

Thursday, September 10, 2020
PERRY CITY COUNCIL MEETING AGENDA
This is an “Electronic Meeting” Web/Teleconferencing will be used to participate
Go to www.perrycity.org for meeting access instructions

The Centers for Disease Control and Utah Department of Health have declared a national and state pandemic for COVID-19 where social distancing and other requirements are in place to prevent the spread of this infectious disease.

The Perry City Council will hold an electronic meeting via web/teleconference on the Thursday identified above, starting at approximately 7:00 PM. Members of the public at the Public Meeting may view the meeting via Zoom using a link and instructions on the web page at: <https://www.perrycity.org/whats-new.htm.htm>. Agenda items may vary depending on length of discussion, cancellation of scheduled items, or agenda alteration. Numbers and/or times are estimates of when agenda items will be discussed. Action on public hearings will always be later in the same meeting or at a subsequent meeting. Every agenda item shall be a discussion and/or action item, unless otherwise indicated.

Approx. 7:00 PM – Regular City Council Meeting

- 1. Call to Order**
- 2. Procedural Issues**
 - A. Conflicts of Interest Declaration(s), If Any
- 3. Action Items (Roll Call Vote)**
 - A. Approval of Warrants
 - B. Resolution 2020-16 Final Bond Resolution: A RESOLUTION AUTHORIZING THE ISSUANCE OF \$7,350,000 TAXABLE SEWER REVENUE REFUNDING BONDS, SERIES 2020, TO REFINANCE THE ISSUER’S OUTSTANDING TAXABLE SEWER REVENUE BONDS, SERIES 2008; AND RELATED MATTERS.
 - C. Ordinance 20-P Amending The Perry Municipal Code Regarding Temporary Uses and Structures
 - D. Final approval for the Orchard Hill Subdivision, 30 townhome units located at approximately 2800 S Hwy 89 (02-029-0026, 02-029-0025, 02-028-0058)
- 4. Minutes & Council/Mayor Reports (Including Council Assignments)**

No Council Action May be Taken if an Item is not specifically on the Agenda

 - A. Approval of Consent Items
 - August 13, 2020 City Council Work Session Minutes
 - August 13, 2020 City Council Meeting Minutes
 - B. Mayor’s Report
 - C. Council Reports
 - D. Staff Comments
 - E. Planning Commission Report
- 5. Executive Session (if needed)**
 - A. Discussion of the purchase, exchange, lease, or sale of real property, when public discussion would disclose the value of the property or prevent the authority from completing the transaction of the best possible terms.
 - B. Strategy session to discuss the character, professional competence, or physical or mental health of an individual.
 - C. Strategy session to discuss collective bargaining.
 - D. Strategy session regarding pending, or reasonably imminent litigation.
 - E. Strategy session to discuss the deployment of security personnel, devices, or systems.
 - F. Discussion of investigative proceedings regarding allegations of criminal misconduct.
- 6. Approx. 8:20 PM - Adjournment**

Certificate of Posting

The undersigned duly appointed official hereby certifies that a copy of the foregoing agenda was sent to each member of the City Council and was posted in three locations: the Perry City Offices, Centennial Park, Perry City Park; and was emailed to the Ogden Standard-Examiner, Box Elder News Journal; and posted on the State Public Meeting Notice Website on this 3rd day of September, 2020. Any individual requiring auxiliary services should contact the City Offices at least 3 days in advance (435-723-6461).

Shanna S. Johnson, Chief Deputy Recorder

Report Criteria:

Detail report.
Invoices with totals above \$2000.00 included.
Paid and unpaid invoices included.

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	Date Paid	Voided
Brigham City Corp.								
6106	Brigham City Corp.	9/01/2020	walmart sales tax	09/01/2020	24,225.76	24,225.76	09/01/2020	
Total Brigham City Corp.:					24,225.76	24,225.76		
Jones & Associates								
11552	Jones & Associates	19711-REV-A	streets	07/01/2020	15,681.50	15,681.50	09/01/2020	
11552	Jones & Associates	19711-REV-A	street Maintenance	07/01/2020	707.75	707.75	09/01/2020	
11552	Jones & Associates	19711-REV-A	street Maintenance	07/01/2020	49.50	49.50	09/01/2020	
11552	Jones & Associates	19711-REV-A	street Maintenance	07/01/2020	198.00	198.00	09/01/2020	
11552	Jones & Associates	19711-REV-A	Culinary Water	07/01/2020	86.00	86.00	09/01/2020	
11552	Jones & Associates	19711-REV-A	Culinary Water	07/01/2020	187.50	187.50	09/01/2020	
11552	Jones & Associates	19711-REV-A	Storm Drain	07/01/2020	125.00	125.00	09/01/2020	
11552	Jones & Associates	19711-REV-A	sanitary Sewer	07/01/2020	459.00	459.00	09/01/2020	
11552	Jones & Associates	19711-REV-A	sanitary Sewer	07/01/2020	401.50	401.50	09/01/2020	
11552	Jones & Associates	19711-REV-A	mapping	07/01/2020	492.00	492.00	09/01/2020	
11552	Jones & Associates	19712-A	Development Reviews	07/01/2020	3,746.50	3,746.50	09/01/2020	
Total Jones & Associates:					22,134.25	22,134.25		
Polydyne Inc.								
11400	Polydyne Inc.	1472927	Polymer	08/05/2020	2,515.14	2,515.14	08/26/2020	
Total Polydyne Inc.:					2,515.14	2,515.14		
ProPipe								
11622	ProPipe	6600001533	maintance	06/30/2020	2,005.54	2,005.54	08/26/2020	
Total ProPipe:					2,005.54	2,005.54		
Rocky Mountain Power								
2501	Rocky Mountain Power	8/26/2020	power bill	08/14/2020	1,695.95	1,695.95	08/26/2020	
2501	Rocky Mountain Power	8/26/2020	power bill	08/14/2020	9,377.91	9,377.91	08/26/2020	
2501	Rocky Mountain Power	8/26/2020	power bill	08/14/2020	82.87	82.87	08/26/2020	
2501	Rocky Mountain Power	8/26/2020	power bill	08/14/2020	118.89	118.89	08/26/2020	
2501	Rocky Mountain Power	8/26/2020	power bill	08/14/2020	607.13	607.13	08/26/2020	
Total Rocky Mountain Power:					11,882.75	11,882.75		
Rogue Services LLC, DBA WEtco Inc								
12663	Rogue Services LLC, DBA WEtco	1102	New Scada Computer & Software	08/16/2020	2,520.00	2,520.00	08/26/2020	
12663	Rogue Services LLC, DBA WEtco	1102	New Scada Computer & Software	08/16/2020	840.00	840.00	08/26/2020	
Total Rogue Services LLC, DBA WEtco Inc:					3,360.00	3,360.00		
William M. Morris P.C.								
10434	William M. Morris P.C.	8/26/2020	City Attorney Services	08/01/2020	1,800.00	1,800.00	08/26/2020	
10434	William M. Morris P.C.	8/26/2020	City Attorney Services	08/01/2020	337.50	337.50	08/26/2020	
10434	William M. Morris P.C.	8/26/2020	City Attorney Services	08/01/2020	112.50	112.50	08/26/2020	
Total William M. Morris P.C.:					2,250.00	2,250.00		

Vendor	Vendor Name	Invoice Number	Description	Invoice Date	Net Invoice Amount	Amount Paid	Date Paid	Voided
Zions Bank								
11510	Zions Bank	8/26/2020	Utopia	08/10/2020	10,300.23	10,300.23	08/26/2020	
Total Zions Bank:					10,300.23	10,300.23		
Grand Totals:					78,673.67	78,673.67		

Dated: _____

Mayor: _____

City Council: _____

City Recorder: _____

Report Criteria:

- Detail report.
- Invoices with totals above \$2000.00 included.
- Paid and unpaid invoices included.

**PERRY CITY, BOX ELDER COUNTY, UTAH
FINAL BOND RESOLUTION**

**TAXABLE SEWER REVENUE REFUNDING BONDS, SERIES 2020
SEPTEMBER 10, 2020**

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE ISSUANCE OF \$7,350,000 TAXABLE SEWER REVENUE REFUNDING BONDS, SERIES 2020, TO REFINANCE THE ISSUER'S OUTSTANDING TAXABLE SEWER REVENUE BONDS, SERIES 2008; AND RELATED MATTERS.

