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## Model Governing Document

This model governing document was created by Gilmore & Bell, P.C. and is not intended to address all of the needs and concerns of each municipality or county (“Creating Entity”) considering the creation of a public infrastructure district (“PID”). The policies and goals of each Creating Entity are likely to be unique to that entity. As such, Creating Entities are strongly encouraged to consult with us or other experienced counsel to ensure that their policies and objectives are met. The creation of a PID will also require legal expertise familiar with PIDs, local district law, and public finance law to ensure that the Creating Entity will retain separate entity status from the PID in order to retain its liability defense and ensure that PID debts are not a balance sheet item for the Creating Entity. In addition, this expertise is necessary to ensure that the PID’s bonds are eligible for tax exemption.

The attorneys at Gilmore & Bell, P.C. have over 135 years of experience in assisting local governments across Utah and were deeply involved in drafting the Public Infrastructure District Act and working with the Utah League of Cities and Towns, Utah Association of Counties, and the Utah Association of Special Districts to ensure the legislation met their policy objectives. We would welcome the opportunity to discuss PIDs with your entity and to establish a model policy addressing your specific circumstances and needs.

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**[MODEL GOVERNING DOCUMENT]**

**MODEL GOVERNING DOCUMENT  
FOR**

\_\_\_\_\_ **PUBLIC INFRASTRUCTURE DISTRICT**

**[CREATING ENTITY], UTAH**

Prepared

by

**[NAME OF PERSON OR ENTITY]**

**[ADDRESS]**

**[ADDRESS]**

**[DATE]**

TABLE OF CONTENTS

I. INTRODUCTION ..... 1

    A. Purpose and Intent..... 1

    B. Need for the District..... 1

    C. Objective of the City Regarding District’s Governing Document..... 1

II. DEFINITIONS..... 2

III. BOUNDARIES..... 4

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION. 5

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES..... 5

    A. Powers of the District and Governing Document Amendment. .... 5

        1. Operations and Maintenance Limitation..... 5

        2. [\_\_\_\_\_ **Limitation** ..... 6

        3. Construction Standards Limitation ..... 6

        4. Procurement..... 6

        5. [Privately Placed Debt Limitation ..... 6

        6. Annexation and Withdrawal. .... 6

        7. [**Overlap Limitation**..... 7

        8. Initial Debt Limitation ..... 7

        9. Total Debt Issuance Limitation..... 7

        10. Bankruptcy Limitation ..... 7

        11. Governing Document Amendment Requirement ..... 7

    B. Preliminary Engineering Survey..... 8

VI. THE BOARD OF TRUSTEES ..... 8

    A. Board Composition..... 8

    B. Transition to Elected Board ..... 8

    C. Reelection and Reappointment..... 9

    D. Vacancy..... 9

    E. Compensation. .... 9

    F. Conflicts of Interest..... 9

VII. [REGIONAL IMPROVEMENTS ..... 9

VIII. FINANCIAL PLAN..... 9

    A. General..... 9

    B. Maximum Voted Interest Rate and Maximum Underwriting Discount. .... 10

    C. Maximum Debt Mill Levy..... 10

    D. Maximum Debt Mill Levy Imposition Term. .... 10

    E. Debt Repayment Sources..... 10

    F. Debt Instrument Disclosure Requirement..... 11

    G. Security for Debt..... 11

    H. District’s Operating Costs..... 11

IX.	ANNUAL REPORT .....	12
	A.    General.....	12
	B.    Reporting of Significant Events.....	12
X.	DISSOLUTION .....	12
XI.	DISCLOSURE TO PURCHASERS.....	13
XII.	INTERLOCAL AGREEMENT .....	13
XIII.	CONCLUSION.....	13

**LIST OF EXHIBITS**

<b>EXHIBIT A</b>	Legal Descriptions
<b>EXHIBIT B</b>	[City] Vicinity Map
<b>EXHIBIT C-1</b>	Initial District Boundary Map
<b>EXHIBIT C-2</b>	Annexation Area Boundary Map
<b>EXHIBIT D</b>	Interlocal Agreement between the District and [Creating Entity]

