



KANAB
— UTAH —

Mayor

Nina Laycook

City Manager

Duane Huffman

Treasurer

RaeLene Johnson

City Council

James G. Sorenson

Cheryl Brown

Ed Meyer

Joe B. Wright

Kirt Carpenter

KANAB CITY COUNCIL
October 9, 2012
76 NORTH MAIN, KANAB, UTAH

- 6:00 P.M. Work Meeting
- Report on animal control enforcement (Chief Cram)
 - Discuss proposed new ordinance related to the number of allowable dogs per household
 - Council Member Reports
- 7: 00 P.M. Approval of minutes of previous meeting and accounts payable vouchers;
- 7:05 P.M. Public Comment Period – Members of the public are invited to address the Council. Participants are asked keep their comments to 3 minutes and follow rules of civility outlined in Kanab Ordinance 3-606;
- 7:20 P.M. Consider motion directing staff to prepare additional dog household ordinance;
- 7:30 P.M. Consider adoption of Ordinance 10-1-12 O An Ordinance Amending the Kanab City Heritage Council;
- 7:40 P.M. Consider approval of Lease Purchase Agreement for Public Safety Vehicles;
- 7:50 P.M. Discussion and potential motion related to the City's commitment to financially support a Kane County employed Recreation Director
- 8:00 P.M. Executive Session:
- Discussion of pending or reasonably imminent litigation
 - Discuss the purchase, exchange, or lease of real property
 - Discuss the character, professional competence, or physical or mental health on an individual

Times listed for each item on the agenda may be accelerated as time permits. If you are planning to attend this public meeting and due to a disability need assistance in understanding or participating in the meeting, please notify the City eight or more hours in advance of the meeting, and we will try to provide whatever assistance may be required. Please contact RaeLene Johnson at the Kanab City offices.

— A Western Classic —

**KANAB CITY COUNCIL MEETING
SEPTEMBER 25, 2012
KANE COUNTY COMMISSION CHAMBERS**

PRESENT: Mayor Nina Laycook, Council Members Kirt Carpenter, Cheryl Brown, and Joe B. Wright, City Manager/Recorder Duane Huffman and City Treasurer RaeLene Johnson. Council Member Ed Meyer and James Sorenson were excused.

WORK MEETING: The meeting began with a discussion with the Kane County Commissioners and the Five County Association of Governments - the items discussed were the Airport, Senior Services, and Recreation. Following that discussion, City Manager Huffman presented a staff report. He and Keith Robinson, Public Works Director, had a meeting with UDOT concerning the upcoming road project. They should begin construction in late December or early January. They will have teams organized to keep the public informed. Council Member Carpenter reported that there is now a van and a car at the airport. He said this is what happens when people work together. Council Member Brown reported that the tree grant was approved. Mary Poe resigned from the Beautification Committee. Council Member Wright said that the Library Board is reviewing the library policies, and they are starting to prepare for the 100 year Anniversary of the Kanab City Library.

Mayor Laycook opened the regularly scheduled meeting at 6:55 p.m.

PRESENTATION OF FRAMED COPY OF THE COMMUNITY COVENANT DOCUMENT-SERGEANT DURFEE AND CAPTAIN DAVID JONES, UTAH

NATIONAL GUARD: Captain David Jones and Sergeant Durfee of the Utah National Guard presented to the Mayor a framed copy of the Community Covenant document which states the Community's commitment to help build partnerships that support and strengthen the readiness of service members and their families. The strength of the community comes from each individual in it. The service members find strength through their families, and their families find strength through the communities. Captain David Jones and Sergeant Durfee presented Chaplin Laycook with a plaque thanking him for his support and concern with veterans and helping to care for their needs.

APPROVAL OF MINUTES AND VOUCHERS: A motion was made by Council Member Carpenter and 2nd by Council Member Wright to approve the minutes of September 11 and the vouchers. Motion passed unanimously. Council Members Sorenson and Meyer absent.

PUBLIC COMMENT PERIOD: Joan Thatcher asked about the wording in the voter information pamphlet. Mr. Jim Walls asked about the algae ponds. He was told that they are completed. They ran out of funding.

CONSIDER MOTION APPROVING VOTER INFORMATION PAMPHLET

FORMATTING: The Fiscal Impact Estimate was discussed. City Manager Huffman explained he only had three days to come up with the estimate back when the initiative was initially filed with the City, and that it cannot be changed at this time. The Council reviewed the Voter Information Pamphlet for Proposition #1 and were comfortable with the formatting. A motion

was made by Council Member Brown and 2nd by Council Member Wright to approve the Voter Information Pamphlet formatting. Motion passed unanimously. Council Members Meyer and Sorenson absent.

CONSIDER APPROVAL OF ORDINANCE 9-2-12 O, AMENDING KANAB CITY GENERAL ORDINANCE SECTION 11-362 RELATED TO THE PLACEMENT OF ITEMS ON CITY SIDEWALKS: A motion was made by Council Member Wright and 2nd by Council Member Brown to approve Ordinance 9-2-12 O amending Kanab City's General Ordinance Section 11-362 related to the placement of items on city sidewalks. Motion passed unanimously by roll call vote. Council Members Sorenson and Meyer absent.

A motion was made by Council Member Wright and 2nd by Council Member Carpenter to go into Executive Session to discuss pending or reasonably imminent litigation. Motion passed unanimously. Council Members Sorenson and Meyer absent.

A motion to go out of Executive Session was made by Council Member Wright and 2nd by Council Member Brown. Motion passed unanimously. Council Members Sorenson and Meyer absent.

A motion to adjourn was made by Council Member Wright and 2nd by Council Member Carpenter. Motion passed unanimously.

MAYOR

NINA LAYCOOK

RECORDER

DUANE HUFFMAN

Kanab City To Discuss New Dog Number Ordinance

On October 9th, the Kanab City Council will discuss a proposed new ordinance that would increase the number of dogs allowed in a household from two dogs to four dogs under certain circumstances. The concept would involve the creation of a new “Additional Dog Household Permit”.

The concept will be discussed during the City Council’s work session beginning at 6:00 PM then again during the regular city council meeting. The meetings will be held in the Kane County District Courtroom.

The discussion is scheduled from 6:00 PM to 6:45 PM to accommodate those interested in attending the Kanab Chamber of Commerce’s debate between Utah State Representative Mike Noel and his opponent Ty Markham at 7:00 PM at the Kanab Middle School.

The idea for the Additional Dog Household Permit began as a result of a community meeting held several months ago by Councilmen Ed Meyer and Joe B. Wright. At that time, participants advised Meyer and Wright that any effort to increase the number of dogs allowed should only occur after Kanab City has made a concerted effort to better enforce its existing animal-related ordinances. This recommendation was strongly supported by both dog owners and those who do not own dogs. Police Chief Cram will make a presentation at the work session outlining efforts to enforce dog-related ordinances since the meeting.

Following Chief Cram’s presentation, the proposed Additional Dog Household Permit will be presented to those in attendance. The permit concept was drafted by Councilman Meyer. It incorporates ideas discussed at the earlier meeting as well as input received from Councilman Wright and a wide range of community members. This will be the first time the City Council has been given an overview of the proposed new permit. Meyer will facilitate a discussion after the concept is explained. The issue will be addressed again on the regular city council agenda to determine whether council members would like the city manager to draft language for an ordinance to incorporate the new Additional Dog Household Permit into the city ordinances.

Councilman Meyer notes the importance of those who both own and do not own dogs participating in the discussion. “Our last meeting was successful because citizens with different perspectives sat down to civilly discuss an issue of common concern. Our hope is that we will have a similar civil discussion at our meetings on October 9th. It is essential that the entire City Council hear your comments.”

In order to provide time for citizens to reflect on the proposed new Additional Dog Household Permit in advance of the meetings, a summary of the idea is provided the your consideration.

Overview of Proposed Additional Dog Household Permit

- The permit will allow a dog owner to have no more than two additional dogs for a total of four. All dogs in this “additional dog household” will be governed by supplemental regulations specific to the household.
- Additional Dog Household Permits are allowed in all zones where dogs are currently allowed.

- All dogs in the Additional Dog Household must be spayed or neutered. Dog owners who want more than two dogs, but do not want to spay or neuter their dogs must obtain a kennel license.
- There must be a fully fenced yard of not less than 450 square feet on the property. It will be the dog owner's responsibility to assure this fence is capable of containing the additional dogs.
- To avoid risk of strangulation associated with chained dogs and fences, dogs in an Additional Dog Household may not be chained outside

Obtaining Permits and Dog Licenses

- There will be a one-time permit fee of \$50 for an Additional Dog Household Permit.
- This permit is issued to a specific dog owner at a specific address. Additional Dog Household Permits are not transferrable to other properties or to other dog owners.
- A new permit is not required if new dogs enter the household. However, changes in the dogs living in the household must be documented when new dog licenses are purchased.
- If the property owner is not the dog owner, the permit application must be co-signed by the property owner.
- Annual dog licenses are required in addition to the Additional Dog Household Permit.

Permit Revocation and Appeal

- Additional Dog Household Permits will be revoked under the following conditions:
 - a. Two convictions for barking or animal-at-large violations in any twelve month period. These convictions are not for each dog, but for the entire Additional Dog Household.
 - b. One conviction for animal violence or animal cruelty.
 - c. Any conviction for dogs in excess of those allowed by the Additional Dog Household Permit
 - d. Failure to clean up backyards within two weeks of a warning notice for offensive pet smells.
 - e. Conviction for other dog-related offenses not covered by specific animal control ordinances. For example, health violations might occur because of improper care of dogs inside the home.
- Once an Additional Dog Household Permit is revoked, all dogs over two will constitute a violation of Kanab's two dog limit and the dog owner will be subject to citation for each dog in excess of two.
- The decision to revoke an Additional Dog Household Permit may be appealed to an appeal board comprised of the City Manager, the Police Chief and an individual from the community appointed by the Mayor.

Kanab City Ordinance 10-1-12 O

An Ordinance Amending the Kanab City Heritage Council

Whereas, Utah Code Annotated (UCA) 10-8-85.9 provides that Kanab City may preserve, protect, or enhance an historical areas/sites; and,

Whereas, Kanab General Ordinance Section 15-520 et seq. establishes the Kanab Heritage Council to assist in the above purpose as well as assist in the general preservation of Kanab's heritage; and,

Whereas, the Council desires to amend the membership requirements and other provisions related to the function of the board

NOW THEREFORE,

BE IT HEREBY ORDAINED BY THE KANAB CITY COUNCIL the Kanab City General Ordinance Sections 15-520 et seq. are amended to state as reflected in the attachments affixed to this ordinance.

All former codes or parts thereof conflicting or inconsistent with provisions of this Ordinance or of the Code hereby adopted are hereby repealed.

The provisions of the code shall be severable, and if any provision thereof, of the application of such provision under any circumstance is held invalid, it shall not affect any other provisions of this code or the application in a different circumstance.

This ordinance shall be effective upon the required posting

Passed by the Kanab City Council this 9th day of October, 2012.

Nina Laycook, Mayor

Duane Huffman, Recorder

General Ordinances

Section 15: PARKS, RECREATION AND CULTURAL DEVELOPMENT

Section 15-518 Review by City Council

The City Council shall have the right to review the conduct, acts, and decisions of the Utah Arts Council. Any person may appeal any ruling or order of the Utah Arts Council to the City Council who may hear the matter and make a final decision.