WHEREAS, pursuant to the provisions of the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the "Act"), provides that an issuer may refund bonds that were issued by nonvoted revenue bonds; and

WHEREAS, Perry City, Box Elder County, Utah (the "Issuer"), desires to finance and refund its Taxable Sewer Revenue Bonds, Series 2008 (the "Refunded Bonds"), at a savings, and desires to finance said refunding, in part, by issuing its Taxable Sewer Revenue Refunding Bonds, Series 2020 in the total principal amount of \$7,350,000 (the "Series 2020 Bond or Bonds"); and

WHEREAS, the State of Utah acting through the Department of Environmental Quality, Water Quality Board (the "Water Quality Board") has offered to purchase the Issuer's Series 2020 Bonds in the total principal amount of \$7,350,000 and bearing, in lieu of interest, a Hardship Grant Assessment at the rate of two percent (2.0%) per annum on the unpaid principal amount thereof; and

WHEREAS, the Issuer does not have on hand money to pay the cost thereof, but the revenues to be derived by the Issuer from the operation of its Sewer System (as defined herein) will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Series 2020 Bonds; and

WHEREAS, the Issuer desires to accept the offer of the Water Quality Board and to confirm the sale of the Series 2020 Bonds to the Water Quality Board; and

WHEREAS, the Issuer has been advised that its System (as defined in Article I hereof) will generate sufficient revenues to pay for the operation and maintenance of the System, as well as debt service on all proposed and Outstanding Bonds, if any, secured by the revenues of the System, including the Series 2020 Bonds authorized herein; and

WHEREAS, the Series 2020 Bonds will be issued upon the surrender by the Water Quality Board of the Taxable Sewer Revenue Bonds, Series 2008:

NOW, THEREFORE, Be It Resolved by the City Council (the “Governing Body”) of Perry City, Box Elder County, Utah, as follows:

ARTICLE I

DEFINITIONS

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

“Annual Debt Service” means the annual payment of principal, premium or penalty, if any, and Hardship Grant Assessment to be paid by the Issuer during any Sinking Fund Year on the Series 2020 Bonds and all outstanding bonds, if any, or other forms of indebtedness issued on a parity with the Series 2020 Bonds and which are secured by the Net Revenues of the System.

“Bondholder” or “Registered Owner” means the registered holder of any Series 2020 Bond, the issuance of which is authorized herein.

“Bond” or “Bonds” means the Series 2020 Bonds, and any bonds issued on a parity therewith.

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

“Exchange Bonds” means the fully registered Series 2020 Bonds issued in substantially the form set forth in Exhibit “A-2”, in exchange for the State Bonds representing the Series 2020 Bonds or in exchange for other Exchange Bonds, in the denomination of \$1,000 or any integral multiple thereof.

“Fully Registered Bond” means any single Fully Registered Bond in the denomination(s) equal to the aggregate principal amount of the applicable Series 2020 Bonds authorized herein.

“Hardship Grant Assessment” means a special assessment levied by the Water Quality Board against the Issuer in consideration for agreeing to finance the Project financed with the Series 2020 Bonds and shall equal 2.0% per annum of the outstanding principal balance of the Series 2020 Bonds and shall be payable as provided herein.

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

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

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

“Paying Agent” means the person or persons authorized by the Issuer to pay the principal of and Hardship Grant Assessment on the Series 2020 Bonds on behalf of the Issuer. The initial paying agent for the Series 2020 Bonds is the City Recorder of the Issuer.

“Project” means to refinance and refund the Issuer’s outstanding Taxable Sewer Revenue Bonds, Series 2008 which were issued for sewer system improvements, and related improvements, including all equipment and necessary appurtenances thereof.

“Refunded Bonds” means the Issuer’s outstanding Taxable Sewer Revenue Bonds, Series 2008.

“Registrar” means the person or persons authorized by the Issuer to maintain the registration books with respect to the Series 2020 Bonds on behalf of the Issuer. The initial Registrar for the Series 2020 Bonds is the City Recorder of the Issuer.

“Reserve Fund Requirement” means \$571,920, which amount is the maximum annual debt service on the Series 2020 Bonds.

“Revenues” means all gross income and revenues of any kind, from any source whatsoever, derived from the operation of the System, including, without limitation, all fees, rates, connection charges, impact fees imposed to finance the Project, if any, to the extent such impact fees are pledged and available for payment of the Series 2020 Bonds, and other charges, the gross revenues of all improvements, additions, and extensions of the System hereafter constructed or acquired, and all interest earned by and profits derived from the sale of investments made with the income and Revenues.

“Series 2020 Bond or Bonds” means the Taxable Sewer Revenue Refunding Bond, Series 2020 in the total principal amount of \$7,350,000 purchased by the Water Quality Board.

“Sinking Fund Year” means the twelve-month period beginning on July 1 of each year and ending on the next succeeding June 30; provided, however, that the first Sinking Fund Year will begin on the delivery date of the Series 2020 Bond and will end on the next succeeding June 30.

“State Bonds” means the fully registered Series 2020 Bonds issued in substantially the form set forth in Exhibit “A-1” in the denominations equal to the aggregate principal amount of the Series 2020 Bonds.

“System” means the whole and each and every part of the Issuer’s sewage collection and/or treatment system, including the Project to be acquired and constructed pursuant to this Bond Resolution, and all property, real, personal and mixed, of every nature now or hereafter owned by the Issuer and used or useful in the operation of said System, together with all improvements, extensions, enlargements, additions, and repairs thereto which may be made while any of the Bonds remain outstanding.

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

ARTICLE II

ISSUANCE OF SERIES 2020 BONDS

Section 2.1. Principal Amount, Designation, Series and Hardship Grant Assessment Rate. The Series 2020 Bonds are hereby authorized for issuance for the purpose to (i) refinance and refund the Issuer's outstanding Taxable Sewer Revenue Bonds, Series 2008 which were issued for sewer system improvements, and related improvements. The Series 2020 Bonds shall be limited to \$7,350,000 in aggregate principal amount, shall be issued (i) if issued as a State Bond(s), in the form set forth in Exhibit "A-1" and (ii) if issued as Exchange Bonds, in the form set forth in Exhibit "A-2", in fully registered form, shall bear, in lieu of interest, a Hardship Grant Assessment May 1, 2021, and each May 1 thereafter at the rate of two percent (2.0%) per annum on the unpaid balance of the Total Principal Sum and shall be payable as specified herein. The Series 2020 Bonds, whether issued as State Bonds or Exchange Bonds, shall be in the denomination of \$1,000 or any integral multiple thereof. The Series 2020 Bonds shall be numbered from one (1) consecutively upward in order of delivery by the Registrar. The Series 2020 Bonds shall be designated as, and shall be distinguished from the bonds of all other series by the title, "Perry City, Box Elder County, Utah Taxable Sewer Revenue Refunding Bonds, Series 2020".

In consideration for the Water Quality Board's financing the Project, the Issuer shall be obligated to pay to the Water Quality Board and any subsequent owner of the Series 2020 Bonds a Hardship Grant Assessment. The Hardship Grant Assessment shall accrue on the outstanding principal balance of the Series 2020 Bonds May 1, 2021 and shall be computed in the same manner as interest such that as the outstanding balance of Series 2020 Bonds is increased or decreased, the Hardship Grant Assessment shall be computed on the basis of the increased or decreased principal balance from the date of such increase or decrease to the earlier of (i) the next change in principal balance or (ii) the next succeeding payment date. The payment dates for the Hardship Grant Assessment shall be May 1, 2021, and each May 1 thereafter until the Series 2020 Bonds are paid in full.

Section 2.2. Date and Maturities. The Series 2020 Bonds shall be dated as of their date of delivery, shall be in the amount of \$1,000 or any multiple thereof, and shall be paid as provided in this Section 2.2. The Series 2020 Bonds shall be initially issued as one Fully Registered State Bond.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, shall be payable upon presentation of the applicable Bond at the offices of the Paying Agent for endorsement or surrender, or of any successor Paying Agent. Payment of Hardship Grant Assessment shall be made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof at his address as it appears on the registration books of the Issuer maintained by the Registrar or at such other address as is furnished to the Registrar in writing by such Registered Owner. All payments

shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America.

So long as the Water Quality Board is the Registered Owner of the State Bond, payments of principal and Hardship Grant Assessment shall be made by check or draft and mailed to the Water Quality Board as the Registered Owner at the address shown on the registration books maintained by the City Recorder. So long as the Water Quality Board is the Registered Owner of the State Bond, in lieu of presentation or the surrender of the State Bond to the Paying Agent for notations by the Paying Agent of such payments, the Water Quality Board, by its Chair or his designee, shall endorse such payments upon the State Bond.

The Issuer shall make the principal payments stated for each year, until the Total Principal Sum shall be paid in full, together with unpaid Hardship Grant Assessment on the unpaid principal balance payable on each May 1 beginning May 1, 2021, as follows:

<u>May 1</u>	<u>Principal Maturing</u>
2021	\$422,000
2022	431,000
2023	440,000
2024	450,000
2025	459,000
2026	468,000
2027	478,000
2028	489,000
2029	499,000
2030	509,000
2031	519,000
2032	530,000
2033	541,000
2034	552,000
2035	563,000

In the event the Series 2020 Bonds are not issued during the calendar year 2020, then the denomination of the Bonds shall be modified to correspond to the year in which they are issued.