## I. INTRODUCTION

### A. Purpose and Intent.

The District is an independent unit of local government, separate and distinct from the City, and, except as may otherwise be provided for by State or local law or this Governing Document, its activities are subject to review by the City only insofar as they may deviate in a material matter from the requirements of the Governing Document. It is intended that the District will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction of these Public Improvements. The District is not being created to provide any ongoing operations and maintenance services.

### B. Need for the District.

There are currently no other governmental entities, including the City, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project. Formation of the District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

### C. Objective of the City Regarding District's Governing Document.

The City's objective in approving the Governing Document for the District is to authorize the District to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the District. All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for residential properties and at a tax mill levy no higher than the Maximum Debt Mill Levy for commercial and residential properties, and/or repaid by Assessments. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

This Governing Document is intended to establish a limited purpose for the District and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional needs. **[Operational activities are allowed, but only through an Interlocal Agreement with the City or relevant public entity.]**

It is the intent of the District to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt[, **and if the District has authorized operating functions under an Interlocal Agreement, to retain only the power necessary to impose and collect taxes or Fees to pay for these costs**].

The District shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from Assessments or from tax revenues collected from a mill levy which shall not exceed the Maximum Debt Mill Levy on taxable properties and which shall not exceed the Maximum Debt Mill Levy Imposition Term on taxable properties. It is the intent of this Governing Document to assure to the extent possible that no taxable property bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy in amount and that no taxable property bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy Imposition Term in duration even under bankruptcy or other unusual situations. Generally, the cost of Public Improvements that cannot be funded within these parameters are not costs to be paid by the District.

## **II. DEFINITIONS**

In this Governing Document, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

[Annexation Area Boundaries]: means the boundaries of the area described in the Annexation Area Boundary Map which have been approved by the City for annexation into the District upon the meeting of certain requirements.

Annexation Area Boundary Map: means the map attached hereto as **Exhibit C-2**, describing the property proposed for annexation within the District.]

Approved Development Plan: means a Preliminary Development Plan or other process established by the City for identifying, among other things, Public Improvements necessary for facilitating development for property within the District Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time.

Assessment: means assessments levied in an assessment area created within the District.

Board: means the board of trustees of the District.

Bond, Bonds or Debt: means bonds or other obligations, including loans of any property owner, for the payment of which the District has promised to impose an *ad valorem* property tax mill levy, and/or collect Assessments.

City: means [Creating Entity], Utah.

City Code: means the City Code of [Creating Entity], Utah.

City Council: means the City Council of [Creating Entity], Utah.

District: means the \_\_\_\_\_ Public Infrastructure District.

District Area: means the property within the Initial District Boundary Map [and the Annexation Area Boundary Map].

Division: means a Division of the District as described in Section III and mapped in **Exhibit C-3**.

End User: means any owner, or tenant of any owner, of any taxable improvement within the District, who is intended to become burdened by the imposition of ad valorem property taxes subject to the Maximum Debt Mill Levy. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. The business entity that constructs homes or commercial structures is not an End User.][Term not currently used]

Fees: means any fee imposed by the District for administrative services provided by the District.

Financial Plan: means the Financial Plan described in Section VIII which describes (i) the potential means whereby the Public Improvements may be financed; (ii) how the Debt is expected to be incurred; and (iii) the estimated operating revenue derived from property taxes for the first budget year.

General Obligation Debt: means a Debt that is directly payable from and secured by ad valorem property taxes that are levied by the District and does not include Limited Tax Debt.

Governing Document: means this Governing Document for the District approved by the City Council.

Governing Document Amendment: means an amendment to the Governing Document approved by the City Council in accordance with the City's ordinance and the applicable state law and approved by the Board in accordance with applicable state law.