Section 15-519 Definitions

Visual arts means art forms that create works which are primarily visual in nature, such as ceramics, drawing, painting, sculpture, printmaking, and modern visual arts (photography, video, and filmmaking)

Performing arts means arts, such as dance, drama, and music that are performed before an audience.

Folk arts means art originating among the common people of a nation or region and usually reflecting their traditional culture, especially everyday or festive items produced or decorated by unschooled artists.

Design arts means art that is both functional and aesthetically pleasing including, but not limited to, all forms of commercial art, product design and architecture.

Literary arts mean written works such as fiction, poetry, or non-fiction that go outside the bounds of normal professional, journalistic, academic, and technical forms of literature. Works which fall into this category include novels, epics, short stories, poems, screenwriting and playwriting.

Section 15-520 Kanab Heritage ~~Council~~[Board](#)

Section 15-521 Name

The name shall be the Kanab City Heritage and Historic Preservation Board

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General Ordinances

Section 15: PARKS, RECREATION AND CULTURAL DEVELOPMENT

(Kanab Heritage Board), and shall also be known as the Heritage Advisory Board. Its duties and responsibilities parallel those other advisory boards to the City.

Section 15-522 Membership

The Heritage Advisory Board shall consist of ~~eight (8)~~nine (9) voting members, and one ~~of which shall be a non-voting ex-officio~~ City Council member. ~~The term for the City Council member, designated as liaison for the Heritage Advisory Board, shall correspond to his/her tenure of office as a Kanab City Council member. This City Council member shall vote only in case of a tie. All~~ At least seven (7) of the nine (9) voting members of the Heritage Advisory Board shall be residents of Kanab City, and all voting members must be residents of Kane County.

The Mayor, with the advice and consent of the City Council, shall ~~initially~~ appoint the ~~other seven (7)~~ members of the Heritage Advisory Board. The nine (9) voting members ~~who~~ shall serve for a term of four (4) years and may be appointed for successive terms. The non-voting City Council member shall serve until the end of his/her term of office, or until the appointment of another City Council member. To ensure some continuity, terms will be staggered so that no more than ~~two (2)~~three (3) members will be appointed at one time. ~~Prospective members will be appointed by the Mayor with the consent of the City Council.~~ The Heritage Advisory Board may be asked for their recommendations for new members.

The Mayor may appoint additional non-voting advisory members to the Heritage Advisory Board. Non-voting advisory members shall serve for four (4) year terms, and may be appointed for successive terms. Non-voting advisory members are not required to be residents of Kanab City.

Appointments to office will be made on or before the second Tuesday in January each year. Vacancies of appointed members occurring other than through the expiration of their term shall be filled for the remainder of the term by appointment of the Mayor with the consent of the City Council. Vacancies shall be published in the local paper for two consecutive weeks.

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Section 15: PARKS, RECREATION AND CULTURAL DEVELOPMENT

The Kanab City Council shall have the right to remove any member of the Heritage Advisory Board for misconduct and may remove any member for non-performance of duty, which may include three (3) consecutive absences from the Heritage Advisory Board monthly meetings.

Section 15-523 Officers

The Heritage Advisory Board shall elect a chairperson and a chairperson pro-tem, the latter to become the acting chairperson during the absence of the chairperson. The Board shall also elect a secretary and appoint all other officers necessary for a term of one (1) year. In the event of a vacancy in any office, a successor shall be appointed for ~~for~~ the unexpired term of the office holder. The Heritage Advisory Board ~~chairperson or acting chairperson~~ officers shall be ~~a~~-voting members. Officers shall be elected during the first meeting of the new year (January). Officers may serve for successive terms.

Section 15-524 Quorum and Vote

A quorum shall consist of five (5) members ~~and one of which must be a~~ chairperson or chairperson pro-tem. The motion shall not be presented unless a quorum is present. An approval or disapproval vote shall require a majority of the members of the quorum.

Section 15-525 Meetings

The Heritage Advisory Board shall meet monthly at such time and place designated by the chairperson or acting chairperson. Additional meetings may be called as necessary. ~~Public notice shall be given for all meetings. They shall be advertised and open to the public. The agenda shall be prepared and posted at the City Office at least 24 hours prior to said meeting~~ The Board shall be in compliance of the Open and Public Meetings Act of May 2008, U.C.A. 52-4-101 et. seq.

General Ordinances

Section 15: PARKS, RECREATION AND CULTURAL DEVELOPMENT

Written records of all proceedings and meetings shall be kept. Copies of such records will be given to the City Manager at least monthly.

Section 15-526 Bylaws

The Heritage Advisory Board may promulgate such rules, regulations and bylaws as deemed necessary to carry out the effective and efficient functions of their office, which shall be approved by the Kanab City Council.

Section 15-527 Duties and Responsibilities

- A. Research, document, and compile information, pictures and artifacts of historical significance to Kanab and adjacent areas.
- B. Survey and inventory historic resources.
- C. Promote awareness of and concern for areas of historical significance.
- D. Provide historical information.
- E. Conduct the operation of the Kanab Heritage House. Prepare and maintain an inventory of all items in the Heritage House with a clear designation of their ownership. All items on loan, and any conditions of the loan shall be clearly documented.
- F. Conduct the operation of the Kanab Heritage Museum. Prepare and maintain an inventory of all items in the Heritage Museum with a clear designation of their ownership. All items on loan and any condition of the loan shall be clearly documented.
- G. Conduct the operation of the Juniper Fine Arts Gallery located in the west room in the lower level of the Kanab Heritage Museum. Prepare and maintain an inventory of items designated to the gallery.
- H. Oversee the maintenance and upkeep of the Kanab Heritage House, the Kanab Heritage Museum and the Juniper Fine Arts Gallery in cooperation with the City Manager.

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General Ordinances

Section 15: PARKS, RECREATION AND CULTURAL DEVELOPMENT

- I. Advise the City Manager when the Heritage Advisory Board feel that local and state historic laws and regulations are not being enforced.
- J. Affiliate with the Utah Historical Society and the Utah Heritage Foundation in order to best serve the community.
- K. Develop an annual budget in cooperation with the City Manager.
- L. The City Manager will provide the format and ~~due~~due dates concerning the preparation and submission of the Heritage Advisory Board's budget.
- M. Solicit and receive donations and generate funds which are deposited pursuant to city procedures in designated Kanab City account(s).
- N. As needed, the fee schedule for the Heritage house, the Heritage Museum, and the Juniper Fine Arts Gallery shall be updated by the City Council with recommendation from the Heritage Advisory Board. The fee schedule is found in Appendix A.
- O. The Heritage Advisory Board will also function as the Kanab Historic Preservation board.
- P. ~~The~~ Heritage Advisory Board shall have no authority to act on behalf of or bind the City except as stated in resolutions or ordinances of the City.

Section 15-528 Additions - Amendments

Additional rules and regulations and/or amendments to this ordinance may be recommended by the Heritage Advisory Board to the City Council as it is appropriate. They will be effective when approved by the City Council.

Section 15-530 Downtown Overlay District Design Review Committee

Section 15-531 Committee Created



October 4, 2012

Duane Huffman, City Manager
Kanab City, Utah
76 N Main Kanab, UT 84741

Re: \$295,900.00, Equipment Lease Purchase Dated October 23, 2012

Dear Duane:

Enclosed please find attached an electronic copy of the above referenced lease. Please print TWO copies for signature. As discussed, we have prepared the documents assuming that the District will approve the specifics of the lease at its next regularly scheduled meeting on Tuesday, October 9, 2012.

If all of the enclosures are acceptable, please place this item on the agenda and have the appropriate individuals sign TWO copies of the lease, the 8038-G and a W-9. Please return *both* completed copies to us as soon as possible in order for us to fund and close the lease on Tuesday, October 23, 2012.

In addition to the signed copies of the lease and pursuant to Section 1.1 of the documents, I have also enclosed a lease requirement checklist with a listing of items that must be received prior to funding.

In order for us to perfect our security interest in the equipment it is necessary for Zions First National Bank to be shown as first lien holder on the title to any vehicles being acquired. Please arrange for the titles to be sent to our office as soon as possible.

We propose funding the lease at a \$1,500.00 purchase discount, hence delivering to Kanab City, \$294,400.00. Please let me know if you have any questions on the documents or need further assistance. As always, it is a pleasure working with you.

Sincerely,

Alex Buxton

Alex Buxton
Vice President

AB/vc

LEASE PURCHASE AGREEMENT

This equipment lease (the "Lease") dated as of October 23, 2012, by and between Zions First National Bank, One South Main Street, Salt Lake City, Utah 84111 ("Lessor"), and Kanab City, Utah ("Lessee") a body corporate and politic existing under the laws of the State of Utah. This Lease includes all Exhibits hereto, which are hereby specifically incorporated herein by reference and made a part hereof.

Now therefore, for and in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

Lease Of Equipment

Section 1.1 *Agreement to Lease*. Lessor hereby demises, leases, and lets to Lessee and Lessee rents, leases and hires from Lessor, the "Equipment" (as hereinafter defined), to have and to hold for the term of this Lease; provided, however, that the obligation of Lessor to lease any item of the Equipment and to make payment to the Vendor therefor is subject to the condition precedent that Lessee shall provide the following at its cost, in form and substance satisfactory to Lessor:

- (i) Evidence satisfactory to Lessor as to due compliance with the insurance provisions of Section 10.2 hereof;
- (ii) Invoice of the Vendor of such item of Equipment; and
- (iii) Delivery And Acceptance Certificate in the form attached hereto as Exhibit "E" executed by Lessee acknowledging delivery to and acceptance by Lessee of such item of Equipment.

Section 1.2 *Title*. During the term of this Lease, title to the Equipment will be transferred to, and held in the name of, Lessee, subject to retransfer to Lessor as provided in Section 3.4. Upon termination of this Lease as provided in Sections 3.3 (a) or 3.3 (c), title to the Equipment will transfer automatically to Lessor without the need for any further action on the part of Lessor, Lessee, or any other person, provided that if any action is so required, Lessee by this Lease appoints Lessor its irrevocable attorney in fact to take any action to so transfer title to the Equipment to Lessor. Lessor at all times will have access to the Equipment for the purpose of inspection, alteration, and repair.

Section 1.3 *Security*. To secure the payment of all of Lessee's obligations to Lessor under this Lease, Lessee grants to Lessor a security interest in the Equipment and in all additions, attachments, accessions, and substitutions to or for the Equipment. The security interest granted herein includes proceeds. Lessee agrees to execute such additional documents, including financing statements, affidavits, notices, and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or advisable to establish and maintain its security interest in the

Equipment. Lessor understands and agrees that the security interest granted in this Section shall be subject and subordinate to presently existing security interests and/or purchase money security interests in miscellaneous equipment which may be installed in accordance with the provisions of Section 9.3.

ARTICLE II

Definitions

The terms defined in this Article II shall, for purposes of this Lease, have the meaning herein specified unless the context clearly otherwise requires:

“Business Day” shall mean any day except Saturday, Sunday and legal holidays on which banks in the State of Utah are closed.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commencement Date” shall mean the date when the term of this Lease begins and Lessee’s obligation to pay rent accrues, as set forth in Section 3.1.