Section 2.3. Optional Redemption and Redemption Prices. Each principal payment of the Series 2020 Bond is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer, in inverse order of the due dates thereof, and by lot selected by the Issuer if less than all of the State Bonds of a particular due date are to be redeemed, upon notice as provided in Section 2.4 hereof with respect to Exchange Bonds, and upon at least thirty (30) days' prior written notice of the amount of prepayment and the date scheduled for prepayment to the Water Quality Board with respect to the State Bonds, and at a redemption price equal to 100% of the principal

amount to be prepaid or redeemed, plus accrued Hardship Grant Assessment, if any, to the date of redemption.

Section 2.4. Notice of Redemption for Exchange Bonds.

(a) In the event any of the Exchange Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 2.4. Notice of such redemption shall be mailed by first class mail, postage prepaid, to all Registered Owners of Exchange Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least thirty (30) days but not more than forty-five (45) days prior to the date fixed for redemption. Such notice shall state the following information:

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

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

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

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

(v) the redemption price;

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

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

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

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

Notice of redemption shall be given, not more than forty-five (45) days nor less than thirty (30) days prior to the redemption date, to Registered Owners of the Exchange Bonds, or portions thereof, to be redeemed. A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Exchange Bonds or portions thereof redeemed but who failed to deliver Series 2020 Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Registered Owner of such Series 2020 Bonds receives the notice. Receipt of such notice, shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Registered Owners shall not affect the validity of the proceedings for the redemption of the Series 2020 Bonds.

In case any Exchange Bond is to be redeemed in part only, the notice of redemption which relates to such Exchange Bond shall state also that on or after the redemption date, upon surrender of such Series 2020 Bond, a new Series 2020 Bond in principal amount equal to the unredeemed portion of such Series 2020 Bond will be issued.

Section 2.5. Execution and Delivery of the Series 2020 Bonds. The Mayor is hereby authorized to execute by manual or facsimile signature the Series 2020 Bonds and the City Recorder to countersign by manual or facsimile signature the Series 2020 Bonds and to have imprinted or otherwise placed on the Series 2020 Bonds the official seal of the Issuer. The City Recorder is hereby authorized to deliver to the Water Quality Board the Series 2020 Bonds upon surrender to the Issuer of the Series 2008 Bond. The amounts in the Reserve Account Series 2008 shall be used to fund the Reserve Account Series 2020 and any additional proceeds of the Series 2008 Bonds shall be used to pre-pay the Series 2008 Bonds.

Section 2.6. Delinquent Payment. Payments on the Series 2020 Bonds which are delinquent from the due date thereof shall draw interest at the rate of eighteen percent (18%) per annum on the delinquent payment from said due date until paid in full.

Section 2.7. Exchange of State Bonds. As long as the Water Quality Board is the sole Registered Owner of the Series 2020 Bonds, the Series 2020 Bonds shall be issued only as the State Bonds in the form prescribed in Exhibit "A-1". It is recognized that the Water Quality Board may sell or otherwise transfer the Series 2020 Bonds pursuant to the provisions of the State Financing Consolidation Act, Title 63, Chapter 65, Utah Code Annotated 1953, as amended, or otherwise. In the event the Water Quality Board determines to sell or otherwise transfer all or a portion of the Series 2020 Bonds pursuant to the State Financing Consolidation Act, or otherwise, the State Bonds shall be exchanged at the office of the Paying Agent for a like aggregate principal amount of Exchange Bonds in accordance with the provisions of this Section 2.7 and Section 3.1 hereof. Exchange Bonds may thereafter be exchanged from time to time for other Exchange Bonds in accordance with Section 3.1 hereof. Any Series 2020 Bond, or any portion thereof, which is sold or otherwise

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

ARTICLE III

REGISTRATION, PAYMENT, AND FLOW OF FUNDS

Section 3.1. Execution of and Registration of Series 2020 Bonds; Persons Treated as Owners. The Series 2020 Bonds shall be signed by the Issuer and the Issuer shall cause books for the registration and for the transfer of the Series 2020 Bonds to be kept by the City Recorder who is hereby appointed the Registrar of the Issuer with respect to the Series 2020 Bonds. Any Series 2020 Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2020 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any Series 2020 Bond duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same maturity and series for a like aggregate principal amount as the Series 2020 Bond surrendered for transfer. Series 2020 Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Series 2020 Bonds of the same series or other authorized denominations and the same maturity. The execution by the Issuer of any Series 2020 Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Registrar shall thereby be authorized to deliver such Series 2020 Bond. The Registrar shall not be required to transfer or exchange any Exchange Bond at any time following the mailing of notice calling such Series 2020 Bond for redemption.

Series 2020 Bonds surrendered for payment, redemption or exchange, shall be promptly canceled and destroyed by the Issuer.

The Issuer, the Registrar and the Paying Agent may treat and consider the person in whose name each Series 2020 Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and for all other purposes whatsoever, and neither the Issuer, nor the Registrar nor the Paying Agent shall be affected by any notice to the contrary. Payment of any Series 2020 Bond shall be made only to or upon order of the Registered Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2020 Bond to the extent of the sum or sums so paid.

The Issuer may require the payment by the Registered Owner requesting exchange or transfer of Series 2020 Bonds of any tax or other governmental charge and any service charge

which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Series 2020 Bond shall be delivered.

Section 3.2. Deposit of Bond Proceeds. The proceeds from the sale of the Series 2020 Bonds shall be deposited upon delivery in the Escrow Account and shall be disbursed pursuant to the provisions of the Escrow Agreement. All monies deposited in the Escrow Account shall be used solely for the purpose of defraying all or a portion of the costs of the Project. Any unexpended balance remaining in the Escrow Account after completion of the Project shall be paid immediately into the “Perry City Taxable Sewer Revenue Refunding Bond Sinking Fund”, hereinafter referred to herein as the “Sinking Fund” established hereunder, and shall be used only for the prepayment of the Series 2020 Bonds. Principal last to become due shall be prepaid first, and in the event less than all of the principal amount of the Bonds maturing on the last due date are to be redeemed, the Issuer shall by lot select those Bonds to be prepaid. Proceeds from the sale of the Series 2020 Bonds on deposit in the Escrow Account, may at the discretion of the Issuer, be invested by the Escrow Agent as provided in the Escrow Agreement. Following the transfer of unexpended funds from the Escrow Account to the Sinking Fund, the Escrow Account will be closed.

Section 3.3 The Series 2020 Bonds Constitute Special Limited Obligations. Notwithstanding anything in this Bond Resolution elsewhere contained, the principal and Hardship Grant Assessment and interest, if any, on the Series 2020 Bonds shall be payable out of 100% of the Net Revenues which are hereby pledged for repayment of the Series 2020 Bonds, and in no event shall the Series 2020 Bonds be deemed or construed to be a general indebtedness of the Issuer or payable from any funds of the Issuer other than those derived from the operation of the System.

The Issuer may, in its sole discretion, but without obligation and subject to the Constitution, laws, and budgetary requirements of the State of Utah, make available properly budgeted and legally available funds to defray any insufficiency of Revenues to pay the Series 2020 Bonds; provided however, the Issuer has not covenanted and cannot covenant to make said funds available and has not pledged any of such funds for such purpose.

Section 3.4. Flow of Funds. From and after the earlier of the delivery date of the Series 2020 Bonds, and until all the Series 2020 Bonds have been fully paid, the Revenues shall be set aside into the Perry City Sewer Revenue Fund referred to herein as “Revenue Fund”, established hereunder, to be held by the Depository Bank. The Issuer will thereafter make accounting allocations of the funds deposited in said Revenue Fund for the following purposes and in the following priority:

- (a) From the amounts in the Revenue Fund there shall first be paid all Operation and Maintenance Expenses of the System. For this purpose the Issuer shall establish on its books an account known as the “Expense Account” to which shall be allocated monthly, on or before the tenth day of each month, such portion of the Revenue Account as is estimated to be required for Operation and Maintenance Expenses of the System for the following month. There shall be allocated to the

Expense Account from time to time during the month such additional amounts as may be required to make payments of Operation and Maintenance Expenses for which the amounts theretofore allocated to the Expense Account are insufficient. At the end of each Sinking Fund Year all amounts in the Expense Account in excess of that required to pay Operation and Maintenance Expenses then due shall be transferred to the Sinking Fund as hereinafter provided.