Initial District Boundaries: means the boundaries of the area described in the Initial District Boundary Map.

Initial District Boundary Map: means the map attached hereto as **Exhibit C-1**, describing the District's initial boundaries.

Limited Tax Debt: means a debt that is directly payable from and secured by ad valorem property taxes that are levied by the District which may not exceed the Maximum Debt Mill Levy.

Local District Act: means Title 17B of the Utah Code, as amended from time to time.

Maximum Debt Mill Levy: means the maximum mill levy the District is permitted to impose for payment of Debt as set forth in Section VIII.C below.

Maximum Debt Mill Levy Imposition Term: means the maximum term for imposition of a mill levy [for any given series of bonds] [on a particular property] as set forth in Section VIII.D below.

Municipal Advisor: means a consultant that: (i) advises Utah governmental entities on matters relating to the issuance of securities by Utah governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of the District and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Project: means the development or property commonly referred to as \_\_\_\_\_.

PID Act: means Title 17B, Chapter 2a, Part 12 of the Utah Code, as amended from time to time.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Local District Act, except as specifically limited in Section V below to serve the future taxpayers and inhabitants of the District Area as determined by the Board.

[Regional Improvements: means Public Improvements and facilities that benefit the District Area and which are to be financed pursuant to Section VII below.]

State: means the State of Utah.

Taxable Property: means real or personal property within the District Area subject to ad valorem taxes imposed by the District.

Trustee: means a member of the Board.

Utah Code: means the Utah Code Annotated 1953, as amended.

### **III. BOUNDARIES**

The area of the Initial District Boundaries includes approximately \_\_\_\_\_ (\_\_\_) acres [and the total area proposed to be included in the Annexation Area Boundaries is approximately \_\_\_\_\_ (\_\_\_) acres]. A legal description of the Initial District Boundaries [and the Annexation Area Boundaries] is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. A map of the Initial District Boundaries is attached hereto as **Exhibit C-1**, [and a map of the Annexation Area Boundaries is attached hereto as **Exhibit C-2**]. It is anticipated that the District's boundaries may change from time to time as it undergoes annexations and withdrawals pursuant to Section 17B-2a-1204, Utah Code, subject to Article V below.

The District shall further be divided into Divisions, with each Division being relatively equal in number of eligible or potential eligible voters after taking into account existing or potential developments which, when completed, would increase or decrease the population within the District. A map of the initial Division boundaries is attached hereto as **Exhibit C-3**. It is anticipated that the Division boundaries may change from time to time as District

boundaries change and as determined by the Board, not more than once every four years in accordance with 17B-2a-1205, Utah Code.

#### **IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION**

The District Area consists of approximately \_\_\_\_\_ (\_\_\_\_) acres of \_\_\_\_\_ land. The current assessed valuation of the District Area is \$[0.00] for purposes of this Governing Document and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The population of the District at build-out is estimated to be approximately \_\_\_\_\_ (\_\_\_\_) people.

Approval of this Governing Document by the City does not imply approval of the development of a specific area within the District, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Governing Document or any of the exhibits attached thereto, unless the same is contained within an Approved Development Plan.

#### **V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES**

##### **A. Powers of the District and Governing Document Amendment.**

The District shall have the power and authority to provide the Public Improvements within and without the boundaries of the District as such power and authority is described in the Local District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

1. **Operations and Maintenance Limitation.** The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The District shall dedicate the Public Improvements to the City or other appropriate public entity or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. **[The District shall be authorized, but not obligated, to own, operate and maintain Public Improvements not otherwise required to be dedicated to the City or other public entity, including, but not limited to street improvements (including roads, curbs, gutters, culverts, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, and other street improvements), traffic and safety controls, retaining walls, park and recreation improvements and facilities, trails, open space, landscaping, drainage improvements (including detention and retention ponds, trickle channels, and other drainage facilities), irrigation system improvements (including wells, pumps, storage facilities, and distribution facilities), and all necessary equipment and appurtenances incident thereto.] [All parks and trails owned by the District shall be open to the general public and Non-District [Creating Entity] residents, subject to the rules and regulations of the District as adopted from time to time.]** Trails which are interconnected with a city or regional trail system shall be open to the public free of charge and on the same basis as residents and owners of taxable property within the District.