“Equipment” shall mean the property which Lessor is leasing to Lessee referred to in Section 1.1 and more fully described in Exhibit “A.”

“Lessee” shall mean Kanab City, Utah.

“Lessor” shall mean Zions First National Bank, Salt Lake City, Utah, its successors and assigns.

“Option Purchase Price” shall mean the amount which Lessee must pay Lessor to purchase the Equipment, as determined by Article V.

“Original Term” shall mean the period from the Commencement Date until the end of the fiscal year of Lessee in effect at the Commencement Date, as set forth in Section 3.2.

“Principal Outstanding” means the remaining unpaid principal outstanding under this Lease as specified on Exhibit “C” attached hereto.

“Renewal Terms” shall mean all of the additional periods of one year (coextensive with Lessee’s fiscal year) for which this Lease shall be effective in the absence of a termination of the Lease as provided in Article III.

“Rental Payment Date” means the dates upon which Rental Payments are to be made by the Lessee to the Lessor hereunder as specified on Exhibit “C” attached hereto.

“Rental Payments” means the rental payments payable by Lessee pursuant to the provisions of this Lease during the Term hereof.

“Term” or “Term of this Lease” shall mean the Original Term and all Renewal Terms provided for in this Lease under Section 3.2.

“Vendor” shall mean the manufacturer of the Equipment and the manufacturer’s agent or dealer from whom Lessor purchased or is purchasing the Equipment.

ARTICLE III

Lease Term

Section 3.1 *Commencement*. The Term of this Lease shall commence as of:

_____ the date this Lease is executed.

_____ days after the receipt, installation, and operation of the Equipment, and its acceptance by Lessee, as indicated by an acceptance certificate signed by Lessee.

_____ the date the Vendor receives full payment for the Equipment from Lessor.

 X October 23, 2012.

Such date will be referred to as the Commencement Date.

Section 3.2 *Duration of Lease: Nonappropriation*. This Lease will continue until the end of the fiscal year of Lessee in effect at the Commencement Date (the “Original Term”). Thereafter, this Lease will be automatically extended for four (4) successive additional periods of one year coextensive with Lessee’s fiscal year (each, a “Renewal Term”), unless this Lease is terminated as hereinafter provided.

The parties understand that as long as Lessee has sufficient appropriated funds to make the Rental Payments hereunder, Lessee will keep this Lease in effect through all Renewal Terms and make all payments required herein or Lessee will exercise its option under Article V to purchase the Equipment. Lessee hereby declares that, as of the date of the execution of this Lease, Lessee currently has an essential need for the Leased Equipment which is the subject of this Lease to carry out and give effect to the public purposes of Lessee. Lessee reasonably believes that it will have a need for the Equipment for the duration of the Original Term and all Renewal Terms. If Lessee does not appropriate funds to continue the leasing of the Equipment for any ensuing Renewal Term, this Lease will terminate upon the expiration of the Original or Renewal Term then in effect and Lessee shall notify Lessor of such termination at least ten (10) days prior to the expiration of the Original or Renewal Term then in effect; provided, however, that a failure to give such written notice shall not constitute an event of default, result in any liability on the part of the Lessee or otherwise affect the termination of this Lease as set forth hereinabove.

Section 3.3 *Termination*. This Lease will terminate upon the earliest of any of the following events:

- (a) the expiration of the Original Term or any Renewal Term of this Lease and the failure of Lessee to appropriate funds to continue the leasing of the Equipment for the ensuing Renewal Term;
- (b) the exercise by Lessee of any option to purchase granted in this Lease by which Lessee purchases all of the Equipment;
- (c) a default by Lessee and Lessor's election to terminate this Lease under Article VII herein; or
- (d) the expiration of the Term of this Lease.

Section 3.4 *Return of Equipment Upon Termination*. Upon termination of this Lease pursuant to Sections 3.3 (a) or 3.3 (c), Lessee shall return the Equipment to Lessor in the condition, repair, appearance and working order required in Section 9.2 hereof in the following manner as may be specified by Lessor:

- (a) By delivering the Equipment to Lessor at Lessee's principal place of business; or
- (b) By loading the Equipment at Lessee's cost and expense, on board such carrier as Lessor shall specify and shipping the same, freight prepaid, to the destination designated by Lessor.

Lessee shall obtain all governmental authorizations to permit return of the Equipment to Lessor and Lessee shall pay to Lessor such sum as may be necessary to cover replacement of all broken or missing parts.

ARTICLE IV

Rental Payments

Section 4.1 *Amount*. Lessee will pay Lessor as rent for the use of the Equipment during the Original Term and any Renewal Terms on the dates and in the amounts set forth in Exhibit "C" attached hereto. All Rental Payments shall be paid, exclusively from legally available funds, in lawful money of the United States of America to Lessor at or to such other person or entity or at such other place as Lessor may from time to time designate by written notice to Lessee.

Section 4.2 *Portion of Rental Payments Attributable to Interest*. The portion of each Rental Payment which is paid as and is representative of interest is set forth in Exhibit "C" attached hereto.

Section 4.3 *No Right to Withhold*. Notwithstanding any dispute between Lessee, Lessor, Vendor or any other party, Lessee will make all Rental Payments when due, without withholding any portion of such rent, pending final resolution of such dispute by mutual agreement between the parties thereto or by a court of competent jurisdiction.

Section 4.4 *Rental Payments to Constitute a Current Obligation of the Lessee.* The Lessee and the Lessor acknowledge and agree that the obligation of the Lessee to pay Rental Payments hereunder constitutes a current obligation of the Lessee payable exclusively from current and legally available funds and shall not in any way be construed to be an indebtedness of the Lessee within the meaning of any provision of Sections 10-8-6 or 11-1-1 through 11-1-2, Utah Code Annotated 1953, as amended, or Section 3, 4, or 5 of Article XIV of the Utah Constitution, or any other constitutional or statutory limitation or requirement applicable to the Lessee concerning the creation of indebtedness. The Lessee has not hereby pledged the credit of the Lessee to the payment of the Rental Payments, or the interest thereon, nor shall this Lease obligate the Lessee to apply money of the Lessee to the payment of Rental Payments beyond the then current Original Term or Renewal Term, as the case may be, or any interest thereon.

ARTICLE V

Purchase Of Equipment

Section 5.1 *Option Purchase Price.* On any Business Day on or after October 23, 2012, Lessee may purchase the Equipment from Lessor at a price equal to the principal amount outstanding on the Rental Payment Date immediately preceding the date of calculation (unless such date is a Rental Payment Date, in which case, the principal amount outstanding as of such date), plus accrued interest from such Rental Payment Date to such date of calculation at the rate of interest per annum in effect for the period during which the calculation is made, as set forth in Exhibit "C."

Section 5.2 *Manner of Exercise of Option.* To exercise the option, Lessee must deliver to Lessor written notice specifying the date on which the Equipment is to be purchased (the "Closing Date"), which notice must be delivered to Lessor at least thirty (30) days prior to the Closing Date specified therein. At the closing, Lessor will deliver to Lessee a bill of sale transferring the Equipment to Lessee free and clear of any lien or encumbrance created by or arising through Lessor, but without warranties, and will deliver all warranties and guarantees of Vendors of the Equipment.

Section 5.3 *Conditions of Exercise of Option.* Lessee may purchase the Equipment pursuant to the option granted by this Lease only if Lessee has made all Rent Payments when due (or has remedied any defaults in the payment of rent, in accordance with the provisions of this Lease) and if all other representations, covenants, warranties, and obligations of Lessee under this Lease have been satisfied (or all breaches of the same have been waived by Lessor in writing).

Section 5.4 *Termination Purchase.* Upon the expiration of the Term of the Lease and provided that the conditions of Section 5.3 have been satisfied, Lessee shall be deemed to have purchased the Equipment (without the payment of additional sums) and shall be vested with all rights and title to the Equipment. Lessor agrees that upon the occurrence of the events as provided in this Section, it shall deliver to Lessee the documents specified in Section 5.2, and shall comply with the provisions of Section 5.2 relating to termination upon exercise of the option to purchase.

ARTICLE VI

Representations, Covenants, And Warranties Of Lessee And Lessor

Section 6.1 *Representations, Covenants and Warranties of Lessee*. Lessee represents, covenants, and warrants as follows:

- (a) Lessee is a body corporate and politic, duly organized and existing under the Constitution and laws of the State of Utah.
- (b) Lessee is authorized by the Constitution and laws of the State of Utah to enter into this Lease and to effect all of Lessee's obligations hereunder. The governing body of Lessee has executed the resolution attached as Exhibit "B" to this Lease which specifically authorizes Lessee to execute and deliver this Lease.
- (c) All procedures and requirements, including any legal bidding requirements, have been met by Lessee prior to the execution of this Lease in order to insure the enforceability of this Lease and all rent and other payment obligations will be paid out of funds legally available for such purpose.
- (d) The governing body of Lessee has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which Lessee's execution of this Lease was authorized, as evidenced by the certificate of open meeting law attached to the Resolution of Governing Body which is attached hereto as Exhibit "B."
- (e) The letter attached to this Lease as Exhibit "D" is a true opinion of Lessee's counsel.
- (f) Lessee will use and service the Equipment in accordance with Vendor's instructions and in such a manner as to preserve all warranties and guarantees with respect to the Equipment.
- (g) During the term of this Lease, the Equipment will be used by Lessee only for the purpose of performing one or more governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority.
- (h) The representations, covenants, warranties, and obligations set forth in this Article are in addition to and are not intended to limit any other representations, covenants, warranties, and obligations set forth in this Lease.
- (i) The Equipment shall be used solely by Lessee and shall not be subject to any direct or indirect private business use.
- (j) Lessee covenants and certifies to and for the benefit of Lessor throughout the term of this Lease that:

