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its

predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of the Trustee or the Issuer, anything herein to the contrary notwithstanding.

Section 7.06. Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its or his predecessor and also to the Issuer a Supplemental Indenture or other written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the Written Request of the Issuer, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its or his successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any Trustee ceasing to act shall, nevertheless, retain lien upon all property or funds held or collected by such Trustee to secure any amounts then due it pursuant to the provisions of Section 7.07 hereof.

Section 7.07. Compensation of the Trustee and Its Lien. The Issuer covenants and agrees to pay to the Trustee from time to time and the Trustee shall be entitled to, reasonable compensation and, except as otherwise expressly provided, the Issuer covenants and agrees to pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ including but not limited to any Paying Agent, Transfer Agent or Depository) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Issuer also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Issuer under this Section to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of the Indenture. Such additional indebtedness shall be secured by a lien prior to that of the Bonds upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the Holders of particular Bonds.

Section 7.08. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of Utah) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under the Indenture, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein

granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this section are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by the Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either of them shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 7.09. Appointment, Duties and Term of Remarketing Agent. The Issuer may, pursuant to a Supplemental Indenture, related resolution, or Remarketing Agreement authorized by either of such instruments, appoint one or more Remarketing Agents from time to time to purchase or remarket Put Bonds.

Section 7.10. Appointment, Duties and Term of Transfer Agent. The Issuer may appoint one or more Transfer Agents from time to time to transfer and authenticate Bonds. Each appointment of a Transfer Agent other than the Trustee shall be made by a Supplemental Indenture which shall, among other things, specify the duties, qualifications and term of such Transfer Agent and the conditions under which such Transfer Agent may resign, be removed or be replaced. Each Transfer Agent other than the Trustee shall signify its acceptance of the duties imposed upon it pursuant to the Indenture by depositing with the Issuer and the Trustee a written acceptance of such duties, together with a certificate stating that the Transfer Agent is duly qualified to perform such duties under the terms of the Indenture and under all applicable local, state and federal laws. Unless otherwise provided in a Supplemental Indenture authorizing the issuance of a Series of Bonds, the Trustee shall act as Transfer Agent for such Series of Bonds.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF INDENTURE

Section 8.01. Amendments Permitted. (a) The Indenture or any Supplemental Indenture and the rights and obligations of the Issuer and of the Holders of the Bonds may be modified or

amended at any time by a Supplemental Indenture and pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting,

(1) of the The Holders of at least 60% in Principal amount of the Bonds then Outstanding,

(2) in case less than all of the several Series of Bonds then Outstanding or less than all of are affected by the modification or amendment, of the Holders of at least 60% in Principal amount of the Bonds of each Series so affected and then Outstanding, and

(3) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of at least 60% in Principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and then Outstanding;

provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Holders of Bonds of such Series shall not be required and the Bonds of such Series shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No modification or amendment permitted by this Section shall (i) extend the fixed maturity of any Bond, or reduce the Principal amount or Redemption Price thereof, or reduce the rate or extend the time of payment of interest thereon, without the consent of the Holder of each Bonding Party so affected, or (ii) reduce the aforesaid percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of the Indenture, without the consent of the Holders of all of the Bonds then Outstanding, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee. If a Security Instrument or a Reserve Instrument is in effect and not in default on a payment obligation with respect to any Series of Bonds Outstanding and if a proposed modification or amendment would affect such Series of Bonds, then, except as provided in Section 8.01(b), neither the Indenture nor any Supplemental Indenture with respect to such Series of Bonds shall be modified or amended at any time without the prior written consent of the related Security Instrument Issuer or the related Reserve Instrument Issuer, as the case may be. Notwithstanding any provisions of the Indenture to the contrary, a Supplemental Indenture providing for the issuance by a Security Instrument Issuer of a Security Instrument in connection with a Series of Bonds issued under the Indenture may provide, among other provisions, that the Security Instrument Issuer shall at all times, so long as the Series of Bonds remain Outstanding, be deemed to be the exclusive Holder of all of the Bonds of such Series for the purpose of consenting to the execution and delivery of a Supplemental Indenture pursuant to the provisions of this subsection (a).