2. **Improvements Limitation.** Notwithstanding the provisions of Section V.A.1 above, the District shall not be authorized to finance the costs of \_\_\_\_\_. [Insert any prohibited improvements/facilities here].

3. **Construction Standards Limitation.** The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction. The District will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

4. **Procurement.** The District shall be subject to the Utah Procurement Code, Title 63G, Chapter 6a. Notwithstanding this requirement, the District may acquire completed or partially completed improvements for fair market value as reasonably determined by [any one of][a surveyor or engineer that the District employs or engages to perform the necessary engineering services for and to supervise the construction or installation of the improvements][the Board][the City Council].

5. **Privately Placed Debt Limitation.** Prior to the issuance of any privately placed Debt, the District shall obtain the certification of a Municipal Advisor substantially as follows:

We are [I am] a Municipal Advisor within the meaning of the District's Governing Document.

We [I] certify that (1) the net effective interest rate to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.]

6. **Annexation and Withdrawal.**

(a) The District shall not include within any of their boundaries any property outside the District Area without the prior written consent of the City. [The City, by resolution, has consented to the annexation of any area within the Annexation Area Boundaries into the District. Such area may only be annexed upon the District obtaining consent of all property owners and registered voters, if any, within the area proposed to be annexed and the passage of a resolution of the Board approving such annexation.

(b) The City, by resolution, has consented to the withdrawal of any area within the District Boundaries from the District. Such area may only be withdrawn upon the District obtaining consent of all property owners and registered voters, if any, within the area proposed to be withdrawn and the passage of a resolution of the Board approving such annexation.

(c) Any annexation or withdrawal shall be in accordance with the requirements of the PID Act.

(d) Upon any annexation or withdrawal, the District shall provide the City a description of the revised District Boundaries.

(e) Annexation or withdrawal of any area in accordance with V.A.6(a) and (b) shall not constitute an amendment of this Governing Document.]

7. Overlap Limitation. The District shall not consent to the organization of any other [public infrastructure district] district organized under the PID Act within the District Area which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the District.]

8. Initial Debt Limitation. On or before the effective date of approval by the City of an Approved Development Plan, the District shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any Assessments used for the purpose of repayment of Debt.

9. Total Debt Issuance Limitation. The District shall not issue Debt in excess of \_\_\_\_\_ Dollars (\$\_\_\_\_\_). This amount excludes any portion of bonds issued to refund a prior issuance of debt by the District.

10. Bankruptcy Limitation. All of the limitations contained in this Governing Document, including, but not limited to, those pertaining to the Maximum Debt Mill Levy, Maximum Debt Mill Levy Imposition Term and the Fees have been established under the authority of the City to approve a Governing Document with conditions pursuant to Section 17B-2a-1204(4), Utah Code. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Governing Document Amendment; and

(b) Are, together with all other requirements of Utah law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Governing Document and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Governing Document Amendment.

11. Governing Document Amendment Requirement.

(a) This Governing Document has been designed with sufficient flexibility to enable the District to provide required facilities under evolving circumstances without the need for numerous amendments. Actions of the District which violate the limitations set forth in V.A.1-9 above or in VIII.B-G. shall be deemed to be material modifications to this Governing Document and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

(b) Subject to the limitations and exceptions contained herein, this Governing Document may be amended by passage of a resolutions of the City and the District approving such amendment.

**B. Preliminary Engineering Survey.**

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and without the boundaries of the District, to be more specifically defined in an Approved Development Plan. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the zoning on the property in the District Area and is approximately \_\_\_\_\_ Dollars (\$\_\_\_\_\_).