(b) All amounts in the Revenue Fund not allocated to the Expense Account (the “Net Revenues”) shall be allocated next to the Sinking Fund as follows:

(i) Of the amounts allocated to the Sinking Fund there shall be allocated the following amounts to a subaccount established on the books of the Issuer known as the “Bond Account” such amounts as will assure, to the extent of the availability of Net Revenues from the System, on a parity basis the prompt payment of the principal and Hardship Grant Assessment on the Series 2020 Bonds as shall become due. The amount to be so set aside as of the date of delivery of the Series 2020 Bonds by the Issuer shall be the maximum annual payment on the Series 2020 Bonds, to the end that there will be sufficient funds allocated to the outstanding bonds, if any, and Series 2020 Bonds to pay principal and Hardship Grant Assessment thereon when the same become due. In the event there are insufficient Net Revenue available to meet all payment obligations on the Series 2020 Bonds as required by this subsection the available Net Revenues shall be allocated on a pro rata basis based on the debt service payment on the Series 2020 Bonds then due and payable. Amounts allocated to the Sinking Fund shall be solely for the purpose of paying principal and Hardship Grant Assessment on the Series 2020 Bonds and shall not be reallocated, transferred or paid out for any other purpose prior to payment of amounts due with respect to the Series 2020 Bonds; and

(ii) Of the amounts allocated to the Sinking Fund after there shall have been allocated the amounts required to be allocated under (i) above, there shall be allocated (b) to the “Reserve Account Series 2020” established on the books of the Issuer as of the date of delivery of the Bonds, the Issuer shall set aside from the Reserve Account Series 2008 as of the date of delivery of the Series 2020 Bonds an amount equal to the maximum annual payment on the Series 2020 Bond and shall be accumulated therein. Amounts allocated to the Reserve Account Series 2020 shall be used to pay the principal and Grant Assessment falling due on the Series 2020 Bonds at any time when there are not sufficient funds in the Bond Account to pay the same, but pending such use may be invested as hereafter provided. When the Reserve Account Series 2020 has been funded as in this paragraph provided, no further allocations to the Reserve Account Series 2020 need be made unless payments from the Reserve Account Series 2020 have reduced the same below the amounts required by this paragraph, in which event

allocations shall be made monthly in the amount of \$7944 until such deficiency has been remedied; and

(iii) As of the date of delivery of the Series 2020 Bonds, the Issuer shall set aside funds for an “Emergency Repair and Replacement Account” established on the books of the Issuer. Funds on deposit in the Emergency Repair and Replacement Account shall be used solely for emergency repairs and replacements to the System as the need arises.

(iv) All remaining funds, if any, in the Sinking Fund after all of the payments required to be made into the Bond Account and Reserve Account have been made, may be used by the Issuer (a) to prepay or redeem the Series 2020 Bonds in whole or in part, (b) to make extensions, improvements, additions, repairs, and replacements to the System, or (c) to be applied to any other lawful purpose as determined by the Issuer.

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

Section 3.5. Investment of Funds. Any funds allocated to the Bond Account, Emergency Repair and Replacement Account and the Reserve Account Series 2020 may, at the discretion of the Issuer, be invested in accordance with the State Money Management Act. All income derived from the investment of the funds of the Bond Account and Emergency Repair and Replacement Account shall be maintained in said fund and disbursed along with the other moneys on deposit therein as herein provided. All income derived from the investment of the Reserve Account Series 2020 shall at the end of each Sinking Fund Year be transferred by the Issuer to the Bond Account so long as the Reserve Account Series 2020 after said transfer have funds equaling the Reserve Fund Requirement. Should the Reserve Account Series 2020 have less than the Reserve Fund Requirement, then said income shall be maintained in the Reserve Account Series 2020, until total deposits equals the Reserve Fund Requirement. There shall not be required to be in the Bond Account and the Reserve Account Series 2020 at any time more than the total amount required to pay the total principal outstanding of the Series 2020 Bonds. Whenever the money in the Bond Account and the Reserve Account Series 2020 equals the total principal amount of the Series 2020 Bonds outstanding, the money in said Accounts shall be used to prepay all of such Bonds.

ARTICLE IV

COVENANTS

Section 4.1. Covenants of Issuer. The Issuer hereby covenants and agrees with each and every holder of the Series 2020 Bonds the following:

(a) The rates for all sewer service supplied by the System to the Issuer and its inhabitants and to all customers within or without the boundaries of the Issuer shall be sufficient for the retirement and/or redemption of the Bonds, provided such rates must be reasonable rates for the type, kind, and character of the service rendered. There shall be no free service and there shall be charged against all users of the System, including the Issuer, such rates and amounts as shall be adequate to meet the debt service payments on the Bonds and any Parity Bonds (as defined in 4.2) when due, and to make available for purposes having priority junior to the Sinking Fund in the application of the Net Revenues in each Sinking Fund Year, at least twenty-five percent (25%) of the Annual Debt Service for each such year. All Net Revenues, including those received from the Issuer, shall be subject to distribution for the payment of the cost of operating and maintaining the System, and the payment of the Bonds, as hereinabove provided.

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

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

(d) So long as any Series 2020 Bonds remain outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each Bondholder or any duly authorized agent or agents of such holder shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System and all properties constituting the System. Except as otherwise provided herein, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Sinking Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the System, and that such audit will be available for inspection by Bondholder; provided, however, during such periods of time as the Water Quality Board is the Registered Owner of the State Bonds, each such audit will be supplied to the Water Quality Board as soon as completed without prior request therefor by the Water

Quality Board. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

- (i) A statement in detail of the income and expenditures of the System for such Sinking Fund Year;
- (ii) A balance sheet as of the end of such Sinking Fund Year;
- (iii) The accountant's comments regarding the manner in which the Issuer has carried out the requirements of this Bond Resolution, and the accountant's recommendations for any change or improvement in the operation of the System;
- (iv) A list of the insurance policies in force at the end of the Sinking Fund Year, setting out as to each policy, the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy;
- (v) An analysis of all funds and accounts created in this Bond Resolution, setting out all deposits and disbursements made during the Sinking Fund Year and the amount in each fund or account at the end of the Sinking Fund Year;
- (vi) The number of sewer connections within the boundaries of the Issuer, and applications for sewer service on hand at the end of the Sinking Fund Year;
- (vii) The total billings for such Sinking Fund Year;
- (viii) All schedules of rates and charges imposed for sewer service during the Sinking Fund Year.

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

(e) In addition to the reporting requirements set forth in Subsection 4.1.(d) above, the Issuer shall submit to the Water Quality Board within one hundred eighty (180) days following the close of each Sinking Fund Year, a summary report substantially in the form as provided by the Water Quality Board to the Issuer upon purchase of the Series 2020 Bonds.

All expenses incurred in compiling the information required by this section shall be regarded and paid as an Operation and Maintenance Expense. If a

Bondholder is other than the Water Quality Board, the Issuer agrees to furnish a copy of such information to such Bondholder at its request after the close of each Sinking Fund Year. Any Bondholder shall have the right to discuss with the accountant compiling such information the contents thereof and to ask for such additional information as it may reasonably require.

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

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

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

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

(j) The Issuer shall commence and complete the acquisition and construction of the Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

(k) The Issuer will from time to time duly pay and discharge or cause to be paid all taxes, assessments and other governmental charges, if any, lawfully imposed upon the System or any part thereof or upon the Revenues, as well as any

lawful claims for labor, materials or supplies which if unpaid might by law become a lien or charge upon the System or the Revenues or any part thereof or which might impair the security of the Bonds, except when the Issuer in good faith contests its liability to pay the same.

(l) The Issuer will not grant a franchise for the operation of any competing sewer system within its corporate limits, as long as the Series 2020 Bonds authorized herein remain outstanding.

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

(n) All payments falling due on the Series 2020 Bonds shall be made to the Bondholder thereof and all charges made by the Depository Bank for its services shall be paid by the Issuer.

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

(p) The Issuer agrees, in accepting the proceeds of the Series 2020 Bonds, to comply with all applicable state and federal regulations related to the Utah State Revolving Fund administered by the Water Quality Board. These requirements include, but are not limited to, Title VI of the Clean Water Act of 1987, The Single Audit Act of 1996, the Utah Wastewater Loan Program policies and guidelines, the Utah Refunding Bond Act, the Utah Money Management Act, the Utah Procurement Code and the State of Utah Legal Compliance Audit Guide, and Generally Accepted Accounting Principles (GAAP).