(b) Except as provided in a Supplemental Indenture, the Indenture or any Supplemental Indenture and the rights and obligations of the Issuer, the Holders of the Bonds, the Security Instrument Issuers and the Reserve Instrument Issuers may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Bondholders, Security Instrument Issuer or Reserve Instrument Issuer, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Issuer contained in the Indenture, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Issuer;

(2) to make such provisions for the purpose of curing any ambiguity, or of curing or correcting any defective provision contained in the Indenture or in regard to questions arising under the Indenture or to make any other change, as the Issuer may deem necessary or desirable, and which shall not adversely affect the interests of the Holders of the Bonds, the Security Instrument Issuers or the Reserve Instrument Issuers;

(3) to provide for the issuance of a Series of Bonds, and to provide the terms and conditions under which such Series of Bonds may be issued, subject to and in accordance with the provisions of Article II;

(4) to provide for the issuance of the Bonds pursuant to a book-entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code Annotated 1953, as amended, or any successor provision of law;

(5) to make any change which shall not materially adversely affect the rights or interests of the Holders of any Outstanding Bonds, any Security Instrument Issuers or any Reserve Instrument Issuers, requested by a Rating Agency in order to obtain or maintain any rating on the Bonds or by a Security Instrument Issuer or Reserve Instrument Issuer in order to insure or provide other security for any Bonds;

(6) to make any change necessary (A) to establish or maintain the exemption from federal income taxation of interest on any Series of Bonds as a result of any modifications or amendments to Section 148 of the Code or interpretations by the Internal Revenue Service of Section 148 of the Code or of regulations proposed or promulgated thereunder, or (B) to comply with the provisions of Section 148(f) of the Code, including provisions for the payment of all or a portion of the investment earnings of any of the Funds established hereunder to the United States of America. Any Tax Exemption Certificate may be amended or supplemented at any time as and to the extent provided therein without the consent of the Bondholders, Security Instrument Issuers or Reserve Instrument Issuers;

(7) if the Bonds affected by such change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected, provided that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the related Security Instrument Issuer;

(8) if the Bonds affected by such change are secured by a Security Instrument, to make any change approved in writing by the related Security Instrument Issuer, provided that if any of the Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Bonds so affected;

(9) if the Bonds affected by such change are pledged to the payment of Agency Bonds and such Agency Bonds are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Agency Bonds so affected, provided that if any of the Agency Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the related Security Instrument Issuer;

(10) if the Bonds affected by such change are pledged to the payment of Agency Bonds and such Agency Bonds are secured by a Security Instrument, to make any change approved in writing by the related Security Instrument Issuer, provided that if any of the Agency Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Agency Bonds so affected;

(11) unless otherwise provided by a Supplemental Indenture authorizing a Series of Construction Bonds (or Bond Anticipation Notes), the designation of additions, improvements and extensions to the System as a Project by such Supplemental Indenture may be modified or amended if the Issuer delivers to the Trustee (1) a Supplemental Indenture designating the facilities to comprise the Project, (2) an opinion of Bond Counsel to the effect that such amendment will not adversely affect the tax-exempt status (if applicable) or validity of the Bonds, and (3) a Written Certificate of the Issuer setting forth the Estimated Completion Date and the estimated Cost of Construction of the Project, as amended, and certifying that such amendment will not adversely affect the Issuer's ability to comply with the provisions of the Indenture, particularly Section 6.11;

(12) to correct any references contained herein to provisions of the Act, the Code or other applicable provisions of law that have been amended so that the references herein are incorrect;

(13) to provide for the pledge of additional monies, funds or other assets to secure payment of one or more Series of Bonds; and

(14) to provide for a Reserve Instrument instead of cash to satisfy all or a portion of a Debt Service Reserve Requirement.

No modification or amendment shall be permitted pursuant to paragraph (11) of this Section 8.01(b) unless the Issuer delivers to the Trustee an Opinion of Counsel of nationally recognized standing in the field of law relating to municipal bonds to the effect that such modification or amendment will not adversely affect the tax-exempt status or validity of any Bonds affected by such modification or amendment. The Issuer shall notify any Security Instrument Issuer or Reserve Instrument Issuer prior to the execute and delivery of a Supplemental Indenture pursuant to this Section 8.01(b).

(c) Each Supplemental Indenture authorized by this Section shall become effective as of the date of its execution and delivery or such later date as shall be specified in such Supplemental Indenture.