All of the Public Improvements will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the City and/or any other applicable public entity and shall be in accordance with the requirements of the Approved Development Plan. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

**VI. THE BOARD OF TRUSTEES**

A. Board Composition. The Board shall be composed of [3][5] Trustees who shall be appointed by the City Council pursuant to the PID Act. Trustees 1, 2, and 3 shall represent Divisions 1, 2, and 3, respectively [with Trustee[s] [3] [4 and 5] being at large seats [could also represent Divisions as desired or all seats could be at large]]. Trustee terms shall be staggered with initial terms as follows: Trustee[s] 1 [and 4] shall serve an initial term of [4] years; Trustees 2 and 3 [and 5] shall serve an initial term of [6] years. In accordance with the PID Act, appointed Trustees shall not be required to be residents of the District.

B. Transition to Elected Board. Respective board seats shall transition from appointed to elected seats according to the following milestones:

1. Trustee 1. Trustee 1 shall transition to an elected seat upon Division 1 \_\_\_\_\_.

2. Trustee 2. Trustee 2 shall transition to an elected seat upon Division 2 \_\_\_\_\_.

3. Trustee 3. Trustee 3 shall transition to an elected seat upon Division 3 \_\_\_\_\_.

4. Trustee 4. Trustee 4 shall transition to an elected seat upon the District \_\_\_\_\_.

5. Trustee 5. Trustee 5 shall transition to an elected seat upon the District \_\_\_\_\_.]

No transition pursuant to this Section shall become effective until the next scheduled regular election of the District.

C. Reelection and Reappointment. Upon the expiration of a Trustee's respective term, any seat which has not transitioned to an elected seat shall be appointed by the City Council pursuant to the PID Act and any seat which has transitioned to an elected seat shall be elected pursuant to an election held for such purpose. In the event that no qualified candidate files to be considered for appointment or files a declaration of candidacy for a seat, such seat may be filled in accordance with the Local District Act.

D. Vacancy. Any vacancy on the Board shall be filled pursuant to the Local District Act.

E. Compensation. Only Trustees who are residents of the District may be compensated for services as Trustee. Such compensation shall be in accordance with State Law.

F. Conflicts of Interest. Trustees shall disclose all conflicts of interest. Any Trustee who discloses such conflicts in accordance with 17B-2a-1205 and 67-16-9, Utah Code, shall be entitled to vote on such matters.

## VII. REGIONAL IMPROVEMENTS

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements.]

## VIII. FINANCIAL PLAN

### A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District shall be to issue such Debt as the District can reasonably pay within the Maximum Debt Mill Levy Imposition Term from revenues derived from the Maximum Debt Mill Levy, Assessments and other legally available revenues. The total Debt that the District shall be permitted to issue shall not exceed \_\_\_\_\_ Dollars (\$\_\_\_\_\_) and shall be permitted to be issued on a schedule and in such year or years as the District determine shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs. Any portion of bonds issued to refund a prior issuance of debt by the District shall not count against the permitted total Debt. All bonds and other Debt issued by the District may be

payable from any and all legally available revenues of the District, including general ad valorem taxes to be imposed upon all Taxable Property within the District and Assessments. [The District will also rely upon various other revenue sources authorized by law. These will include the power to assess Fees, penalties, or charges, including as provided in Section 17B-2a-1210, Utah Code, as amended from time to time.]

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed eighteen percent (18%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Governing Document, State law and Federal law as then applicable to the issuance of public securities.

C. Maximum Debt Mill Levy.

(a) The “Maximum Debt Mill Levy” shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Limited Tax Debt shall be \_\_\_\_\_ (\_\_\_) mills; provided that such levy shall be subject to adjustment as provided in Section 17B-2a-1207(8), Utah Code.

(b) Such Maximum Debt Mill Levy may only be amended pursuant to a Governing Document Amendment and as provided in Section 17B-2a-1205, Utah Code.