Section 4.2 Additional Indebtedness. No additional indebtedness, bonds or notes of the Issuer payable on a priority superior to the Series 2020 Bonds out of the Net Revenues from the System shall be created or incurred by the Issuer without the prior written consent of all holders of the Series 2020 Bonds. Furthermore, the Series 2020 Bonds shall not be entitled to any priority one over the other in application of the Net Revenues of the System, regardless of the time or times of their issuance, it being the intention of the Issuer that there shall be no priority among the Series 2020 Bonds authorized to be issued pursuant to this Bond Resolution regardless of the fact that they may be actually issued and delivered at different times. It is expressly agreed and covenanted that the Issuer will not hereafter issue

any bonds or obligations payable from the Net Revenues of the System, or any part thereof, or which constitutes a lien on such Net Revenues or on the System until all Series 2020 Bonds have been paid in full unless such additional bonds are issued in such manner that they are in all respects subordinate to the Series 2020 Bonds.

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

(1) The Series 2020 Bonds or any part thereof may be refunded. The refunding bonds so issued shall enjoy a lien on the Net Revenues on a parity with the Series 2020 Bonds except that if fewer than all of the Series 2020 Bonds outstanding at the time are so refunded, no refunding bonds shall bear interest at a rate higher or mature at a date earlier than the corresponding Bond refunded thereby without the consent of the owners and holders of all of the unrefunded Series 2020 Bonds. In all other respects, refunding bonds may be secured in such manner and may be payable from such sources and be subject to other terms and provisions that may be provided in the resolution authorizing their issuance. Refunding bonds may be exchanged with the consent of the Bondholder for not less than a like principal amount of the Series 2020 Bonds authorized to be refunded, may be sold or may be exchanged in part or sold in part. If sold, the proceeds of the sale not required for the payment of expenses shall be used to refund that portion of the Series 2020 Bonds refunded.

(2) Additional bonds may be issued on a parity with the Series 2020 Bonds herein authorized if all of the following conditions are met at the time of the issuance of such additional bonds (herein referred to as "Parity Bonds"):

(a) The Net Revenues of the System in the Sinking Fund Year preceding the year in which the Parity Bonds are to be issued were 125% of the average Annual Debt Service on all of the Bonds and Parity Bonds then outstanding and the Parity Bonds so proposed to be issued with an allowance for earnings arising from any increase in sewer rates which have become effective prior to incurring the additional indebtedness in an amount equal to 95% of the amount by which the billings to customers for such Sinking Fund Year would have been increased, if such increase in rates had been in effect during the Sinking Fund year; provided, this limitation may be waived or modified by the written consent of the registered owners and holders of 75% of the principal amount of the Bonds and Parity Bonds then outstanding.

(b) All payments required by this Bond Resolution to be made into the Sinking Fund must have been made in full and there must be in each reserve fund the full amount required by this Bond Resolution to be accumulated therein.

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

(d) The proceedings authorizing such Parity Bonds must raise the amount to which the reserve funds shall be accumulated to an amount no less than the highest future Annual Debt Service of all Bonds and Parity Bonds then outstanding and the Parity Bonds so proposed to be issued and must require the accumulation of such amount in the Reserve Account to be accomplished within six (6) years after delivery of such Parity Bonds.

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

ARTICLE V

MISCELLANEOUS

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

(a) The Bondholder may require the Issuer to pay an interest penalty equal to eighteen percent (18%) per annum of the outstanding principal amount on the Series 2020 Bonds, said interest penalty to accrue from the date of the notice of the Bondholder to the Issuer referenced hereinabove until the default is cured by the Issuer. Said interest penalty shall be paid on each succeeding payment date until the default is cured by the Issuer.

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

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

Section 5.2. Amendments to Bond Resolution. Provisions of this Bond Resolution shall constitute a contract between the Issuer and the Bondholder; and after the issuance of the Series 2020 Bonds, no change, variation or alteration of any kind in the provisions of this Bond Resolution shall be made in any manner until such time as all of the Series 2020 Bonds have been paid in full except as hereinafter provided.

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

Whenever the Issuer shall propose to amend or modify this Bond Resolution under the provisions of this section, it shall cause notice of the proposed amendment to be sent to all Bondholders of all Series 2020 Bonds then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory

resolution is on file in the office of the City Recorder for public inspection. Should a Bondholder consent to the proposed amendment to this Bond Resolution, it shall submit to the Issuer a written instrument which shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof. Upon receipt of Bondholder consents representing at least 75% of the principal of Series 2008 Bonds outstanding, the governing body of the Issuer may adopt said amendatory resolution, and it shall become effective, provided, however, that nothing in this Section shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest, if any, without the consent of the Bondholder of all the Series 2020 Bonds, or (b) a reduction in the amount or extension of the time of any payment required by any fund or account established hereunder without the consent of the Bondholders of all the Series 2020 Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Series 2020 Bonds, the Bondholders of which are required to consent to any such waiver or a mandatory resolution, or (d) affect the rights of the Bondholders of less than all Series 2020 Bonds then outstanding, without the consent of the Bondholders of all the Series 2020 Bonds at the time outstanding which would be affected by the action to be taken.

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

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

Section 5.3. Maintenance of Proceedings. A certified copy of this Bond Resolution and every amendatory or supplemental ordinance or resolution shall be kept on file in the office of the City Recorder where it shall be made available for inspection by any Bondholder or his agent. Upon payment of the reasonable cost of preparing the same, a certified copy of this Bond Resolution, any amendatory or supplemental ordinance or resolution will be furnished to any Bondholder. The Bondholders may, by suit, action, mandamus, injunction or other proceedings, either at law or in equity, enforce or compel performance of all duties and obligations required by this Bond Resolution to be done or performed by the Issuer. Nothing contained herein, however, shall be construed as imposing on the Issuer any duty or obligation to levy any tax either to pay the principal of, or Grant Assessment or interest, if any, on the Series 2020 Bonds authorized herein or to meet any obligation contained herein concerning the Series 2020 Bonds.

Section 5.4. Defeasance of Series 2020 Bonds. If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made to the Registered Owner of the Series 2020 Bonds for the payments due or to become due thereon at the times and in the manner stipulated therein, then the first lien pledge of the Net Revenues under this Bond Resolution and any and all estate, right, title and interest in and to any of the funds and accounts created hereunder (except moneys or securities held by a Depository Bank for the payment of the Series 2020 Bonds) shall be canceled and discharged.

Any Series 2020 Bond shall be deemed to be paid within the meaning of this section when payment of the Series 2020 Bonds (whether such due date be by reason of maturity or upon prepayment or redemption as provided herein) shall have been made in accordance with the terms thereof. At such time as the Series 2020 Bonds shall be deemed to be paid hereunder, they shall no longer be secured by or entitled to the benefits hereof (except with respect to the moneys and securities held by a Depository Bank for the payment of the Series 2020 Bonds).

Section 5.5. Sale of Series 2020 Bonds Approved. The sale of the Series 2020 Bonds to the Water Quality Board is hereby ratified, confirmed and approved.

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

Section 5.7. Notice of Bonds to be Issued. In accordance with the provisions of the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the “Act”), the Issuer has designated the Box Elder News Journal, as the official newspaper of the Issuer authorized to publish legal notices for the Issuer, and in accordance with the Act, the City Recorder has caused a “Notice of Bonds to be Issued” to be (1) published once in the Box Elder News Journal, a newspaper of general circulation in the Issuer, (2) posted on the Utah Public Notice Website, and (3) posted in the office of the Issuer.

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

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

Section 5.10. Compliance with Refunding Bond Act. It is hereby declared by the governing body of the Issuer that it is the intention of the Issuer by the adoption of this Bond Resolution to comply in all respects with the provisions of the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the “Act”), and that the Series 2020 Bonds shall be incontestable after issuance.

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

PASSED AND ADOPTED THIS SEPTEMBER 10, 2020.

Mayor

ATTEST:

City Recorder

(S E A L)

RECORD OF PROCEEDINGS

The Council of the Issuer met in public session at the regular meeting place of the Council at 3005 S. 1200 W. in Perry, Utah, on September 10, 2020, at the hour of 7:00 p.m., or as soon thereafter as feasible, with the following members of the Council being present:

Present:

Kevin Jeppsen	Mayor
Toby Wright	Council Member
Esther Montgomery	Council Member
Andrew Watkins	Council Member
Nathan Tueller	Council Member
Blake Ostler	Council Member

Also Present:

Robert Barnhill	City Administrator
Shanna Johnson	Finance & HR Director
Susan Obray	City Recorder

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

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

YEA:

NAY:

ABSTAINING:

The Resolution was then signed by the Mayor in open meeting and recorded by the City Recorder in the official records of the Issuer.

CERTIFICATE OF CITY RECORDER

I, Susan O Bray, the duly appointed and qualified City Recorder of the Issuer, do hereby certify that the attached Resolution is a true, accurate and complete copy thereof as adopted by the Council at a public meeting duly held on September 10, 2020 (the "Meeting"). The Meeting was called and noticed as required by law as is evidenced by the attached Certificate of Compliance with Open Meeting Law. The persons present and the result of the vote taken at the Meeting are all as shown above. The Resolution, with all exhibits attached, was deposited in my office on September 10, 2020, and is officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my signature and impressed hereon the official seal of the Issuer, this September 10, 2020.