- (1) No use will be made of the proceeds of this Lease, or any funds or accounts of Lessee which may be deemed to be proceeds of this Lease, which use, if it had been reasonably expected on the date of execution of this Lease, would have caused this Lease to be classified as an “arbitrage bond” within the meaning of Section 148 of the Code;
 - (2) Lessee will at all times comply with the rebate requirements of Section 148(f), to the extent applicable;
 - (3) in order to preserve the status of this Lease as other than a “private activity bond” as described in Sections 103(b)(1) and 141 of the Code, as long as this Lease is outstanding: (I) none of the proceeds of this Lease or the Equipment financed therewith shall be used for any “private business use” as that term is used in Section 141(b) of the Code and defined in Section 141(b)(6) of the Code; and (II) no part of this Lease shall be secured in whole or in part, directly or indirectly, by any interest in any equipment used in any such “private business use” or by payments in respect of such equipment, and shall not be derived from payments in respect of such equipment;
 - (4) it will not take any action or omit to take any action such that would cause interest on this Lease to become ineligible for the exclusion from gross income of Lessor as provided in Section 103 of the Code.
- (k) The obligations of Lessee under this lease are not federally guaranteed within the meaning of Section 149(b) of the Code.
- (l) This Lease is being executed for the purpose of acquiring the Equipment and is not being issued to refund or refinance any outstanding obligation of Lessee, nor to reimburse Lessee for any expenditures made prior to sixty (60) days before the date the Governing Body (as defined in the Resolution of the Governing Body attached hereto) of the Lessee adopted the Resolution of the Governing Body attached hereto.
- (m) In compliance with Section 149 (e) of the Code relating to information reporting, Lessee has caused or will cause to be filed with the Internal Revenue Service, IRS form 8038–G or 8038–GC, as appropriate.
- (n) Lessee has selected the Equipment and desires to lease the Equipment for use in the performance of its governmental or proprietary functions. Lessor, at Lessee’s request, has ordered or shall order the Equipment and shall lease the same to Lessee as herein provided, Lessor’s only role being the facilitation of the financing of the Equipment for the Lessee. Lessor will not be liable for specific performance or for damages if the supplier or manufacturer of the Equipment for any reason fails to fill, or delays in filling, the order for the Equipment. Lessee acknowledges that Lessor is not a manufacturer of or a dealer in the Equipment (or similar equipment) and does not inspect the Equipment prior to delivery to Lessee. Lessee agrees to accept the Equipment and authorizes Lessor to add the serial number of the Equipment to Exhibit “A.” Lessor shall have no obligation to install, erect, test, inspect, or service the Equipment. *For purpose of this Lease and of any purchase of the Equipment*

effected under this Lease, Lessor expressly disclaims any warranty with respect to the condition, quality, durability, suitability, merchantability or fitness for a particular purpose of the Equipment in any respect, and any other representation, warranty, or covenant, express or implied. Lessor will not be liable to Lessee for any liability, loss, or damage caused or alleged to be caused, directly or indirectly, by any inadequacy, deficiency, or defect in the equipment, or by any use of the equipment, whatsoever. Lessor assigns to Lessee, without recourse, for the Term of this Lease all manufacturer warranties and guarantees, express or implied, pertinent to the Equipment, and Lessor directs Lessee to obtain the customary services furnished in connection with such guarantees and warranties at Lessee's expense, subject to Lessee's obligation to reassign to Lessor all such warranties and guarantees upon Lessor's repossession of the Equipment.

- (o) During the term of this Lease, Lessee covenants and agrees (1) to include in its annual tentative budget prepared by the appropriate officials acting on behalf of Lessee in accordance with applicable law an item for expenditure of an amount necessary to pay the Rental Payments for the Equipment during the next succeeding Renewal Term, and (2) to take such further action (or cause the same to be taken) as may be necessary or desirable to assure that the final budget submitted to the governing body of Lessee for its consideration seeks an appropriation of moneys sufficient to pay such Rental Payments.
- (p) There are no legal or governmental proceedings or litigation pending or, to the best knowledge of Lessee, threatened or contemplated (or any basis therefore) wherein an unfavorable decision, ruling or finding might adversely affect the transactions contemplated in or the validity of this Lease
- (q) Lessee has never non-appropriated or defaulted under any of its payment or performance covenants, either under any municipal lease of the same general nature as this Lease or under any of its bonds, notes or other debt obligations for which its general credit or revenues are pledged.

Section 6.2 *Representations, Covenants and Warranties of Lessor.* Lessor represents, covenants, and warrants as follows:

- (a) During the term of this Lease, Lessor will provide Lessee with quiet use and enjoyment of the Equipment, without suit, trouble, or hindrance from Lessor, except upon default by Lessee as set forth in this Lease.
- (b) Lessor has not caused to be created any lien or encumbrance on the Equipment except the security interest provided in Section 1.3 of this Lease.

ARTICLE VII

Events Of Default And Remedies

Section 7.1 *Events of Default Defined*. The following shall be “events of default” under this Lease and the terms, “event of default” and “default” shall mean, whenever they are used in this Lease, any one or more of the following events:

- (a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder at the time specified herein; and
- (b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 7.1 (a), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied as given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected.

The foregoing provisions of this Section 7.1 are subject to (i) the provisions of Section 3.2 hereof with respect to nonappropriation; and (ii) if by reason of *force majeure* Lessee is unable in whole or in part to carry out its agreement on its part herein contained, other than the obligations on the part of Lessee contained in Article IV hereof, Lessee shall not be deemed in default during the continuance of such inability. The term “*force majeure*” as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the state wherein Lessee is located or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms, droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of Lessee.

Section 7.2 *Remedies on Default*. Whenever any event of default referred to in Section 7.1 hereof shall have happened and be continuing, Lessor shall have the right, at its sole option without any further demand or notice to take one or any combination of the following remedial steps:

- (a) With or without terminating this Lease, retake possession of the Equipment and sell, lease or sublease the Equipment for the account of Lessee, holding Lessee liable for the difference between (i) the rents and other amounts payable by Lessee hereunder to the end of the then current Original Term or Renewal Term, as appropriate, and (ii) the purchase price, rent or other amounts paid by a purchaser, lessee or sublessee of the Equipment pursuant to such sale, lease or sublease; and

- (b) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights as the owner of the Equipment.

Section 7.3 *No Remedy Exclusive*. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article VII it shall not be necessary to give any notice, other than such notice as may be required in this Article VII.

Section 7.4 *Waiver of Certain Damages*. With respect to all of the remedies of Section 7.2 above, Lessee expressly waives any damages occasioned by Lessor's repossession of the Equipment.

ARTICLE VIII

Payment Of Taxes, Fees, Permits, And Utility Services

Section 8.1 *Interpretation*. This Lease for all purposes will be treated as a net lease.

Section 8.2 *Taxes and Fees*. Lessee agrees to pay and to indemnify and hold Lessor harmless from, all license, sales, use, personal property, and other taxes and fees, together with any penalties, fines, and interest on such taxes and fees imposed or levied with respect to the Equipment and the ownership, delivery, lease, possession, use, operation, sale, and other disposition of the Equipment, and upon the rental or earnings arising from any such disposition, except any federal or state income taxes payable by Lessor on such rental or earnings. Lessee may in good faith and by appropriate proceedings contest any such taxes and fees so long as such proceedings do not involve any danger of sale, forfeiture, or loss of the Equipment or of any interest in the Equipment.

Section 8.3 *Permits*. Lessee will provide all permits and licenses necessary for the installation, operation, and use of the Equipment. Lessee will comply with all laws, rules, regulations, and ordinances applicable to the installation, use, possession, and operation of the Equipment. If compliance with any law, rule, regulation, ordinance, permit, or license requires changes or additions to be made to the Equipment, such changes or additions will be made by Lessee at its own expense.

Section 8.4 *Utilities*. Lessee will pay all charges for gas, water, steam, electricity, light, heat or power, telephone, or other utilities furnished to or used in connection with the Equipment (including charges for installation of such services) during the term of this Lease. There will be no abatement of rent on account of the interruption of any such services.

ARTICLE IX

Use, Repairs, Alterations, And Liens

Section 9.1 *Use*. Lessee will not install, use, operate, or maintain the Equipment improperly, carelessly, in violation of any applicable law, or in a manner contrary to that contemplated by this Lease. Lessee agrees that the Equipment is and at all times will remain personal property not withstanding that the Equipment or any part of the Equipment may now or hereafter become affixed in any manner to real property or to any building or permanent structure.

Section 9.2 *Repairs*. Lessee at its own cost will service, repair, and maintain the Equipment so as to keep the Equipment in as good condition, repair, appearance, and working order as when delivered to and accepted by Lessee under this Lease, ordinary wear and tear excepted. At its own cost, Lessee will replace any and all parts and devices which may from time to time become worn out, lost, stolen, destroyed damaged beyond repair, or rendered unfit for use for any reason whatsoever. All such replacement parts, mechanisms, and devices will be free and clear of all liens, encumbrances, and rights of others, and immediately will become a part of the Equipment and will be covered by this Lease (for all purposes including the obligation of Lessee to retransfer title to Lessor under Section 1.2 herein) to the same extent as the Equipment originally covered by this Lease.

Section 9.3 *Alterations*. Lessee may install such miscellaneous equipment as may be necessary for use of the Equipment for its intended purposes so long as either (a) the installation of such equipment does not alter the function or manner of operation of the Equipment, or (b) Lessee, upon termination of this Lease (other than termination pursuant to Section 3.3(b) or (d), restores the Equipment to its function and manner of operation prior to the installation of such equipment. Subject to the obligations described above, Lessee may remove such equipment upon termination of this Lease, if the removal of such equipment will not substantially damage the Equipment. Without the prior written consent of Lessor, Lessee will not make any other alterations, changes, modifications, additions, or improvements to the Equipment except those needed to comply with Lessee's obligations to change, add to, or repair the Equipment as set forth in Sections 9.2 and 10.3 herein. Any alterations, changes, modifications, additions, and improvements made to the Equipment, other than miscellaneous equipment installed as set forth above, immediately will become a part of the Equipment and will be covered by this Lease (for all purposes, including the obligation of Lessee to retransfer title to Lessor under Section 1.2 herein) to the same extent as the Equipment originally covered by this Lease.

Section 9.4 *Liens*. Except with respect to the security interest provided in Section 1.3 hereof, Lessee will not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Equipment or any interest in the Equipment. Lessee promptly and at its own expense will take such action as may be necessary to duly discharge any mortgage, pledge, lien, charge, encumbrance, or claim, not excepted above, if the same arises at any time.

ARTICLE X

Indemnification, Insurance, And Damage To Or Destruction Of The Equipment

Section 10.1 *Indemnification*. Lessee assumes liability for and agrees to indemnify Lessor from and against any and all liability (including attorney's fees) of any nature imposed upon, incurred by, or asserted against Lessor which in any way relates to or arises out of ownership, delivery, lease, possession, use, operation, condition, sale, or other disposition of the Equipment. Notwithstanding anything contained in this Section to the contrary, Lessor shall not be indemnified for, or relieved of, any liability which may be incurred from Lessor's breach of this Lease.

Section 10.2 *Insurance*. Lessee at Lessor's option will either self insure, or at its cost, will cause casualty insurance, public liability insurance, and property damage insurance to be carried and maintained on the Equipment, with all such coverages to be in such amounts sufficient to cover the value of the Equipment at the commencement of this Lease (as determined by the purchase price paid by Lessor for the Equipment), and to be in such forms, to cover such risks, and with such insurers, as are acceptable to Lessor. A combination of self-insurance and policies of insurance may be utilized. If policies of insurance are obtained, Lessee will cause Lessor to be the named insured on such policies as its interest under this Lease may appear. Insurance proceeds from insurance policies or budgeted amounts from self-insurance as relating to casualty and property damage losses will, to the extent permitted by law, be payable to Lessor to the extent of the sum of the Option Purchase Price of the Equipment at the time of its damage or destruction and all amounts due and owing hereunder. Lessee will deliver to Lessor the policies or evidences of insurance satisfactory to Lessor, if any, together with receipts for the initial premiums before the Equipment is delivered to Lessee. Renewal policies, if any, together with receipts showing payment of the applicable premiums will be delivered to Lessor at least thirty (30) days before termination of the policies being renewed. By endorsement upon the policy or by independent instrument furnished to Lessor, such insurer will agree that it will give Lessor at least thirty (30) days' written notice prior to cancellation or alteration of the policy. Lessee will carry workmen's compensation insurance covering all employees working on, in, or about the Equipment, and will require any other person or entity working on, in, or about the Equipment to carry such coverage, and will furnish to Lessor certificates evidencing such coverages throughout the Term of this Lease.