D. Maximum Debt Mill Levy Imposition Term.

[[Alt 1]Each bond issued by the District shall mature within \_\_\_\_ (\_\_\_) years from the date of issuance of such bond. In addition, no mill levy may be imposed for the repayment of a series of bonds after a period exceeding [forty (40)] years from the date of issuance of such bond (the “Maximum Debt Mill Levy Imposition Term”).] [[Alt 2]The District shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds \_\_\_\_\_ (\_\_\_) years after the year of the initial imposition of such mill levy **[unless a majority of the Board are residents of the District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings].**]

E. Debt Repayment Sources.

The District may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service. [The District may also rely upon various other revenue sources authorized by law. At the District’s discretion, these may include the power to assess Assessments, penalties, or charges, including as provided in Section 17B-2a-1210, Utah Code, as amended from time to time.] Except as described in Section VIII.C(a), the debt service mill levy in the District shall not exceed the Maximum Debt Mill Levy or, the Maximum Debt Mill Levy Imposition Term, except for repayment of General Obligation Debt

**[or pursuant to an Interlocal Agreement between the District and the City for Regional Improvements].**

The District shall not be permitted to charge an End User the costs of any portion of a Public Improvement for which such End User has already paid or is presently obligated to pay through any combination of mill levy, Assessment, or impact fee. This provision shall not prohibit the division of costs between mill levies, Assessments, or impact fees, but is intended to prevent double taxation of End Users for the costs of Public Improvements.

F. Debt Instrument Disclosure Requirement.

In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Governing Document for creation of the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Governing Document shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

G. Security for Debt.

The District shall not pledge any revenue or property of the City as security for the indebtedness set forth in this Governing Document. Approval of this Governing Document shall not be construed as a guarantee by the City of payment of any of the District's obligations; nor shall anything in the Governing Document be construed so as to create any responsibility or liability on the part of the City in the event of default by the District in the payment of any such obligation.

H. District's Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, are anticipated to be \_\_\_\_\_ Dollars (\$\_\_\_\_\_), which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the District will require operating funds for administration and to plan and cause the Public Improvements to be constructed. The first year's operating budget is estimated to be approximately \_\_\_\_\_ Dollars (\$\_\_\_\_\_) which is anticipated to be derived from property taxes and other revenues.

## **IX. ANNUAL REPORT**

### **A. General.**

The District shall be responsible for submitting an annual report to the City Manager's Office no later than \_\_\_\_\_ of each year following the year in which the District was created.

### **B. Reporting of Significant Events.**

The annual report shall include information as to any of the following:

1. Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.
2. List of current interlocal agreements, if changed (to be delivered to the Creating Entity upon request);
3. Names and terms of Board members and officers and progress towards milestones required for transition to elected Board;
4. District office contact information;
5. Rules and regulations of the District regarding bidding, conflict of interest, contracting, and other governance matters, if changed;
6. A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year;
7. Status of the District's construction of the Public Improvements as of December 31 of the prior year and listing all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year;
8. A table summarizing total debt authorized and total debt issued by the District as well as any presently planned debt issuances;
9. Official statements of current outstanding bonded indebtedness, if not previously provided to the Creating Entity;
10. The assessed valuation of the District for the current year;
11. Current year budget including a description of the Public Improvements to be constructed in such year;
12. Audit of the District's financial statements, for the year ending December 31 of the previous year;

13. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument; and

14. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

## **X. DISSOLUTION**

Upon an independent determination of the City Council that the purposes for which the District was created have been accomplished, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

## **XI. DISCLOSURE TO PURCHASERS**

Within thirty (30) days of the City adopting a resolution creating the District, the Board shall record a notice with the recorder of \_\_\_\_\_. Such notice shall (a) contain a description of the boundaries of the District, (b) state that a copy of this Governing Document is on file at the office of the City, (c) state that the District may finance and repay infrastructure and other improvements through the levy of a property tax; (d) state the Maximum Debt Mill Levy of the District; and (d) if applicable, stating that the debt may convert to general obligation debt and outlining the provisions relating to conversion. Such notice shall further be filled with the City. [Include additional City requested notice requirements – REPC, etc.]