(SEAL)

City Recorder

**CERTIFICATE OF COMPLIANCE WITH
OPEN MEETING LAW**

I, Susan O Bray, the undersigned City Recorder of the Issuer, do hereby certify, according to the records of the Issuer in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated, 1953, as amended, I gave not less than 24 hours public notice of the agenda, date, time and place of the September 10, 2020, public meeting, held by the Issuer as follows:

(a) By causing a Meeting Notice, in the form attached, to be posted at the Issuer's principal offices, at least 24 hours before the convening of the meeting, the Meeting Notice having continuously remained posted and available for public inspection until the completion of the meeting;

(b) By causing a copy of the Meeting Notice to be delivered to a newspaper of general circulation in the Issuer at least 24 hours prior to the convening of the meeting; and

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

(d) By causing a copy of the Meeting Notice to be delivered to each member of the City Council of the Issuer at least twenty-four (24) hours prior to the convening of the Meeting.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this September 10, 2020.

(SEAL)

City Recorder

(Attach Meeting Notice and posting to Utah Public Notice Website)

EXHIBIT “A-1”

FORM OF STATE BONDS

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF BOX ELDER
PERRY CITY
TAXABLE SEWER REVENUE REFUNDING BOND
SERIES 2020

\$7,350,000

Perry City, Box Elder County, Utah (the “Issuer”), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the State of Utah Department of Environmental Quality, Water Quality Board, the registered owner hereof, or to the registered assigns last named on the registration certificate attached hereto, the Total Principal Sum set forth in the “Certificate of Dates of Payment and Amount” set forth at the end of this Bond, but in no event more than a maximum principal amount of \$7,350,000, together with, in lieu of interest, a Hardship Grant Assessment on the unpaid principal balance on May 1, 2021, and each May 1 thereafter until the Series 2020 Bonds are paid in full at the rate of two percent (2.0%) per annum (calculated on the basis of a year of 360 days comprised of twelve 30-day months). Principal together with accrued but unpaid Hardship Grant Assessment, shall be payable in registered installments on May 1 of each of the years as set forth in the following Repayment Schedule:

<u>May 1</u>	<u>Principal Maturing</u>
2021	\$422,000
2022	431,000
2023	440,000
2024	450,000
2025	459,000
2026	468,000
2027	478,000
2028	489,000
2029	499,000
2030	509,000
2031	519,000
2032	530,000
2033	541,000
2034	552,000

The Issuer shall be obligated to pay to the Water Quality Board and any subsequent owner of the Series 2020 Bonds a Hardship Grant Assessment. The Hardship Grant Assessment shall accrue on the outstanding principal balance of the Series 2020 Bonds beginning on the date of initial delivery of the Series 2020 Bonds and shall be computed in the same manner as interest such that as the outstanding balance of Series 2020 Bonds is increased or decreased, the Hardship Grant Assessment shall be computed on the basis of the increased or decreased principal balance from the date of such increase or decrease to the earlier of (i) the next change in principal balance or (ii) the next succeeding payment date. The payment dates for the Hardship Grant Assessment shall be May 1, 2021, and each May 1 thereafter until the Series 2020 Bonds are paid in full.

“Hardship Grant Assessment” means a special assessment levied by the Water Quality Board against the Issuer in consideration for agreeing to finance the Project financed with the Series 2020 Bonds and shall equal 2.0% per annum of the outstanding principal balance of the Series 2020 Bonds and shall be payable as provided herein.

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

As long as the State of Utah Department of Environmental Quality, Water Quality Board (the “Water Quality Board”) is the registered holder of this Bond, installment payments of principal and Hardship Grant Assessment shall be made by check or draft mailed to the Water Quality Board as the registered holder at the address shown on the registration books maintained by the Registrar.

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

This Bond is payable solely from a special fund designated “Perry City Taxable Sewer Revenue Refunding Bond Sinking Fund,” into which fund and into a reserve therefor, to the extent necessary to assure prompt payment of this Bond, shall be pledged 100% of the Net Revenues (as defined in the Bond Resolutions herein described) derived and to be derived from the operation of the Issuer's sewer system (the “System”), all as more fully described and provided in the Parameters Resolution adopted by the governing body of the

Issuer on August 13, 2020 and a Final Bond Resolution adopted on September 10, 2020 (collectively, the “Bond Resolutions”).

This Bond is issued pursuant to (i) the Bond Resolutions, and (ii) the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the “Act”), for the purpose to (i) refinance and refund the Issuer’s outstanding Taxable Sewer Revenue Bonds, Series 2008 which were issued for sewer system improvements, and related improvements. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the Bond Resolution) of the System and does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Net Revenues of the System. After issuance this Bond shall be incontestable.

As provided in the Bond Resolution, bonds, notes and other obligations may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Bond Resolution, and the aggregate principal amount of such bonds, notes and other obligations which may be issued is not limited. This Bond and all other bonds, notes and other obligations issued and to be issued under the Bond Resolutions on a parity with this Bond are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the Bond Resolution.

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

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

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

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

The Issuer covenants and agrees that it will fix rates for sewer service sufficient to pay when due this Bond, and the principal and interest on all bonds issued on a priority to or parity with this Bond, if any, as the same fall due, provided such rates must be reasonable

rates for the type, kind and character of the service rendered, and will collect and account for the Revenues (as defined in the Bond Resolution) to be received for such service, and will set aside one hundred percent (100%) of the Net Revenues of the System (as defined in the Bond Resolution) to pay this Bond according to the payment terms hereinabove set forth and the principal and interest on all bonds issued on a parity with this Bond, if any.

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

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

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

IN TESTIMONY WHEREOF, the Issuer has caused this Bond to be signed by its Mayor and countersigned by its City Recorder under the corporate seal of said Issuer this 22nd day of September, 2020.

/s/ (Do Not Sign)
Mayor

Countersigned:

/s/ (Do Not Sign)
City Recorder

(S E A L)

REGISTRATION CERTIFICATE

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

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

CERTIFICATE OF DATES
OF PAYMENT AND AMOUNT

The undersigned authorized representative of the State of Utah Department of Environmental Quality, Water Quality Board (the “Water Quality Board”) hereby certifies that the Water Quality Board has received written authorization from the Paying Agent of the Issuer to stamp or write the amount or amounts indicated below on the date or dates set forth opposite such amount(s); that the amount last inserted under the column “Total Principal Sum” is the total amount received by the Issuer for the issuance of this Bond, and that the undersigned has placed his/her signature in the space provided opposite such amount(s) to evidence the same.

<u>Amount of Payment</u>	<u>Date of Payment</u>	<u>Total Principal Sum</u>	WQB <u>Representative Signature</u>
\$_____	_____	\$_____	_____
\$_____	_____	\$_____	_____
\$_____	_____	\$_____	_____
\$_____	_____	\$_____	_____
\$_____	_____	\$_____	_____

EXHIBIT "A-2"

FORM OF EXCHANGE BOND

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF BOX ELDER
PERRY CITY
TAXABLE SEWER REVENUE REFUNDING BONDS, SERIES 2020

HARDSHIP GRANT
ASSESSMENT RATE

MATURITY DATE

ISSUE DATE

2.0%

Registered Owner: _____

Principal Amount: _____ Dollars

Perry City, Box Elder County, Utah (the "Issuer"), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above, upon presentation and surrender thereof, the Principal Amount identified above. In lieu of interest, a Hardship Grant Assessment at the rate specified above on the Principal Amount hereof (calculated on the basis of a 360-day year comprised of twelve 30-day months) shall be payable by check or draft mailed by the City Recorder of the Issuer (the "Paying Agent") to the Registered Owner hereof beginning May 1, 20__ and on each May 1 thereafter until this Bond is paid in full. Principal and redemption price of this Bond shall be payable upon presentation of this Bond to the Paying Agent, or its successor as such paying agent, for payment at maturity.

The Issuer shall be obligated to pay to the Water Quality Board and any subsequent owner of the Series 2020 Bonds a Hardship Grant Assessment. The Hardship Grant Assessment shall accrue on the outstanding principal balance of the Series 2020 Bonds beginning on the date of initial delivery of the Series 2020 Bonds and shall be computed in the same manner as interest such that as the outstanding balance of Series 2020 Bonds is increased or decreased, the Hardship Grant Assessment shall be computed on the basis of the

increased or decreased principal balance from the date of such increase or decrease to the earlier of (i) the next change in principal balance or (ii) the next succeeding payment date. The payment dates for the Hardship Grant Assessment shall be May 1, and each May 1 thereafter until the Series 2020 Bonds are paid in full.