Section 10.3 *Damage to or Destruction of the Equipment*. If all or any part of the Equipment is lost, stolen, destroyed, or damaged, Lessee will give Lessor prompt notice of such event and will, to the extent permitted by law, repair or replace the same at Lessee's cost within thirty (30) days after such event, and any replaced Equipment will be substituted in this Lease by appropriate endorsement. All insurance proceeds received by Lessor under the policies required under Section 10.2 with respect to the Equipment lost, stolen, destroyed, or damaged, will be paid to Lessee if the Equipment is repaired or replaced by Lessee as required by this Section. If Lessee fails or refuses to make the required repairs or replacement, such proceeds will be paid to Lessor to the extent of the then remaining portion of the Rental Payments to become due during the Term of this Lease less that portion of such Rental Payments attributable to interest which will not then have accrued. No loss, theft, destruction, or damage to the Equipment will impose any obligation on Lessor under this Lease, and this Lease will continue in full force and effect

regardless of such loss, theft, destruction, or damage. Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss, theft, destruction, or damage to the Equipment and for injuries or deaths of persons and damage to property however arising, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such damage to property be to Lessee's property or to the property of others.

ARTICLE XI

Miscellaneous

Section 11.1 *Assignment and Sublease by Lessee*. Lessee may not assign, transfer, pledge, or encumber this Lease or any portion of the Equipment (or any interest in this Lease or the Equipment), or sublet the Equipment, without the prior written consent of Lessor. Consent to any of the foregoing acts shall not constitute a consent to any subsequent like act by Lessee or any other person. Lessee agrees that Lessor may impose on the Equipment such plates or other means of identification as necessary to indicate that the Equipment is subject to this Lease and the restrictions set forth in this Section.

Section 11.2 *Assignment by Lessor*. The parties hereto agree that all rights of Lessor hereunder may be assigned, transferred or otherwise disposed of, either in whole or in part; provided that (1) notice of any such assignment, transfer or other disposition is given to Lessee at least five (5) days prior thereto; (2) prior to any such assignment, transfer or other disposition, the name and address of the assignee or transferee must be registered on registration books maintained by Lessee for this Lease; and (3) prior to any such assignment, transfer or other disposition, this Lease must be surrendered to Lessee and the interest of any such assignee or transferee indicated on the face hereof and after such notation hereon, Lessee will redeliver this Lease to the new owner or owners hereof. Lessee shall maintain registration books for this Lease and shall be obligated to make the payments required hereby, including principal and interest payments, solely to the registered owner or owners hereof.

Section 11.3 *Lessor's Right to Perform for Lessee*. If Lessee fails to make any payment or fails to satisfy any representation, covenant, warranty, or obligation contained herein or imposed hereby, Lessor may (but need not) make such payment or satisfy such representation, covenant, warranty, or obligation, and the amount of such payment and any expenses incurred by Lessor, as the case may be, together with interest thereon as herein provided, will be deemed to be additional rent payable by Lessee on Lessor's demand.

Section 11.4 *Addresses*. All notices to be given under this Lease will be made in writing and mailed or delivered by registered or certified mail, return receipt requested to the following addresses until either Lessee or Lessor gives written notice to the other specifying a different address:

- (a) if to Lessee, at Kanab City, Utah, 76 N Main, Kanab, UT 84741. Attention: Duane Huffman.

(b) if to Lessor, at Zions First National Bank, One South Main Street, 17th Floor, Salt Lake City, Utah, 84133. Attention: Public Financial Services.

Section 11.5 *Manner of Payment*. All payments by Lessee will be made in cash, by certified or cashier's check, or by other manner acceptable to Lessor.

Section 11.6 *Nonwaiver*. No breach by Lessee in the satisfaction of any representation, covenant, warranty, or obligation contained herein or imposed hereby may be waived except by the written consent of Lessor, and any such waiver will not operate as a waiver of any subsequent breach. Forbearance or indulgence by Lessor in any regard whatsoever shall not constitute a waiver of the covenant or obligation and until complete performance by Lessee of said covenant or obligation Lessor shall be entitled to invoke any remedy available to it under this Lease despite said forbearance or indulgence. No collection of rent shall operate as a waiver of any default.

Section 11.7 *Severance Clause*. Any provision in this Lease which is prohibited by Law will be treated as if it never were a part of this Lease, and the validity of the remaining terms of this Lease will be unaffected.

Section 11.8 *Entire Agreement; Addendum*. This Lease and the attached Exhibits constitute the entire agreement between Lessor and Lessee and supersedes any prior agreement between Lessor and Lessee with respect to the Equipment, except as is set forth in an Addendum, if any, which is made a part of this Lease and which is signed by Lessor and Lessee.

Section 11.9 *Amendments*. This Lease may be amended only by a written document signed by Lessor and Lessee, or their respective successors and assigns.

Section 11.10 *Inurement*. Subject to the restrictions in Section 11.1 above, this Lease is binding upon and inures to the benefit of Lessor and Lessee and their respective successors and assigns.

Section 11.11 *Governing Law*. This Lease is governed by the laws of the State of Utah.

Section 11.12 *Headings*. Headings used in this Lease are for convenience of reference only and the interpretation of this Lease will be governed by the text only.

Section 11.13 *Offset*. Rental Payments or other sums payable by Lessee pursuant to this Lease shall not be subject to set-off, deduction, counterclaim or abatement and Lessee shall not be entitled to any credit against such Rental Payments or other sums for any reason whatsoever, including, but not limited to any damage or destruction of the Equipment or any restriction or interference with Lessee's use of the Equipment.

Section 11.14 *Interest*. If Lessee fails to pay any Rental Payment or other amount due hereunder within ten (10) days after the due date thereof, Lessee shall pay to Lessor interest on such delinquent payment from the due date until paid at the rate of one percent (1%) per month.

Section 11.15 *Nature of this Agreement*. Lessor and Lessee agree that it is their intention that, for federal income tax purposes, the interest of Lessor in the Equipment is as a secured

party and the interest of Lessee is as a debtor with the aggregate principal amount of the Rental Payments constituting the purchase price of the Equipment, and that Lessor neither has nor will have any equity in the Equipment.

Section 11.16 *Set-Up Fee*. As additional consideration for the rights herein granted to Lessee, Lessee agrees to pay Lessor a commencement or set-up fee of One thousand five hundred dollars (\$1,500.00) on the date this Lease is executed.

Section 11.17 *Designation of Issue for Tax Purposes*. In accordance with Section 265 of the Code, Lessee hereby designates this Lease as an issue qualifying for the exception for certain qualified tax-exempt obligations to the rule denying banks and other financial institutions 100% of the deduction for interest expenses which is allocable to tax-exempt interest. Lessee reasonably anticipates that the total amount of tax-exempt obligations [other than (i) private activity bonds, as defined in Section 141 of the Code (a qualified 501 (c)(3) bond, as defined in Section 145 of the Code, and any bond issued to refund certain obligations issued before August 8, 1986 as described in Section 265 (b)(3)(B)(ii)(II) of the Code not being treated as a private activity bond for this purpose), (ii) any obligation to which Section 141 (a) of the Code does not apply by reason of Sections 1312, 1313, 1316 (g) or 1317 of the Tax Reform Act of 1986 and which is described in Section 265 (b)(3)(C)(ii)(II) of the Code, and (iii) any obligation issued to refund (other than to advance refund within the meaning of Section 149 (d)(5) of the Code) any obligation to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation] which will be issued by the Lessee and by any aggregated issuer during the current calendar year will not exceed \$10,000,000.

Section 11.18 *Exhibits*. This Lease shall not be effective as against Lessor until such time as all Exhibits attached hereto, consisting of Exhibits "A" through "E," inclusive, are completed to the satisfaction of Lessor and delivered to Lessor.

EXHIBITS

- Exhibit A..... Description Of Equipment
- Exhibit B Resolution Of Governing Body
- Exhibit C Payment Schedule
- Exhibit D..... Opinion Of Lessee’s Counsel
- Exhibit E Delivery and Acceptance Certificate

Executed this ____ day of _____, 20____.

Lessor:

Zions First National Bank

By _____

Alex Buxton, Vice President

Lessee:

Kanab City, Utah

By _____

Nina Laycook, Mayor

EXHIBIT A
Description Of Equipment

Quantity	Description/Serial Numbers
8	5) RAM 1500 Crew 4x4 V8 Police Patrol Pkg, VIN: 1C6RD7KT8CS320727, 1C6RD7KYXCS320728, 1C6RD7KT1CS320729, 1C6RD7KT8CS320730, 1C6RD7KT3CS295655, 1) Ford F150 Crew 4x4 EcoBoost Fire Admin Pkg VIN: 1FTFW1ET6CFC04059, 2) Camaro SS V8 Leather Undercover Police Pkgs, VIN's: 2G1FK1EJ5D9127374, 2G1FK1EJXC9191165

Initials of Lessee Signatory

EXHIBIT B
Resolution Of Governing Body
Extract Of Minutes

October 9, 2012

Kanab City, Utah

The City Council (the “Governing Body”) of Kanab City, Utah met in regular session at its regular meeting place in Kanab City, Utah on October 9, 2012, with the following members of the Governing Body present:

Nina Laycook.....	Mayor
Ed Meyer.....	Council Member
Joe B. Wright	Council Member
Cheryl Brown.....	Council Member
James Sorenson.....	Council Member
Kirt Carpernter	Council Member

Also present:

RaeLene JohnsonCity Treasurer

Absent:

After the meeting had been duly called to order and the minutes of the preceding meeting read and approved, the following resolution was introduced in written form, read in full, and pursuant to motion duly made by Council Member _____ and seconded by Council Member _____ was adopted by the following vote:

YEA:

NAY:

The resolution was then signed by the _____ in open meeting and recorded by the _____. The resolution is as follows:

A resolution approving the form of the Equipment Lease Agreement with Zions First National Bank, Salt Lake City, Utah. Finding that it is in the best interests of Kanab City, Utah to enter into said Agreement, and authorizing the execution and delivery thereof.

Whereas, the City Council (the “Governing Body”) has determined that a true and very real need exists for the leasing of the equipment described in the Equipment Lease Agreement presented to this meeting; and

Whereas, the Governing Body has reviewed the form of the Equipment Lease Agreement and has found the terms and conditions thereof acceptable to Kanab City, Utah; and

Whereas, the Governing Body has taken the necessary steps including any legal bidding requirements, under applicable law to arrange for the leasing of such equipment under the Equipment Lease Agreement.

Be it resolved by the Governing Body of Kanab City, Utah as follows:

Section 1. The terms of said Equipment Lease Agreement are in the best interests of Kanab City, Utah for the leasing of the equipment described therein.

Section 2. The Mayor and City Treasurer are hereby authorized to execute and deliver the Equipment Lease Agreement and any related documents necessary to the consummation of the transactions contemplated by the Equipment Lease Agreement for and on behalf of Kanab City, Utah.

Section 3. The officers of the Governing Body and Kanab City, Utah are hereby authorized and directed to fulfill all obligations under the terms of the Equipment Lease Agreement.

Adopted and approved this _____ day of _____, 20_____.