## **XII. INTERLOCAL AGREEMENT**

The form of the Interlocal Agreement required by the City Code, relating to the limitations imposed on the District's activities, is attached hereto as **Exhibit D**. The District shall approve the Interlocal Agreement in the form attached as **Exhibit D** at its first Board meeting after its organizational election. Failure of the District to execute the Interlocal Agreement as required herein shall constitute a material modification and shall require a Governing Document Amendment. The City Council shall approve the Interlocal Agreement in the form attached as **Exhibit D** at the public hearing approving the Governing Document.

## **XIII. CONCLUSION**

[It is submitted that this Governing Document for the District, establishes that:

1. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

2. The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the City Code.

3. The proposal is in compliance with any duly adopted City, regional or state long-range water quality management plan for the area.

4. The creation of the District is in the best interests of the area proposed to be served.

**{DO WE NEED/WANT SUCH FINDINGS?}**

**EXHIBIT A**

Legal Descriptions

**EXHIBIT B**

[Creating Entity] Vicinity Map

**EXHIBIT C-1**

Initial District Boundary Map

**EXHIBIT C-2**

Annexation Area Boundary Map

**EXHIBIT C-3**

Division Boundaries Map

**EXHIBIT D**

Interlocal Agreement between the District and [Creating Entity]

[GOVERNING DOCUMENT]

INTERLOCAL AGREEMENT BETWEEN

THE [CREATING ENTITY], UTAH

AND

\_\_\_\_\_ PUBLIC INFRASTRUCTURE DISTRICT

THIS AGREEMENT is made and entered into as of this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between the [Creating Entity], a home-rule municipal corporation of the State of Utah (“City”), and \_\_\_\_\_ PUBLIC INFRASTRUCTURE DISTRICT, a political subdivision of the State of Utah (the “District”). The City and the District are collectively referred to as the Parties.

RECITALS

WHEREAS, the District was organized to provide to exercise powers as are more specifically set forth in the District’s Governing Document approved by the City on \_\_\_\_\_ (“Governing Document”); and

WHEREAS, the Governing Document makes reference to the execution of an Interlocal Agreement between the City and the District; and

WHEREAS, the City and the District have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Interlocal Agreement (“Agreement”).

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Operations and Maintenance. The District shall dedicate the Public Improvements (as defined in the Governing Document) to the City or other appropriate jurisdiction in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The District shall be authorized, but not obligated, to own Public Improvements not otherwise required to be dedicated to the City or other public entity, and all necessary equipment and appurtenances incident thereto.

All parks and trails owned by the District shall be open to the general public and Non-District City residents, subject to the rules and regulations of the District as adopted from time to time. Trails which are interconnected with a city or regional trail system shall be open to the public free of charge and on the same basis as residents and owners of taxable property within the District.

2. **[Corresponding Limitation Section Here.]**

3. **Construction Standards.** The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction, as applicable. The District will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

4. **Issuance of Privately Placed Debt.** Prior to the issuance of any privately placed Debt, the District shall obtain the certification of a Municipal Advisor substantially as follows:

We are [I am] a Municipal Advisor within the meaning of the District's Governing Document.

We [I] certify that (1) the net effective interest rate to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

5. **Inclusion Limitation.** The District shall not include within any of their boundaries any property outside the District Area without the prior written consent of the City. The District shall not include within any of its boundaries any property inside the inclusion area boundaries without the prior written consent of the City except upon petition of the surface property owners of 100 percent of such property and/or 100 percent of registered voters within the area to be included, as applicable, as provided in Section 17B-2a-1204(3), Utah Code.