“Hardship Grant Assessment” means a special assessment levied by the Water Quality Board against the Issuer in consideration for agreeing to finance the Project financed with the Series 2020 Bonds and shall equal 2.0% per annum of the outstanding principal balance of the Series 2020 Bonds and shall be payable as provided herein.

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

This Bond is one of an authorized issue of bonds of like date, term and effect except as to maturity, in the aggregate principal amount of _____ Dollars (\$_____), issued in exchange for the conversion of the Issuer's Taxable Sewer Revenue Refunding Bond, Series 2020 dated September 22, 2020, in the Total Principal Sum of \$7,350,000, authorized by a Parameters Resolution of the Issuer duly adopted on August 13, 2020, and a Final Bond Resolution adopted on September 10, 2020 (the “Bond Resolutions”). This Bond and the issue of Bonds of which it is a part is issued pursuant to (i) the Bond Resolutions, and (ii) the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the “Act”), for the purpose to (i) refinance and refund the Issuer’s outstanding Taxable Sewer Revenue Bonds, Series 2008 which were issued for sewer system improvements, and related improvements. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the Bond Resolution) of the System and does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Revenues of the System.

As provided in the Bond Resolution, bonds, notes and other obligations may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Bond Resolution, and the aggregate principal amount of such bonds, notes and other obligations which may be issued is not limited. This Bond and all other bonds, notes and other obligations issued and to be issued under the Bond Resolutions on a parity with this Bond are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the Bond Resolution.

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

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

Subject to the provisions of the Bond Resolution, the Series 2020 Bonds (as defined in the Bond Resolution) are issuable in fully registered form, without coupons, in denomination equal to the principal amount of the bonds or, upon exchange, in the denomination of \$1,000 or any integral multiple thereof.

The Issuer covenants and agrees that it will fix rates for sewer service sufficient to pay this Bond when due and principal and Hardship Grant Assessment on all bonds issued on a priority to or parity with this Bond, if any, as the same fall due, provided such rates must be reasonable rates for the type, kind and character of the service rendered, and will collect and account for the Revenues (as defined in the Bond Resolution) to be received for such service, and will set aside one hundred percent (100%) of the Net Revenues of the System (as defined in the Bond Resolution) to pay this Bond according to the payment terms hereinabove set forth and the principal and interest on all bonds issued on a parity with this Bond, if any.

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

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

It is hereby certified, recited and declared that all conditions, acts and things essential to the validity of this Bond and the issue of which it forms a part do exist, have happened and have been done, and that every requirement of law affecting the issue hereof has been duly complied with; that this Bond and the issue of which it forms a part does not exceed any limitation prescribed by the Constitution and laws of the State of Utah; that one hundred

percent (100%) of the Net Revenues to be derived from the operation of the System, including any future improvements, additions and extensions thereto, have been pledged and will be set aside into said special fund by the Issuer to be used for the payment of this Bond and the issue of which it forms a part and all bonds issued on a parity with this Bond, if any, and that said Net Revenues of the System are not pledged, hypothecated or anticipated in any way other than by the issue of Series 2020 Bonds of which this Bond is one and all bonds issued on a parity with this Bond, if any.

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

By /s/ _____ (Do Not Sign)
Mayor

COUNTERSIGNED:

/s/ _____ (Do Not Sign)
City Recorder

(S E A L)

ASSIGNMENT

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

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

DATED: _____

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

Signature Guaranteed:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO SEC RULE 17Ad-15.

Staff Report

September 10, 2020

Perry City Council



Final Subdivision, 30 townhome units – JJTL Properties, located at approximately 2800 S Hwy 89

Summary

The project includes approximately 1.8 acres and is located on Highway 89. Currently there are manufactured homes (trailers) on the property. The zoning for the property is NC2.

The first application related to this project was received in April of 2019. Since that time code amendments have been passed to allow this project to move forward. In addition a petition to vacate some of the City right of way adjacent to this project was approved and would be executed by the recording of the plat for this development.

In March of 2020 Planning Commission recommended this application be brought to City Council once all of the required corrections were made to the drawings.

Code Compliance

This application was begun prior to our current subdivision ordinance and prior to our design standards for townhomes. The number of units fits within the allowed number of units in our code for this area.

The Fire Marshall has reviewed the development and does not have any corrections needed.

Brett Jones has reviewed the latest drawings and has the following corrections needed:

- Updated plat needed with utility easements (minor corrections are needed and is anticipated to be received prior to the Council meeting)
- CCR's needed
- UDOT permit needed (the permit has been submitted and could be approved prior to the Council meeting)

Considerations and Recommendations

Staff recommends approval of this application if the updated plat is provided.

1 PERRY CITY COUNCIL
2 TRUTH IN TAXATION
3 MEETING PERRY CITY OFFICES
4 August 13, 2020

7:00 PM

7 OFFICIALS PRESENT: Mayor Kevin Jeppsen presided and conducted the meeting. Toby
8 Wright, Andrew Watkins, Esther Montgomery, and Blake Ostler

10 OFFICIALS EXCUSED: Nathan Tueller

12 CITY STAFF PRESENT: Shanna Johnson, Chief Deputy Recorder
13 Robert Barnhill, City Administrator
14 Scott Hancey, Chief of Police
15 Bill Morris, City Attorney
16 Tyler Wagstaff, Public Works Director

19 OTHERS PRESENT: On Site: Tom Kotter, Box Elder County
20 Online: Nelson Phillips Box Elder News and Journal
21 Rick Palfreyman
22 Melanie Barnhill
23 Anonymous Citizen
24 Rick Scadden

26 **ITEM 1: CALL TO ORDER**

28 Mayor Jeppsen called the City Council meeting to order.

30 **ITEM 2: PRESENTATION-PROPERTY TAX FOR 2020 TAX YEAR/FISCAL YEAR 2021**

31 Shanna Johnson shared the presentation to the Council and the public that were present and
32 reviewed the needs analysis/revenues with them. (See presentation in packet) She discussed in
33 detail the capital improvement project lists from the department heads and she also discussed the
34 2019 transportation study that was done that reviewed the road service life for the City. She
35 discussed how the money generated from the property tax increase would be used in fiscal year
36 2021.

38 **ITEM 3: PUBLIC HEARING AND/ OR PUBLIC COMMENT**

40 **A. PUBLIC COMMENTS**

41 Bob Barnhill read the written comments that were sent into the City. Becky Pettingill wrote that
42 she is deeply concerned as the Covid-19 pandemic has affected everyone. She discussed the
43 different businesses that have been affected and hurting from the pandemic. She discussed her
44 concern that even with all the affects to the businesses in Perry due to the pandemic, that Perry
45 would consider increasing the tax rate. She explained that the City would already be getting a
46 windfall in tax revenue from the increased valuation of the homes and businesses in the City. She
47 compared the increase in taxable value from her own tax notice. She expressed that the City would
48 still be getting an increase if the City left the tax rate the same as last year and did nothing. She
49 asked for the City to reconsider the tax increase during this time when many people have lost jobs

or have been furloughed and businesses have been closed. She stated that it is not a good time to do this.

Ron Cefalo wrote that he has owned his property for 40 years. He stated that his land is agricultural land, which part of it is wetlands. He has approximately 4 acres and he stated that his taxes went up by over 300 % this year. He stated that this is uncalled for and borders on robbery. He discussed being on a fixed income and that it will cost him \$924.23 more in taxes this year on agricultural land. He expressed his disappointment at the City or Mr. Kotter, from the County, stating that they need to rethink this increase.

Rick Palfreyman was online and stated he had similar concerns as Becky Pettingill, he said that his property tax went up a significant amount. He asked if the increases from the revaluation of property prior to the proposed additional tax increase had been taken into consideration. Mayor Jeppsen responded that the City is not able to respond to the Public Comments portion of the meeting. He said the City understands his concern and explained that the City was unaware of the property value increases that were made from the County. He said that if he has questions regarding his property value, he should discuss those questions with the County, as it is a separate issue. Mayor Jeppsen clarified that what the City is proposing is to keep the tax rate at the same rate as it was last year, not increasing the rate. Rick requested that the City Council get with the County and see what the new tax base is going to be with properties before increasing the tax rate.

Mayor Jeppsen closed the Public Comment section portion of the meeting.

ITEM 4: ADJOURNMENT

MOTION: Council Member Montgomery made a motion to adjourn the Truth in Taxation Meeting. Council Member Toby Wright seconded the motion.

Motion Approved. All Council Members were in favor.

The meeting adjourned at 7:20 P.M.