By _____
Nina Laycook, Mayor

STATE OF UTAH)
 :ss.
COUNTY OF KANE)

I, RaeLene Johnson hereby certify that I am the duly qualified and acting City Treasurer of Kanab City, Utah.

I further certify that the above and foregoing instrument constitutes a true and correct copy of the minutes of a regular meeting of the City Council including a Resolution adopted at said meeting held on October 9, 2012, as said minutes and Resolution are officially of record in my possession, and that a copy of said Resolution was deposited in my office on _____, 20____.

In witness whereof, I have hereunto set my hand and affixed the corporate seal of Kanab City, Utah this _____ day of _____, 20____.

By _____
RaeLene Johnson, City Treasurer

[S E A L] ↑

STATE OF UTAH)
 :ss.
COUNTY OF KANE)

I, RaeLene Johnson, the duly qualified City Treasurer of Kanab City, Utah do hereby certify:

- (a) that in accordance with the requirements of Section 52-4-6 (1), Utah Code Annotated (1953), as amended, public notice of the 20____ Annual Meeting Schedule of the City Council (the “Governing Body”) of Kanab City, Utah was given, specifying the date, time and place of the regular meetings of the Governing Body scheduled to be held during the year, by causing a Notice of Annual Meeting Schedule for the Governing Body to be posted on _____, 20____, at the principal office of the Governing Body at Kanab City, Utah; said Notice of Annual Meeting Schedule having continuously remained so posted and available for public inspection during regular office hours of the undersigned until the date hereof; and causing a copy of the Notice of Annual Meeting Schedule to be provided on _____, 20____ to at least one newspaper of general circulation within the geographic jurisdiction of Kanab City, Utah, or to a local media correspondent;
- (b) that in accordance with the requirements of Section 52-4-6 (2), Utah Code Annotated (1953), as amended, public notice of the regular meeting of the Governing Body on October 9, 2012, was given by specifying in a Notice of Regular Meeting the agenda, date, time and place of the meeting and by causing the Notice of Regular meeting to be posted at the principal office of the Governing Body on the _____ day of _____, 20____ a date not less than 24 hours prior to the date and time of the Governing Body’s regular meeting, and to be provided on the _____ day of _____, 20____, to at least one newspaper of general circulation within the geographic jurisdiction of Kanab City, Utah, or to a local media correspondent.

In witness whereof, I have hereunto set my hand and affixed the official seal of Kanab City, Utah this _____ day of _____, 20_____.

By _____
RaeLene Johnson, City Treasurer

[S E A L] ↑

EXHIBIT C
Payment Schedule

Lessee: Kanab City, Utah

Date of Lease: October 23, 2012

Amount Due: \$295,900.00

1. Interest has been computed at the rate of 2.3 % per annum. Interest shall accrue from the Commencement Date.
2. Rental payments shall be due annually commencing October 23, 2012. The payments set forth on the attached debt service schedule shall be due on the 23rd day of October up to and including October 23, 2016.
3. The Option Purchase Price, on any given date of calculation, is equal to the Principal Outstanding on the Rental Payment Date immediately preceding the date of calculation (unless such calculation date is a Rental Payment Date, in which case, the Principal Outstanding as of such date) plus accrued interest from such Rental Payment Date at the rate set forth in paragraph number 1 above.

[Please see the attached Debt Service Schedule]

The remainder of this page has been intentionally left blank

Kanab City, Utah

\$295,900 Equipment Lease Purchase

Dated October 23, 2012

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/23/2012	47,605.38	-	-	47,605.38
10/23/2013	41,894.60	2.300%	5,710.78	47,605.38
10/23/2014	67,241.59	2.300%	4,747.20	71,988.79
10/23/2015	68,788.15	2.300%	3,200.64	71,988.79
10/23/2016	70,370.27	2.300%	1,618.52	71,988.79
Total	\$295,900.00	-	\$15,277.14	\$311,177.14

Yield Statistics

Bond Year Dollars	\$664.22
Average Life	2.245 Years
Average Coupon	2.3000005%
Net Interest Cost (NIC)	2.3000005%
True Interest Cost (TIC)	-4.2508718%
Bond Yield for Arbitrage Purposes	-4.2508713%
All Inclusive Cost (AIC)	-4.0695989%

IRS Form 8038

Net Interest Cost	2.3000005%
Weighted Average Maturity	2.245 Years

Lease 10/23/12 | SINGLE PURPOSE | 10/ 2/2012 | 11:03 AM



Initials of Lessee Signatory

EXHIBIT D
Opinion Of Lessee's Counsel
(Use Attorney's Letterhead)

To: Zions First National Bank
One South Main Street
Salt Lake City, Utah 84111

Gentlemen:

As counsel for Kanab City, Utah ("Lessee"), I have examined duly executed originals of Equipment Lease Agreement (the "Lease") dated October 23, 2012, between the Lessee and Zions First National Bank, Salt Lake City, Utah ("Lessor"), and the proceedings taken by Lessee to authorize and execute the Lease. Based upon such examination as I have deemed necessary or appropriate, I am of the opinion that:

1. Lessee is a body corporate and politic, legally existing under the laws of the State of Utah.
2. The Lease has been duly authorized, executed, and delivered by Lessee.
3. The governing body of Lessee has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which Lessee's execution of the Lease was authorized.
4. The Lease is a legal, valid, and binding obligation of Lessee, enforceable in accordance with its terms except as limited by the state and federal laws affecting remedies and by bankruptcy, reorganization, or other laws of general application affecting the enforcement of creditors' rights generally.
5. The Lease is in accordance with and does not violate the usury statutes of the State of Utah, if any.
6. There are no legal or governmental proceedings or litigation pending or, to the best of my knowledge, threatened or contemplated (or any basis therefor) wherein an unfavorable decision, ruling or finding might adversely affect the transactions contemplated in or the validity of the Lease.
7. The Equipment (as defined in the Lease) constitutes personal property and when subjected to use by Lessee will not become fixtures under applicable law.

Attorney for Lessee

EXHIBIT E
Delivery And Acceptance Certificate

To: Zions First National Bank

Reference is made to the Equipment Lease Agreement between the undersigned (“Lessee”), and Zions First National Bank (“Lessor”), dated October 23, 2012, (“the Lease”) and to the Equipment as such term is defined therein. In connection therewith we are pleased to confirm to you the following:

1. All of the Equipment has been delivered to and received by the undersigned; all installation or other work necessary prior to the use thereof has been completed; said Equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and that said Equipment has been accepted by the undersigned and complies with all terms of the Lease. Consequently, you are hereby authorized to pay for the Equipment in accordance with the terms of any purchase orders for the same.
2. In the future, in the event the Equipment fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.
3. We acknowledge that Lessor is neither the vendor nor manufacturer or distributor of the Equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Equipment.
4. The serial number for each item of Equipment which is set forth on Exhibit “A” to the Lease is correct.

This certificate shall not be considered to alter, construe, or amend the terms of the Lease.

Lessee:

Kanab City, Utah

Witness

By: _____
(Authorized Signature)

(Print name and title)

Date: _____



NOTICE OF INTENT TO ASSIST WITH EARLY LEASE TERMINATION

10/3/12

It is the intent of Stephen Wade Automotive Group to assist with the early termination of the lease for the following list of vehicles. Stephen Wade Automotive Group intends to pay off the remaining balance on the existing lease of the following vehicles, and take ownership of listed vehicles on the date(s) below (including all installed equipment, unless otherwise noted). At the termination point, it will be the choice of Kanab City to exercise the early lease termination option, or to continue on with the remaining lease payments and maintain possession of the vehicles.

In order to qualify for early termination, vehicles must meet the following criteria: Mileage must be at or below 36k (\$0.18/ mile penalty for overage), Vehicle(s) must be able to pass State of Utah Motor Vehicle Safety Inspection (good tires, brakes, etc.), Vehicle(s) must be in good overall condition (no body damage beyond minor cosmetic scratches and dings, no cracks in glass, no rips/tears in interior, no missing parts, vehicle must be mechanically sound, etc...). In the event that Lease Termination Vehicle(s) do not meet the aforementioned criteria, Stephen Wade Automotive Group reserves the right to assess Kanab City for the fair and reasonable cost of restoring vehicles to the criteria standard.

VEHICLE	VIN	DATE OF TERMINATION	APPROXIMATED PAYOFF
RAM 1500 CREW 4X4 V8 POLICE PATROL PKG	1C6RD7KT8CS320727	10/15/2014	\$23,800.00
RAM 1500 CREW 4X4 V8 POLICE PATROL PKG	1C6RD7KTXCS320728	10/15/2014	\$23,800.00
RAM 1500 CREW 4X4 V8 POLICE PATROL PKG	1C6RD7KT1CS320729	10/15/2014	\$23,800.00
RAM 1500 CREW 4X4 V8 POLICE PATROL PKG	1C6RD7KT8CS320730	10/15/2014	\$23,800.00
RAM 1500 CREW 4X4 V8 POLICE PATROL PKG	1C6RD7KT3CS295655	10/15/2014	\$23,800.00
FORD F150 CREW 4X4 ECOBOOST FIRE ADMIN PKG	1FTFW1ET6CFC04059	10/15/2014	\$25,800.00
CAMARO SS V8 LEATHER UNDERCOVER POLICE PKG.	2G1FK1EJXC9191165	10/15/2014	\$30,800.00
CAMARO SS V8 LEATHER UNDERCOVER POLICE PKG.	2G1FK1EJ5D9127374	10/15/2014	\$30,800.00

Kanab City, by _____

Stephen Wade Automotive Group, by _____

DEALER WHOLESALE ONLY

 Date 10/4/12

SELLER Kanab City
 ADDRESS 76 North Main
 CITY, STATE, ZIP Kanab, UT 84741
 PHONE 435-644-2534
 DEALER NO.

BUYER Stephen Wade Auto Center
 ADDRESS 150 Hilda Drive
 CITY, STATE, ZIP St. George, UT 84770
 PHONE 435-628-5201
 DEALER NO. 1015

DESCRIPTION OF WHOLESALE VEHICLE

Buyer hereby agrees to purchase the following vehicle from Seller, subject to all terms, conditions, warranties and agreements contained herein, including those printed on the reverse side hereof.

Year <u>2008</u>	Make <u>Dodge</u>	Model <u>Charger</u>	Body Style <u>Police</u>	Color	Stock #
Vehicle Identification Number <u>2B3KA43H58H138771</u>			State of Title <u>UT</u>	Title Number	

ODOMETER DISCLOSURE STATEMENT

Federal and State law requires that you state the mileage upon transfer of ownership. Failure to complete, or providing a false statement may result in fine and / or imprisonment.

I Kanab City (print name of transferor, or transferor's authorized agent) state that the odometer of the vehicle described below now reads:
 ODOMETER READING  31,010 (NO TENTHS)

miles and to the best of my knowledge that reflects the ACTUAL mileage of the vehicle described below, unless one of the following statements is checked.

Check one box only:

- I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in EXCESS of its mechanical limits.
- I hereby certify that the odometer reading is not the actual mileage. WARNING - ODOMETER DISCREPANCY.