Section 8.02. Bondholders' Meetings. (a) The Trustee may, and upon the Written Request of the Issuer shall, at any time, call a meeting of the Holders of Bonds, to be held at such place as may be selected by the Trustee and specified in the notice calling such meeting. Written notice of such meeting, stating the time and place of meeting and in general terms the business to be submitted, shall be mailed by the Trustee, postage prepaid, not less than 30 nor more than 60 days before such meeting, to any Security Instrument Issuer or Reserve Instrument Issuer that is in effect and not in default on a payment obligation with respect to any Series of Bonds Outstanding and to each Holder of Bonds then Outstanding at his address, if any, appearing upon the Bond register of the Issuer. The cost and expense of the giving of such notice shall be borne by the Issuer and the Trustee shall be reimbursed by the Issuer for any expense incurred by it.

(b) Prior to calling any meeting of the Holders of Bonds, the Trustee shall adopt regulations for the holding and conduct of such meeting, and copies of such regulations shall be filed at the principal corporate trust office of the Trustee and at the office of the Issuer and shall be open to the inspection of all Bondholders. The regulations shall include such provisions as the Trustee may deem advisable for evidencing the ownership of Bonds, for voting in person or by proxy, for the selection of temporary and permanent officers to conduct the meeting and inspectors to tabulate and canvass the votes cast thereat, the adjournment of any meeting and the records to be kept of the proceedings of such meeting, including rules of order for the conduct of such meeting and such other regulations as, in the opinion of the Trustee, may be necessary or desirable.

(c) No resolution adopted at such meeting of Bondholders shall be binding unless and until a valid Supplemental Indenture has been passed containing the modifications or amendments authorized by the resolution adopted at such meeting. Such Supplemental Indenture shall become effective upon the filing with the Trustee of the resolution adopted at such meeting and such Supplemental Indenture.

Section 8.03. Amendment by Written Consent. The Board may at any time execute and deliver a valid Supplemental Indenture amending the provisions of the Bonds or of the Indenture or any Supplemental Indenture, to the extent that such an amendment is permitted by this Article, to become effective when and as approved by written consent of the Bondholders and any necessary Security Instrument Issuers and Reserve Instrument Issuers and as provided in this Section. Such Supplemental Indenture shall not be effective unless there shall have been filed with the Issuer or the Trustee the written consents of the necessary number of Holders of the Bonds then Outstanding and the consents of any necessary Security Instrument Issuers and Reserve Instrument Issuers, and a notice shall have been mailed as hereinafter in this Section provided. It shall not be necessary for any consent of the Bondholders under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 12.04. Any such consent shall be binding upon the Holder of the Bonds giving such consent and on any subsequent Holder thereof (whether or not such subsequent Holder has notice thereof) unless such consent is revoked in writing by the Holder of the Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Issuer prior to the date when the notice hereinafter in this Section provided

for has been mailed. Notice of the fact of the execution and delivery of such Supplemental Indenture shall be mailed by the Issuer to Bondholders (but failure to mail copies of such notice shall not affect the validity of the Supplemental Indenture when assented to by the requisite percentage of the Holders of the Bonds as aforesaid) and to each Security Instrument Issuer and Reserve Instrument Issuer of a Security Instrument or a Reserve Instrument, as the case may be, then in effect and not in default in a payment obligation.

Section 8.04. *Disqualified Bonds.* Bonds owned or held by or for the account of the Issuer shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds in this Article provided for, and neither the Issuer nor any Holder of such Bonds shall not be entitled to vote or consent to, or to take, any other action provided for in this Article. Any Pledged Bonds shall be deemed Outstanding and, for the purposes of any vote, shall be considered to be owned by the appropriate Security Instrument Issuer.

Section 8.05. *Effect of Modification or Amendment.* When any Supplemental Indenture modifying or amending the provisions of the Indenture or any Supplemental Indenture shall become effective, as provided in this Article, the Indenture or such Supplemental Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Indenture or such Supplemental Indenture of the Issuer, the Trustee, any Security Instrument Issuer, any Reserve Instrument Issuer and all Holders of Bonds Outstanding hereunder or thereunder shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be and be deemed to be part of the terms and conditions of the Indenture or the modified or amended Supplemental Indenture for any and all purposes.