6. **[Overlap Limitation.** The District shall not consent to the organization of any other public infrastructure district organized under the PID Act within the District Area which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the District.]

7. **Initial Debt.** On or before the effective date of approval by the City of an Approved Development Plan (as defined in the Governing Document), the District shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any fees used for the purpose of repayment of Debt.

8. **Total Debt Issuance.** The District shall not issue Debt in excess of \_\_\_\_\_ Dollars (\$\_\_\_\_\_). This amount excludes any portion of bonds issued to refund a prior issuance of debt by the District.

9. **Bankruptcy.** All of the limitations contained in this Governing Document, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term have been established under the authority of the City

to approve a Governing Document with conditions pursuant to Section 17B-2a-1204(4), Utah Code. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Governing Document Amendment; and

(b) Are, together with all other requirements of Utah law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Governing Document and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Governing Document Amendment.

10. Dissolution. Upon an independent determination of the City Council that the purposes for which the District was created have been accomplished, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

11. Disclosure to Purchasers. Within thirty (30) days of the City adopting a resolution creating the District, the Board shall record a notice with the recorder of \_\_\_\_\_. Such notice shall (a) contain a description of the boundaries of the District, (b) state that a copy of this Governing Document is on file at the office of the City, (c) state that the District may finance and repay infrastructure and other improvements through the levy of a property tax; (d) state the Maximum Debt Mill Levy of the District; and (d) if applicable, stating that the debt may convert to general obligation debt and outlining the provisions relating to conversion. Such notice shall further be filled with the City. [Include additional City requested notice requirements – REPC, etc.]

12. Governing Document Amendment Requirement. Actions of the District which violate the limitations set forth in V.A.1-9 or VIII.B-G of the Governing Document shall be deemed to be material modifications to the Governing Document and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

13. Annual Report. The District shall be responsible for submitting an annual report to the City Manager’s Office no later than \_\_\_\_\_ of each year following the year in which the District was created, containing the information set forth in Section VIII of the Governing Document.

14. Regional Improvements. The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a

contribution to the funding of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements.

15. Maximum Debt Mill Levy.

(a) The “Maximum Debt Mill Levy” shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Limited Tax Debt shall be \_\_\_\_\_ (\_\_\_) mills; provided that such levy shall be subject to adjustment as provided in Section 17B-2a-1207(8).

(b) Such Maximum Debt Mill Levy may only be amended pursuant to a Governing Document Amendment and as provided in Section 17B-2a-1205.

16. Maximum Debt Mill Levy Imposition Term. [[Alt 1]Each bond issued by the District shall mature within \_\_\_\_\_ (\_\_\_) years from the date of issuance of such bond. In addition, no mill levy may be imposed for the repayment of a series of bonds after a period exceeding [forty (40)] years from the date of issuance of such bond (the “Maximum Debt Mill Levy Imposition Term”).] [[Alt 2]The District shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds \_\_\_\_\_ (\_\_\_) years after the year of the initial imposition of such mill levy [**unless a majority of the Board are residents of the District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings**].]

17. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the District: \_\_\_\_\_ Public Infrastructure district

Attn:  
Phone:  
Fax:

To the City: [Creating Entity]  
[Creating Entity], UT 84\_\_\_\_  
Attn:  
Phone:  
Fax:

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after

deposit in the United States mail. By giving the other party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

18. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Governing Document.

19. Assignment. Neither Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of the other Party, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

20. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

21. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Utah.

22. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

23. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

24. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the District and the City any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the District and the City shall be for the sole and exclusive benefit of the District and the City.

25. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

27. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

28. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Governing Document.

**[SIGNATURE PAGE TO INTERLOCAL AGREEMENT]**

\_\_\_\_\_ PUBLIC  
INFRASTRUCTURE DISTRICT

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

Attest:

\_\_\_\_\_  
Secretary

[Creating Entity], UTAH

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

Attest:

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

APPROVED AS TO FORM: \_\_\_\_\_