 _____ AUTHORIZED SELLER SIGNATURE
 _____ AUTHORIZED BUYER SIGNATURE
 _____ PRINT NAME - AUTHORIZED SELLER
 _____ PRINT NAME - AUTHORIZED BUYER

This statement is for seller & buyer information only and may not be used for title transfer documentation.

EXEMPTION CERTIFICATE

RESALE OR RE-LEASE BUYERS SALES TAX LICENSE NO. _____

I certify that I am a dealer in tangible personal property or services and that the tangible personal property or services purchased are for resale or re-lease. If I use or consume any tangible personal property or services that I purchase tax free for resale, or if my sales are of food, beverages dairy products and similar confections dispensed from vending machines (see Rule R865-19S-74), I will report and pay sales tax on the proper cost thereof directly to the Tax Commission on my next regular sales and use tax return.

_____ AUTHORIZED DEALER SIGNATURE & COPY RECEIVED
 _____ PRINT NAME - AUTHORIZED DEALER

AGREED UPON PURCHASE PRICE

\$12,500⁰⁰

By signing below the Parties certify that each is a valid licensed and bonded dealer and is subject to all terms, conditions, warranties, and agreements contained herein, including those printed on the reverse side hereof.

 _____ AUTHORIZED SELLER SIGNATURE
 _____ AUTHORIZED BUYER SIGNATURE
 _____ PRINT NAME - AUTHORIZED SELLER
 _____ PRINT NAME - AUTHORIZED BUYER

- ALL VEHICLES SOLD "AS IS" AS EQUIPPED -

DEALER WHOLESALE ONLY

 Date 10/4/12

SELLER Kanab City
 ADDRESS 76 North Main
 CITY, STATE, ZIP Kanab, UT 84741
 PHONE 435-644-2534
 DEALER NO. —

BUYER Stephen Wade Auto Center
 ADDRESS 150 Hilton Drive
 CITY, STATE, ZIP St. George, UT 84770
 PHONE 435-628-5201
 DEALER NO. 1015

DESCRIPTION OF WHOLESALE VEHICLE

Buyer hereby agrees to purchase the following vehicle from Seller, subject to all terms, conditions, warranties and agreements contained herein, including those printed on the reverse side hereof.

Year <u>2007</u>	Make <u>Dodge</u>	Model <u>Charger</u>	Body Style <u>Police</u>	Color	Stock #
Vehicle Identification Number <u>2B3KA43H17H770777</u>			State of Title <u>UT</u>	Title Number	

ODOMETER DISCLOSURE STATEMENT

Federal and State law requires that you state the mileage upon transfer of ownership. Failure to complete, or providing a false statement may result in fine and / or imprisonment.

I Kanab City (print name of transferor, or transferor's authorized agent) state that the odometer of the vehicle described below now reads:
 ODOMETER READING  32010 (NO TENTHS)

miles and to the best of my knowledge that reflects the ACTUAL mileage of the vehicle described below, unless one of the following statements is checked.

Check one box only:

- I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in EXCESS of its mechanical limits.
- I hereby certify that the odometer reading is not the actual mileage. **WARNING - ODOMETER DISCREPANCY.**

 _____ AUTHORIZED SELLER SIGNATURE
 _____ AUTHORIZED BUYER SIGNATURE
 _____ PRINT NAME - AUTHORIZED SELLER
 _____ PRINT NAME - AUTHORIZED BUYER

This statement is for seller & buyer information only and may not be used for title transfer documentation.

EXEMPTION CERTIFICATE

RESALE OR RE-LEASE BUYERS SALES TAX LICENSE NO. _____

I certify that I am a dealer in tangible personal property or services and that the tangible personal property or services purchased are for resale or re-lease. If I use or consume any tangible personal property or services that I purchase tax free for resale, or if my sales are of food, beverages dairy products and similar confections dispensed from vending machines (see Rule R865-19S-74), I will report and pay sales tax on the proper cost thereof directly to the Tax Commission on my next regular sales and use tax return.

_____ AUTHORIZED DEALER SIGNATURE & COPY RECEIVED
 _____ PRINT NAME - AUTHORIZED DEALER

AGREED UPON PURCHASE PRICE

\$11,000⁰⁰

By signing below the Parties certify that each is a valid licensed and bonded dealer and is subject to all terms, conditions, warranties, and agreements contained herein, including those printed on the reverse side hereof.

 _____ AUTHORIZED SELLER SIGNATURE
 _____ AUTHORIZED BUYER SIGNATURE
 _____ PRINT NAME - AUTHORIZED SELLER
 _____ PRINT NAME - AUTHORIZED BUYER

- ALL VEHICLES SOLD "AS IS" AS EQUIPPED -

DEALER WHOLESALE ONLY

Date 10/4/12

SELLER Kanab City
ADDRESS 76 North Main
CITY, STATE, ZIP Kanab, UT 84741
PHONE 435-644-2534
DEALER NO.

BUYER Stephen Wade Auto Center
ADDRESS 150 Hilltop Drive
CITY, STATE, ZIP St. George, UT 84770
PHONE 435-628-5201
DEALER NO. 1015

DESCRIPTION OF WHOLESALE VEHICLE

Buyer hereby agrees to purchase the following vehicle from Seller, subject to all terms, conditions, warranties and agreements contained herein, including those printed on the reverse side hereof.

Year <u>2010</u>	Make <u>Dodge</u>	Model <u>Ram 1500</u>	Body Style <u>Crew</u>	Color	Stock #
Vehicle Identification Number <u>1D7RV1CT2AS206758</u>			State of Title <u>UT</u>	Title Number	

ODOMETER DISCLOSURE STATEMENT

Federal and State law requires that you state the mileage upon transfer of ownership. Failure to complete, or providing a false statement may result in fine and / or imprisonment.

I Kanab City (print name of transferor, or transferor's authorized agent) state that the odometer of the vehicle described below now reads:
ODOMETER READING  14010 (NO TENTHS)

miles and to the best of my knowledge that reflects the ACTUAL mileage of the vehicle described below, unless one of the following statements is checked.
Check one box only:

- I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in EXCESS of its mechanical limits.
- I hereby certify that the odometer reading is not the actual mileage. **WARNING - ODOMETER DISCREPANCY.**

 _____
AUTHORIZED SELLER SIGNATURE

AUTHORIZED BUYER SIGNATURE

PRINT NAME - AUTHORIZED SELLER

PRINT NAME - AUTHORIZED BUYER

This statement is for seller & buyer information only and may not be used for title transfer documentation.

EXEMPTION CERTIFICATE

RESALE OR RE-LEASE BUYERS SALES TAX LICENSE NO. _____

I certify that I am a dealer in tangible personal property or services and that the tangible personal property or services purchased are for resale or re-lease. If I use or consume any tangible personal property or services that I purchase tax free for resale, or if my sales are of food, beverages dairy products and similar confections dispensed from vending machines (see Rule R865-19S-74), I will report and pay sales tax on the proper cost thereof directly to the Tax Commission on my next regular sales and use tax return.

AUTHORIZED DEALER SIGNATURE & COPY RECEIVED

PRINT NAME - AUTHORIZED DEALER

AGREED UPON PURCHASE PRICE

\$22,000.00

By signing below the Parties certify that each is a valid licensed and bonded dealer and is subject to all terms, conditions, warranties, and agreements contained herein, including those printed on the reverse side hereof.

 _____
AUTHORIZED SELLER SIGNATURE

AUTHORIZED BUYER SIGNATURE

PRINT NAME - AUTHORIZED SELLER

PRINT NAME - AUTHORIZED BUYER

- ALL VEHICLES SOLD "AS IS" AS EQUIPPED -

DEALER WHOLESALE ONLY

Date 10/14/12

SELLER Kanab City
 ADDRESS 76 North Main
 CITY, STATE, ZIP Kanab, UT 84741
 PHONE 435-641-2534
 DEALER NO. _____

BUYER Stephen Wade Auto Center
 ADDRESS 150 Hilton Drive
 CITY, STATE, ZIP St. George, UT 84770
 PHONE 435-628-5201
 DEALER NO. 1015

DESCRIPTION OF WHOLESALE VEHICLE

Buyer hereby agrees to purchase the following vehicle from Seller, subject to all terms, conditions, warranties and agreements contained herein, including those printed on the reverse side hereof.

Year <u>2007</u>	Make <u>Dodge</u>	Model <u>Charger</u>	Body Style <u>Police</u>	Color	Stock #
Vehicle Identification Number <u>ZB3KA43497H817490</u>			State of Title <u>UT</u>	Title Number	

ODOMETER DISCLOSURE STATEMENT

Federal and State law requires that you state the mileage upon transfer of ownership. Failure to complete, or providing a false statement may result in fine and / or imprisonment.

I Kanab City (print name of transferor, or transferor's authorized agent) state that the odometer of the vehicle described below now reads:
 ODOMETER READING  53010 (NO TENTHS)

miles and to the best of my knowledge that reflects the ACTUAL mileage of the vehicle described below, unless one of the following statements is checked.

Check one box only:

- I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in EXCESS of its mechanical limits.
- I hereby certify that the odometer reading is not the actual mileage. WARNING - ODOMETER DISCREPANCY.

AUTHORIZED SELLER SIGNATURE

AUTHORIZED BUYER SIGNATURE

PRINT NAME - AUTHORIZED SELLER

PRINT NAME - AUTHORIZED BUYER

This statement is for seller & buyer information only and may not be used for title transfer documentation.

EXEMPTION CERTIFICATE

- RESALE OR RE-LEASE BUYERS SALES TAX LICENSE NO. _____

I certify that I am a dealer in tangible personal property or services and that the tangible personal property or services purchased are for resale or re-lease. If I use or consume any tangible personal property or services that I purchase tax free for resale, or if my sales are of food, beverages dairy products and similar confections dispensed from vending machines (see Rule R865-19S-74), I will report and pay sales tax on the proper cost thereof directly to the Tax Commission on my next regular sales and use tax return.

AUTHORIZED DEALER SIGNATURE & COPY RECEIVED

PRINT NAME - AUTHORIZED DEALER

AGREED UPON PURCHASE PRICE

\$9,500.00

By signing below the Parties certify that each is a valid licensed and bonded dealer and is subject to all terms, conditions, warranties, and agreements contained herein, including those printed on the reverse side hereof.

AUTHORIZED SELLER SIGNATURE

AUTHORIZED BUYER SIGNATURE

PRINT NAME - AUTHORIZED SELLER

PRINT NAME - AUTHORIZED BUYER

- ALL VEHICLES SOLD "AS IS" AS EQUIPPED -

DEALER WHOLESALE ONLY

Date 10/4/12

SELLER Kanab City
 ADDRESS 76 North Main
 CITY, STATE, ZIP Kanab, UT 84741
 PHONE 435-644-2534
 DEALER NO. _____

BUYER Stephen Wade Auto Center
 ADDRESS 150 Hilton Drive
 CITY, STATE, ZIP St. George, UT 84770
 PHONE 435-628-5201
 DEALER NO. 1015

DESCRIPTION OF WHOLESALE VEHICLE

Buyer hereby agrees to purchase the following vehicle from Seller, subject to all terms, conditions, warranties and agreements contained herein, including those printed on the reverse side hereof.