Section 8.06. *Endorsement or Replacement of Bonds Issued After Amendments.* The Issuer or the Trustee may determine that Bonds executed and delivered after the effective date of a Supplemental Indenture executed and delivered as provided in this Article shall bear a notation, by endorsement or otherwise, in form approved by the Issuer, as to the modification or amendment provided for by such Supplemental Indenture. In that case, upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal corporate trust office of the Trustee or at such other office as the Issuer may select and designate for that purpose, a suitable notation shall be made on such Bond. The Issuer may determine that new Bonds, so modified as in the opinion of the Issuer is necessary to conform to such Supplemental Indenture, shall be prepared, executed and delivered. In that case, upon demand of the Holder of any Bond then Outstanding, such new Bonds shall be exchanged at the principal corporate trust office of the Trustee without cost to any Bondholder, for Bonds then Outstanding, upon surrender of such Bonds.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

Section 9.01. Events of Default. The occurrence of one or more of the following events shall constitute an “Event of Default”:

(a) failure by the Issuer to make the due and punctual payment of the Principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) failure by the Issuer to make the due and punctual payment of any installment of interest on any Bond or any Sinking Fund Installment when and as such interest installment or Sinking Fund Installment shall become due and payable;

(c) failure by the Issuer to observe any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, and failure to remedy the same for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding;

(d) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Title 11, Chapter 9, United States Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Issuer and, if instituted against the Issuer, said proceedings are consented to or are not dismissed within 30 days after such institution; or

(e) any event specified in a Supplemental Indenture as constituting an Event of Default;

provided that any failure by the Issuer to make payment as described in subparagraph (a) or (b) of this Section shall not constitute an Event of Default with respect to any Bond if the Supplemental Indenture authorizing the issuance of such Bond provides that due and punctual payment by a Security Instrument Issuer or a Reserve Instrument Issuer shall not give rise to an Event of Default and such payment is, in fact, duly and punctually made.

The Trustee shall give notice to any Security Instrument Issuer or Reserve Instrument Issuer of any Event of Default known to the Trustee within 30 days after it has knowledge thereof.

Section 9.02. Acceleration. (a) Upon the occurrence of an Event of Default, unless the principal of all the Bonds shall have already become due and payable,

(1) the Trustee may, or

(2) upon receipt of the written request of (i) the Holders of not less than 25% in aggregate Principal amount of the Bonds at the time Outstanding (subject to any limitations specified in a Supplemental Indenture authorizing a Series of Bonds with respect to the rights of the Holders of such Bonds, as the case may be), (ii) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 25% in aggregate Principal amount of the Bonds at the time Outstanding, or (iii) any combination of Bondholders and Security Instrument Issuers described in clauses (i) and (ii) representing not less than 25% in aggregate Principal amount of the Bonds at the time Outstanding, the Trustee shall, or

(3) the Trustee shall, if an Event of Default shall have occurred under Section 9.01(e) and the Supplemental Indenture specifying such Event of Default requires acceleration upon occurrence of such Event of Default under this Section 9.02 (provided that if the Supplemental Indenture specifies that any conditions relating to such Event of Default to be satisfied prior to acceleration, such conditions have been satisfied),

upon notice in writing to the Issuer, declare the Principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately. Upon such declaration such Principal and interest shall be immediately due and payable, notwithstanding anything to the contrary in the Indenture or in the Bonds; provided that with respect to an Event of Default described in 9.01(a) or (b) relative to any Series of Bonds Outstanding secured by a Security Instrument which is in full force and effect and not in default on any payment obligation thereunder, no acceleration of such Series of Bonds shall occur without the written consent of the Security Instrument Issuer that provided such Security Instrument, which consent shall not be unreasonably withheld.

(b) The right of the Trustee, or of the parties described in Section 9.02(a)(2), to request the Trustee to make any such declaration as aforesaid, however, is subject to the conditions that:

(1) if, at any time after such declaration, all overdue installments of interest upon the Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Issuer under the Indenture (except the Principal of, and interest accrued since the next preceding interest payment date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by the Issuer or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the Indenture (other than the payment of Principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor;

(2) if, at any time after such declaration, no event of default, however defined in any Security Instrument Agreement, has occurred and is continuing under such Security Instrument Agreement and if any Security Instrument then in effect with respect

to the Bonds has been reinstated to the fullest amount possible with respect to such Bonds pursuant to the terms and provisions of the related Security Instrument Agreement;

(3) if the amount available to be drawn by the Trustee under each Reserve Instrument is then equal to the Reserve Instrument Limit; and