Year <u>2007</u>	Make <u>Dodge</u>	Model <u>Charger</u>	Body Style <u>Police</u>	Color	Stock #
Vehicle Identification Number <u>2B3KA43H07H644636</u>			State of Title <u>UT</u>	Title Number	

ODOMETER DISCLOSURE STATEMENT

Federal and State law requires that you state the mileage upon transfer of ownership. Failure to complete, or providing a false statement may result in fine and / or imprisonment.

I Kanab City (print name of transferor, or transferor's authorized agent) state that the odometer of the vehicle described below now reads:
 ODOMETER READING  56010 (NO TENTHS)

miles and to the best of my knowledge that reflects the ACTUAL mileage of the vehicle described below, unless one of the following statements is checked.

Check one box only:

- I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in EXCESS of its mechanical limits.
- I hereby certify that the odometer reading is not the actual mileage. WARNING - ODOMETER DISCREPANCY.

 _____
 AUTHORIZED SELLER SIGNATURE

 AUTHORIZED BUYER SIGNATURE

 PRINT NAME - AUTHORIZED SELLER

 PRINT NAME - AUTHORIZED BUYER

This statement is for seller & buyer information only and may not be used for title transfer documentation.

EXEMPTION CERTIFICATE

RESALE OR RE-LEASE BUYERS SALES TAX LICENSE NO. _____

I certify that I am a dealer in tangible personal property or services and that the tangible personal property or services purchased are for resale or re-lease. If I use or consume any tangible personal property or services that I purchase tax free for resale, or if my sales are of food, beverages dairy products and similar confections dispensed from vending machines (see Rule R865-19S-74), I will report and pay sales tax on the proper cost thereof directly to the Tax Commission on my next regular sales and use tax return.

 AUTHORIZED DEALER SIGNATURE & COPY RECEIVED

 PRINT NAME - AUTHORIZED DEALER

AGREED UPON PURCHASE PRICE

\$ 9,500.00

By signing below the Parties certify that each is a valid licensed and bonded dealer and is subject to all terms, conditions, warranties, and agreements contained herein, including those printed on the reverse side hereof.

 _____
 AUTHORIZED SELLER SIGNATURE

 AUTHORIZED BUYER SIGNATURE

 PRINT NAME - AUTHORIZED SELLER

 PRINT NAME - AUTHORIZED BUYER

- ALL VEHICLES SOLD "AS IS" AS EQUIPPED -

DEALER WHOLESALE ONLY

Date 10/4/12

SELLER Kanab City
ADDRESS 76 North Main
CITY, STATE, ZIP Kanab, UT 84741
PHONE 435-644-2534
DEALER NO. _____

BUYER Stephen Wade Auto Center
ADDRESS 150 Hilton Drive
CITY, STATE, ZIP St. George, UT 84770
PHONE 435-628-5201
DEALER NO. 1015

DESCRIPTION OF WHOLESALE VEHICLE

Buyer hereby agrees to purchase the following vehicle from Seller, subject to all terms, conditions, warranties and agreements contained herein, including those printed on the reverse side hereof.

Year <u>2007</u>	Make <u>Dodge</u>	Model <u>Charger</u>	Body Style <u>Police</u>	Color _____	Stock # _____
Vehicle Identification Number <u>2B3KA43H57H817499</u>			State of Title <u>UT</u>	Title Number _____	

ODOMETER DISCLOSURE STATEMENT

Federal and State law requires that you state the mileage upon transfer of ownership. Failure to complete, or providing a false statement may result in fine and / or imprisonment.

I, Kanab City (print name of transferor, or transferor's authorized agent) state that the odometer of the vehicle described below now reads: 58010 (NO TENTHS)

miles and to the best of my knowledge that reflects the ACTUAL mileage of the vehicle described below, unless one of the following statements is checked.

Check one box only:

- I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in EXCESS of its mechanical limits.
- I hereby certify that the odometer reading is not the actual mileage. WARNING - ODOMETER DISCREPANCY.

AUTHORIZED SELLER SIGNATURE

AUTHORIZED BUYER SIGNATURE

PRINT NAME - AUTHORIZED SELLER

PRINT NAME - AUTHORIZED BUYER

This statement is for seller & buyer information only and may not be used for title transfer documentation.

EXEMPTION CERTIFICATE

RESALE OR RE-LEASE BUYERS SALES TAX LICENSE NO. _____

I certify that I am a dealer in tangible personal property or services and that the tangible personal property or services purchased are for resale or re-lease. If I use or consume any tangible personal property or services that I purchase tax free for resale, or if my sales are of food, beverages dairy products and similar confections dispensed from vending machines (see Rule R865-19S-74), I will report and pay sales tax on the proper cost thereof directly to the Tax Commission on my next regular sales and use tax return.

AUTHORIZED DEALER SIGNATURE & COPY RECEIVED

PRINT NAME - AUTHORIZED DEALER

AGREED UPON PURCHASE PRICE

\$ 9,500⁰⁰

By signing below the Parties certify that each is a valid licensed and bonded dealer and is subject to all terms, conditions, warranties, and agreements contained herein, including those printed on the reverse side hereof.

AUTHORIZED SELLER SIGNATURE

AUTHORIZED BUYER SIGNATURE

PRINT NAME - AUTHORIZED SELLER

PRINT NAME - AUTHORIZED BUYER

- ALL VEHICLES SOLD "AS IS" AS EQUIPPED -

DEALER WHOLESALE ONLY

Date 10/4/12

SELLER Kanab City
 ADDRESS 76 North Main
 CITY, STATE, ZIP Kanab, UT 84741
 PHONE 435-644-2534
 DEALER NO. —

BUYER Stephen Wade Auto Center
 ADDRESS 150 Hilton Drive
 CITY, STATE, ZIP St. George, UT 84770
 PHONE 435-628-5201
 DEALER NO. 1015

DESCRIPTION OF WHOLESALE VEHICLE

Buyer hereby agrees to purchase the following vehicle from Seller, subject to all terms, conditions, warranties and agreements contained herein, including those printed on the reverse side hereof.

Year <u>2003</u>	Make <u>Ford</u>	Model <u>F150</u>	Body Style <u>Super Cab</u>	Color	Stock #
Vehicle Identification Number <u>2FTRX18W93CB13296</u>			State of Title <u>UT</u>	Title Number	

ODOMETER DISCLOSURE STATEMENT

Federal and State law requires that you state the mileage upon transfer of ownership. Failure to complete, or providing a false statement may result in fine and / or imprisonment.

I Kanab City (print name of transferor, or transferor's authorized agent) state that the odometer of the vehicle described below now reads:
 ODOMETER READING  90010 (NO TENTHS)

miles and to the best of my knowledge that reflects the ACTUAL mileage of the vehicle described below, unless one of the following statements is checked.

Check one box only:

- I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in EXCESS of its mechanical limits.
- I hereby certify that the odometer reading is not the actual mileage. WARNING - ODOMETER DISCREPANCY.

AUTHORIZED SELLER SIGNATURE

AUTHORIZED BUYER SIGNATURE

PRINT NAME - AUTHORIZED SELLER

PRINT NAME - AUTHORIZED BUYER

This statement is for seller & buyer information only and may not be used for title transfer documentation.

EXEMPTION CERTIFICATE

RESALE OR RE-LEASE BUYERS SALES TAX LICENSE NO. _____

I certify that I am a dealer in tangible personal property or services and that the tangible personal property or services purchased are for resale or re-lease. If I use or consume any tangible personal property or services that I purchase tax free for resale, or if my sales are of food, beverages dairy products and similar confections dispensed from vending machines (see Rule R865-19S-74), I will report and pay sales tax on the proper cost thereof directly to the Tax Commission on my next regular sales and use tax return.

AUTHORIZED DEALER SIGNATURE & COPY RECEIVED

PRINT NAME - AUTHORIZED DEALER

AGREED UPON PURCHASE PRICE

\$ 5,500.00

By signing below the Parties certify that each is a valid licensed and bonded dealer and is subject to all terms, conditions, warranties, and agreements contained herein, including those printed on the reverse side hereof.

AUTHORIZED SELLER SIGNATURE

AUTHORIZED BUYER SIGNATURE

PRINT NAME - AUTHORIZED SELLER

PRINT NAME - AUTHORIZED BUYER

- ALL VEHICLES SOLD "AS IS" AS EQUIPPED -

DEALER WHOLESALE ONLY

 Date 10/4/12

SELLER Kanab City
 ADDRESS 76 North Main
 CITY, STATE, ZIP Kanab, UT 84741
 PHONE 435-644-2534
 DEALER NO. _____

BUYER Stephen Wade Auto Center
 ADDRESS 150 Hilton Drive
 CITY, STATE, ZIP St. George, UT 84770
 PHONE 435-628-5201
 DEALER NO. 1015

DESCRIPTION OF WHOLESALE VEHICLE

Buyer hereby agrees to purchase the following vehicle from Seller, subject to all terms, conditions, warranties and agreements contained herein, including those printed on the reverse side hereof.

Year <u>2004</u>	Make <u>Kia</u>	Model <u>F-350</u>	Body Style <u>Crew</u>	Color	Stock #
Vehicle Identification Number <u>1FTSW31P44EB71055</u>			State of Title <u>UT</u>	Title Number	

ODOMETER DISCLOSURE STATEMENT

Federal and State law requires that you state the mileage upon transfer of ownership. Failure to complete, or providing a false statement may result in fine and / or imprisonment.

I Kanab City (print name of transferor, or transferor's authorized agent) state that the odometer of the vehicle described below now reads:

ODOMETER READING  54610 (NO TENTHS)

miles and to the best of my knowledge that reflects the ACTUAL mileage of the vehicle described below, unless one of the following statements is checked.

Check one box only:

- I hereby certify that to the best of my knowledge, the odometer reading reflects the amount of mileage in EXCESS of its mechanical limits.
- I hereby certify that the odometer reading is not the actual mileage. WARNING - ODOMETER DISCREPANCY.

 _____
AUTHORIZED SELLER SIGNATURE

_____ AUTHORIZED BUYER SIGNATURE

PRINT NAME - AUTHORIZED SELLER

PRINT NAME - AUTHORIZED BUYER

This statement is for seller & buyer information only and may not be used for title transfer documentation.

EXEMPTION CERTIFICATE

RESALE OR RE-LEASE BUYERS SALES TAX LICENSE NO. _____

I certify that I am a dealer in tangible personal property or services and that the tangible personal property or services purchased are for resale or re-lease. If I use or consume any tangible personal property or services that I purchase tax free for resale, or if my sales are of food, beverages dairy products and similar confections dispensed from vending machines (see Rule R865-19S-74), I will report and pay sales tax on the proper cost thereof directly to the Tax Commission on my next regular sales and use tax return.

AUTHORIZED DEALER SIGNATURE & COPY RECEIVED

PRINT NAME - AUTHORIZED DEALER

AGREED UPON PURCHASE PRICE

\$8,500⁰⁰

By signing below the Parties certify that each is a valid licensed and bonded dealer and is subject to all terms, conditions, warranties, and agreements contained herein, including those printed on the reverse side hereof.

 _____
AUTHORIZED SELLER SIGNATURE

_____ AUTHORIZED BUYER SIGNATURE

PRINT NAME - AUTHORIZED SELLER

PRINT NAME - AUTHORIZED BUYER

- ALL VEHICLES SOLD "AS IS" AS EQUIPPED -