(4) if any other requirement specified in a Supplemental Indenture shall have been satisfied;

then and in every such case all of (i) the Holders of not less than 50% in aggregate Principal amount of the Bonds at the time Outstanding (subject to any limitations specified in a Supplemental Indenture authorizing a Series of Bonds with respect to the rights of the Holders of such Bonds), (ii) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure 50% in aggregate Principal amount of the Bonds then Outstanding, or (iii) any combination of Bondholders and Security Instrument Issuers described in clauses (i) and (ii) representing 50% in aggregate Principal amount of the Bonds at the time Outstanding, by written notice to the Issuer and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the parties described in Section 9.02(a)(2), and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by (i) the Holders of not less than 50% in aggregate Principal amount of the Bonds then Outstanding (subject to any limitations specified in a Supplemental Indenture authorizing a Series of Bonds with respect to the rights of the Holders of such Bonds), (ii) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of the Bonds then Outstanding, or (iii) any combination of Bondholders and Security Instrument Issuers described in clauses (i) and (ii) representing not less than 50% in aggregate Principal amount of the Bonds at the time Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default and its consequences shall *ipso facto* be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Section 9.03. Accounting and Examination of Records After Default. The Issuer covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and accounts of the Issuer and all other records of the Issuer relating to the System shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys. The Issuer covenants that if an Event of Default shall happen and shall not have been remedied, the Issuer, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Indenture for such period as shall be stated in such demand.

Section 9.04. Application of Revenues and Other Moneys After Default. (a) During the continuance of an Event of Default, the Trustee shall apply such Revenues and such moneys, securities and funds and the income therefrom as follows and in the following order:

(1) to the payment of the reasonable and proper charges, expenses and fees of the Trustee and the reasonable fees and disbursements of its counsel;

(2) to the payment of the Operation and Maintenance Costs;

(3) to the payment of the interest and Principal or Redemption Price then due on the Bonds and Security Instrument Repayment Obligations, as follows:

(A) unless the Principal of all of the Bonds shall have become or have been declared due and payable,

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds and the Security Instrument Repayment Obligations in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid Principal or Redemption Price of any Bonds and Security Instrument Repayment Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds and Security Instrument Repayment Obligations due on any date, then to the payment thereof ratably, according to the amounts of Principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) if the Principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the Principal and interest then due and unpaid upon the Bonds and Security Instrument Repayment Obligations without preference or priority of Principal over interest or of interest over Principal, or of any installment of interest over any other installment of interest, or of any Bond or Security Instrument Repayment Obligations over any other Bond or Security Instrument Repayment Obligations, ratably, according to the amounts due respectively for Principal and interest, to the persons entitled thereto without any discrimination or preference; and

(4) To the payment of all obligations owed to all Reserve Instrument Issuers, ratably, according to the amounts due without any discrimination or preference.

provided, however, that, unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds: (i) moneys received under any Security Instrument or held in any Series Subaccount in the Debt Service Account in the Bond Fund shall not be used for purposes other than payment of the interest and Principal or Redemption Price than due on such Series of Bonds secured by such Security Instrument or such Series of Bonds for which such Series Subaccount in the Debt Service Account was established, in accordance with paragraph (3) of this subsection (a); and (ii) moneys received under any Reserve Instrument or held in any Series Subaccount in the Debt Service Reserve Account in the Bond Fund shall not be used for purposes other than payment of the interest and Principal or Redemption Price then due on such Series of Bonds secured by such Reserve Instrument or such Series of Bonds for which such Series Subaccount in the Debt Service Reserve Account was established, in accordance with paragraph (3) of this subsection (a).

(b) If and whenever all overdue installments of interest on all Bonds and Repayment Obligations, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Issuer under the Indenture, including the Principal and Redemption Price of and accrued unpaid interest on all Bonds and Repayment Obligations which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the Issuer, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, and the Security Instrument Repayment Obligations shall be made good or secured to the satisfaction of the Security Instrument Issuers or provision deemed by the Security Instrument Issuers to be adequate shall be made therefor, and the Reserve Instrument Repayment Obligations shall be made good or secured to the satisfaction of the Reserve Instrument Issuers or provision deemed by the Reserve Instrument Issuers to be adequate shall be made therefor, the Trustee shall pay over to the Issuer all such Revenues then remaining unexpended in the hands of the Trustee (except Revenues deposited or pledged, or required by the terms of the Indenture to be deposited or pledged, with the Trustee), and thereupon the Issuer and the Trustee shall be restored, respectively, to their former positions and rights under the Indenture, and all Revenues shall thereafter be applied as provided in Article V. No such payment over to the Issuer by the Trustee or resumption of the application of Revenues as provided in Article V shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Section 9.05. *Rights and Remedies of Bondholders.* (a) Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, no Holder of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(2) (a) the Holders of not less than 25% in Principal amount of the Outstanding Bonds, (b) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure 25% in aggregate Principal amount of the Bonds at the time

Outstanding, or (c) any combination of Bondholders and Security Instrument Issuers described in clauses (a) and (b) representing not less than 25% in aggregate Principal amount of the Bonds at the time Outstanding, shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders or Security Instrument Issuers have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceedings; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by (a) the Holders of a majority in Principal amount of the Outstanding Bonds, (b) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate Principal amount of the Bonds then Outstanding, or (c) any combination of Bondholders and Security Instrument Issuers described in clauses (a) and (b) representing a majority in aggregate Principal amount of the Bonds at the time Outstanding;

it being understood and intended that no one or more Holders of Bonds, Security Instrument Issuers or Reserve Instrument Issuers shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other such parties, or to obtain or to seek to obtain priority or preference over any other such parties or to enforce any right under this Indenture, except in the manner herein and therein provided and for the equal and ratable benefit of all such parties and it being further understood and intended that no one or more Holders of Bonds shall have any right whatever to draw directly upon any Security Instrument or Reserve Instrument and that any draws upon any Security Instrument and Reserve Instrument must be strictly in accordance with the provisions of the Indenture.

(b) Notwithstanding any other provision in this Indenture, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the Principal of, Redemption Price and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date of such Bond) and to institute suit for the enforcement of any such payment, subject only to any conditions of any Security Instrument Issuer providing a Security Instrument securing such Bond. Such right to receive payment shall not be impaired without the consent of such Holder.

(c) The (1) the Holders of a majority of the Principal amount of the Outstanding Bonds, (2) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate Principal amount of the Bonds then Outstanding, or (3) any combination of Bondholders and Security Instrument Issuers described under clauses (1) and (2) representing a majority in

aggregate Principal amount of the Bonds at the time Outstanding, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, *provided* that:

(1) such direction shall not be in conflict with any rule of law or this Indenture,

(2) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction, and

(3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 9.06. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders, the Security Instrument Issuers and the Reserve Instrument Issuers, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the trust estate created hereby, including, without limitation, the proceeds of the sale of the Bonds, the Revenues and the Funds, including the investments, if any, thereof, pending such proceedings, with such powers as a court making such appointments shall confer.

Section 9.07. Non-Waiver. Nothing in this Article or in any other provision of the Indenture, or in the Bonds, shall affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay the Principal and Redemption Price of and interest on the Bonds and Repayment Obligations to the respective Holders of the Bonds, Security Instrument Issuers and Reserve Instrument Issuers at the respective dates of maturity, or upon call for redemption, as herein provided, out of the Revenues and other moneys, securities and Funds herein pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Holders, Security Instrument Issuers and Reserve Instrument Issuers, as appropriate, to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and Repayment Obligations. No delay or omission of the Trustee or of any Holder of the Bonds or, with respect to Repayment Obligations, of any Security Instrument Issuer or any Reserve Instrument Issuer, as appropriate, to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or to the Holders of Bonds or, with respect to Repayment Obligations, to Security Instrument Issuers or Reserve Instrument Issuers, as appropriate, may be exercised from time to time and as often as shall be deemed expedient by the Trustee the Holders of the Bonds, Security Instrument Issuers and Reserve Instrument Issuers.

Section 9.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of Bonds or, with respect to Repayment Obligations, to Security Instrument Issuers or any Reserve Instrument Issuers, as appropriate, is intended to be exclusive of any other remedy, 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 or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be

necessary, by the Trustee and the Holder of any one or more of the Bonds or, with respect to Repayment Obligations, by Security Instrument Issuers or Reserve Instrument Issuers, as appropriate. Nothing herein contained shall permit the levy of any attachment or execution upon any of the properties of the Issuer, nor shall any properties of the Issuer be subject to forfeiture by reason of any default hereunder, it being expressly understood and agreed by each and every Bondholder by the acceptance of any Bond and by each and every Security Instrument Issuer and Reserve Instrument Issuer by entering into Security Instrument Agreements and Reserve Instrument Agreements, that the rights of all such Bondholders, Security Instrument Issuers and Reserve Instrument Issuers are limited and restricted to the use and application of Revenues and other moneys, securities and Funds pledged under the Indenture in accordance with the terms of the Indenture.

ARTICLE X

DEPOSITS AND INVESTMENT OF FUNDS

Section 10.01. Deposits. (a) All moneys held by the Trustee under the provisions of the Indenture shall be deposited with the Trustee. All moneys held by the Issuer under the Indenture shall be deposited in one or more Fiduciaries in the name of the Issuer. All moneys deposited under the provisions of the Indenture with the Trustee or any Fiduciary shall be held in trust and applied only in accordance with the provisions of the Indenture, and each of the Funds established by the Indenture shall be a trust fund for the purposes thereof.

(b) Each Fiduciary shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association, having capital stock, undivided profits and surplus aggregating at least \$10,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Indenture.

(c) All Revenues and other moneys held by any Fiduciary under the Indenture may be placed on demand or time deposit, if and as directed by the Issuer, *provided* that such deposits shall permit the moneys so held to be available for use at the time when needed. The Issuer and the Trustee shall not be liable for any loss or depreciation in value resulting from any investment made pursuant to the Indenture, *provided*, that this shall not affect or impair the requirements of Section 5.06 hereof. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Issuer and acceptable to such Fiduciary, on time deposit, *provided* that such moneys on deposit be available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(d) All moneys deposited with the Trustee and each Fiduciary shall be credited to the particular Fund or Account to which such moneys belong; *provided, however*, nothing herein

contained shall prohibit the Issuer from directing the Trustee or a Fiduciary by a Written Request of the Issuer to make inter-Fund or Account transfers of investments at the market value of the investments so transferred, as such market value shall be determined by the Issuer at the time of transfer and set forth in the Written Request. The Trustee shall be entitled to rely on the determination set forth in the Written Request.

Section 10.02. Investment of Funds. (a) Moneys held in any Fund or Account shall be invested and reinvested by the Issuer or the Trustee to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund or Account, subject to the following:

(1) the Trustee shall make such investments only in accordance with written instructions received from an Authorized Officer of the Issuer;

(2) the Trustee will not invest any moneys held by it under the Indenture in any investment for which it would receive a fee, unless it first obtains the express, written approval of the Issuer;

(3) any Supplemental Indenture authorizing a Series of Bonds may impose additional restrictions on moneys held in any Fund or Account; and

(4) any Supplemental Indenture authorizing a Series of Bonds may authorize the investment of moneys to be held in the related Project Account, Series Subaccount in the Debt Service Account or Series Subaccount in the Debt Service Reserve Account in such other investments in lieu of or in addition to the Investment Securities as may be specified by the Supplemental Indenture.

(b) Subject to any required rebate of earnings on investments in any Fund or Account to the United States of America pursuant to Section 148(f) of the Code and except as otherwise provided in a Supplemental Indenture establishing a Project Account or a Series Subaccount: (1) net income earned on any moneys or investments in the Construction Fund, the Revenue Fund and in each Series Subaccount in the Debt Service Account shall be retained in such Fund or Series Subaccount as the case may be; and (2) whenever the amount on deposit in any Series Subaccount in the Debt Service Reserve Account is equal to the applicable Debt Service Reserve Requirement, net income earned on any moneys or investments in such Series Subaccount shall be transferred to the Revenue Fund as provided in Section 5.08(c), otherwise, to be retained therein.

ARTICLE XI

DEFEASANCE

Section 11.01. Discharge of Indebtedness. (a) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, subject to any limitations contained in a Supplemental Indenture with respect to a Series of Bonds, to the Holders of all Bonds the Principal or Redemption Price,

if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture and if all Repayment Obligations owed to Security Instrument Issuers and Reserve Instrument Issuers shall have been paid in full, then the pledge of any Revenues, and other moneys, securities and Funds pledged under the Indenture and all covenants, agreements and other obligations of the Issuer to the Bondholders, Security Instrument Issuers and Reserve Instrument Issuers, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Issuer all moneys or securities held by them pursuant to the Indenture which are not required for the payment of Principal or Redemption Price, if applicable, on Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds the Principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of the Issuer to the The Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Issuer of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section, unless otherwise provided in a Supplemental Indenture with respect to a Series of Bonds. Subject to any further conditions in a Supplemental Indenture with respect to a Series of Bonds, all Outstanding Bonds of any Series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article IV notice of redemption of such Bonds on said date, (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the Principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding ninety 90 days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, first class postage prepaid, a notice to the Holders of such Bonds that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 11.01(b) 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, of and the interest due and to become due on said Bonds. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this Section 11.01(b) nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust solely and exclusively for, the payment of the Principal or Redemption

Price, if applicable, of and interest on said Bonds; *provided* that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the Principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Trustee, free and clear of any trust, lien or pledge.

Section 11.02. Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for four (4) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for four (4) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall, at the Written Request of the Issuer, be repaid by the Fiduciary to the Issuer, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Issuer for the payment of such Bonds.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Limited Liability of Issuer. Notwithstanding anything in the Indenture contained, the Issuer shall not be required to advance any moneys derived from any source of income other than the Revenues and other moneys, securities and Funds pledged under the Indenture for the payment of the Principal or Redemption Price of or interest on the Bonds, for Repayment Obligations or for the operation and maintenance of the System. Nevertheless, the Issuer may, but shall not be required to, advance for any of the purposes hereof any funds of the Issuer which may be available to it for such purposes.

Section 12.02. Benefits of Indenture Limited to Parties. Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Issuer, the Trustee, any Paying Agent, any Transfer Agent, any Depositary, any Fiduciary, any Remarketing Agent, any Security Instrument Issuer, any Reserve Instrument Issuer, the The Holders of the Bonds, any right, remedy or claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Trustee, the Paying Agents, any Transfer Agent, any Depositary, any Fiduciary, any Remarketing Agent, any Security Instrument Issuer, any Reserve Instrument Issuer, the The Holders of the Bonds.

Section 12.03. Successor is Deemed Included in All References to Predecessor. Whenever in the Indenture either the Issuer or the Trustee, any Transfer Agent, any Depositary, any Fiduciary, any Remarketing Agent, any Security Instrument Issuer, any Reserve Instrument

Issuer, or any Paying Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of the Issuer, the Trustee, any Transfer Agent, any Depositary, any Fiduciary, any Remarketing Agent, any Security Instrument Issuer, any Reserve Instrument Issuer, or any Paying Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 12.04. Execution of Documents by Bondholders. (a) Any request, declaration or other instrument which the Indenture may require or permit to be executed by Bondholders may be in one or more instruments of similar tenor, and shall be executed by Bondholders in person or by their attorneys appointed in writing.

(b) Except as otherwise expressly provided, the fact and date of the execution by any Bondholder Bondholders or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

(c) The ownership of Bonds and the amount, maturity, number and date of holding the same shall be proved by the Bond register.

(d) Any request, declaration or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond in respect of anything done or suffered to be done by the Issuer or the Trustee in good faith and in accordance therewith or in reliance thereon.

Section 12.05. System of Registration. This Indenture shall constitute a system of registration within the meaning and for all purposes of the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code Annotated 1953, as amended.

Section 12.06. Waiver of Notice. Whenever in the Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.07. Cremation or Destruction of Canceled Bonds. Whenever in the Indenture provision is made for the surrender to the Issuer of any Bonds which have been paid or canceled pursuant to the provisions of the Indenture, the Issuer may, by a Written Request of the Issuer, direct the Trustee to cremate or destroy such Bonds and furnish to the Issuer a certificate of such cremation or destruction.

Section 12.08 Governing Law. The Indenture shall be governed by and construed in accordance with the laws of the State.

Section 12.09. Article and Section Headings. All references herein to “Articles”, “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions of the Indenture, and the words “hereby,” “herein,” “hereof,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision hereof. The headings or titles of the several articles and sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Indenture.

Section 12.10. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in the Indenture to be performed shall be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the Indenture, the Bonds; but the Bondholders, any Security Instrument Issuer and any Reserve Instrument Issuer shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed by the Chair, and to evidence its acceptance of the trusts hereby created, ZB, National Association, has caused this Indenture to be executed by one of its Vice Presidents, and its official seal to be hereunto affixed and attested by its Trust Officer, all as of July 1, 2017.

CENTRAL VALLEY WATER RECLAMATION
FACILITY

Chair

ZB, NATIONAL ASSOCIATION

Vice President