Susan O Bray, City Recorder

Kevin Jeppsen, Mayor

Shanna Johnson, Chief Deputy Recorder

OFFICIALS PRESENT: Mayor Kevin Jeppsen presided and conducted the meeting. Toby Wright, Andrew Watkins, Esther Montgomery, and Blake Ostler

OFFICIALS EXCUSED: Nathan Tueller

CITY STAFF PRESENT: Shanna Johnson, Chief Deputy Recorder
Robert Barnhill, City Administrator
Scott Hancey, Chief of Police
Bill Morris, City Attorney
Tyler Wagstaff, Public Works Director

OTHERS PRESENT: Rick Palfreyman, Tresa Peterson, Rick Scadden, Melanie Barnhill, Nelson Phillips, Meredith Bauer, Darren Bauer, Roger Kelly, and Eric Johnson (joined the meeting at approximately 8:09 p.m.)

ITEM 1: CALL TO ORDER

Mayor Jeppsen called the City Council meeting to order.

ITEM 2: PROCEDURAL ISSUES

A. CONFLICT OF INTEREST DECLARATION

None.

B. PASS OUT WARRANTS TO COUNCIL MEMBERS (AND POSSIBLE DISCUSSION)

Shanna Johnson passed out the warrants.

Shanna Johnson shared a presentation with the Council and others present explaining the reason of the suggested sewer utility rate increase as well as the reason for refinancing the sewer revenue bond. (See presentation in the packet)

ITEM 3: PUBLIC HEARING AND/ OR PUBLIC COMMENT

A. PUBLIC COMMENTS

Bob Barnhill read the letters that were submitted for public comment at the meeting. He said that Mike Wood had brought in a letter in response to the notice and request for public comment in the Perry City Newsletter that was sent out at the beginning of August. Bob stated that he was able to answer a lot of his questions in person. He had several questions about how to access the meeting and the background information regarding the sewer rate and refinance that Shanna Johnson went over during the presentation given to the Council.

The other letter was from Becky Pettingill. She questioned why the City needs an almost 12% increase in the sewer fee if the City is saving on average \$200,000 per year in just the bond alone. She stated that 2020 is not the year to be increasing revenue by fees or taxation. She feels that the Covid 19 pandemic has hurt all residents and asked the City to not add to the economic pain and hardship that citizens of Perry are already experiencing. She asked for the increase to be delayed and be reconsidered a different year.

Rick Palfreyman stated that he appreciated the presentation that Shanna gave and stated that it helped explain the reason for the extension and still needing the price increase. He felt

reassured as a resident that the City is looking at it closely and that it makes sense to him and appreciates the City giving the citizens a chance to let their voices be heard.

Darren Bauer questioned the growth projection in 2008, stating if what was projected was 80 new homes per year over the life of the bond, which would have been 1760 new homes. He said it did not seem reasonable and wondered the thought process of those in charge at the time. Mayor Jeppesen agreed that no one that is in the Council now was in charge at that time and would not be able to answer the thought process of those that were in charge at the time. He said that even with the General Plan update, if the City were completely built out, it would only be able to accommodate 1600 new homes. Darren agreed that the explanation given in Shanna's presentation clearly shows that the situation is being handled the best way that it can.

Mayor Jeppesen closed the Public Comment portion of the meeting.

ITEM 4: ACTION ITEMS

A. APPROVAL OF THE WARRANTS

The Council and Staff clarified and discussed the warrants. Shanna pointed out that a separate email had been sent to the Council for a warrant pre-approval regarding the Stokes Spring rehabilitation project that may slightly change the budget needing to be approved at the next meeting. Mayor Jeppesen reviewed in detail the need for this project, explaining that it is a requirement to be in compliance with the State and explained that an inspection would be coming soon. Council Member Wright questioned if this project was planned. Tyler Wagstaff, Public Works director said that it has been planned for quite a while. He stated that the previous Public Works Director had planned to do the work himself, but Tyler said this would take up a lot of time and that the City did not really have the resources to do it that way. After discussing the project with the engineers, the City decided to get bids and have it hired out. Bob Barnhill, City Administrator, said that the budget was planned for parts only so the additional expense would be needed to cover the amount for hiring out this project. Shanna explained that it would come from the utility fund.

MOTION: Council Member Montgomery made a motion to approve the warrants and pre-approve the Stokes Spring rehabilitation project and the tentative budget increase as explained. Council Member Wright seconded the motion.

DISCUSSION: Council Member Ostler wanted to know the role the spring plays in the water system. Mayor Jeppesen said that the percentage is approximately 13%. Tyler explained that the State is requiring a system to tell how many gallons are pumping from the spring; he stated that what is in place now is old and needs replacement.

Council Member Watkins wanted clarification on the Republic Services final bill. Shanna explained that the City was billed for the final dumping of a dumpster that was on the City property since this billing, therefore one additional payment would be made. He also asked Tyler when the SCADA system was approved. Tyler said that the State is cracking down how much water is being used versus how much is billed. He explained that they feel that the meter at the spring is not reading correctly. Council Member Wright asked if the City could postpone this project and try to get a grant. Tyler explained that the timeline is running out of when it needs be complete. Mayor Jeppesen stated that if it is shut off completely the City could lose that resource. Tyler explained that this is where the chlorination comes from as well. Council Member Wright wanted clarification that this is a one-time project. Tyler stated that he thinks it should be a one-time project.

Council Member Ostler wanted clarification if the streetlight purchases were completely funded by the developer and Shanna stated that they were.

ROLL CALL: Council Member Watkins, Yes Council Member Ostler, Yes
Council Member Wright, Yes
Council Member Montgomery, Yes

Motion Approved. 4 Yes, 0 No.

B. ORDINANCE 20-M AMENDING THE PERRY CITY FEE SCHEDULE, INCLUDING THE SEWER UTILITY RATE

Bob Barnhill stated that the Fee schedule had been updated from the last meeting. He discussed the sewer rate being included in the fee schedule at \$49.50 with a notation stating it could be reduced to \$47.25 if the requisite down payment is paid with the bond refinance. He also stated that Tyler and the Public Works department looked at the last year of requests for soccer games. They found that \$100/day would cover the costs to maintain the field. Bob stated that there was concern from a citizen that the cost for one game at \$100 is too much. Bob explained to him that the cost to prepare the field is the same whether it is one game or a dozen games in one night but that he would state the concern from the individual to the Council. Bob explained that to be consistent we should remove the late fees from the business license ordinance and only have them listed in the fee schedule. The ADU ordinance that was passed at the last meeting will also be included in the fee schedule at a proposed \$100.00.

Council Member Ostler inquired about the necessity to codify the sewer rate today. Shanna explained that it needed to be done before the final bond to ensure that the sewer rate increase show that the City can afford the bond. Eric Johnson joined the meeting and explained that the requirement for the sewer rate is a lender requirement to show that the bond can be paid before going through with the transaction. Council Member Ostler stated he understood but questioned why not wait until the dollar amount is set. Shanna explained that the rate can be changed later depending on if there is a buy down approved and if the Council wants to put a down payment or not. Bob Barnhill stated that it will be \$49.50 as it is set right now in the fee schedule and then if the down payment is paid it would go down to \$47.25. Mr. Johnson explained that the rate just needs to be set in place before the transaction is closed. Mr. Johnson stated that in parameters resolution the amount listed is not the amount that is in the final bond, and that it is common for the amount to be set at a higher rate than the expected amount. Shanna discussed the timing with Mr. Johnson, and it was clarified that the City can wait until September to set the rate.

MOTION: Council Member Toby Wright made a motion to approve Ordinance 20-M amending the Perry City Fee Schedule, as outlined including the sewer utility rate as proposed. Council Member Montgomery seconded the motion.

DISCUSSION: Council Member Watkins asked about how the soccer fee is paid if more than one team is playing. Bob explained that it would be \$100 for the day regardless of how many teams or games are playing.

ROLL CALL: Council Member Watkins, Yes Council Member Ostler, Yes
Council Member Wright, Yes
Council Member Montgomery, Yes

Motion Approved. 4 Yes, 0 No.

C. PARAMATERS RESOLUTION #2020-14: A RESOLUTION AUTHORIZING NOT MORE THAN \$8,850,000 OF SEWER REVENUE REFUNDING BONDS, SERIES 2020 TO REFINANCE THE ISSUER'S OUTSTANDING SEWER REVENUE REFUNDING BONDS, SERIES2008; PROVIDING FOR PUBLICATION OF A NOTICE OF BONDS TO BE ISSUED; PROVIDING FOR A PLEDGE OF SEWER REVENUES FOR REPAYMENT OF THE BONDS;

165 **FIXING THE MAXIMUM AMOUNT, MATURITY, INTEREST RATE, AND DISCOUNT AT**
166 **WHICH THE BONDS MAY BE SOLD; PROVIDING FOR THE RUNNING OF A CONTEST**
167 **PERIOD; AND RELATED MATTERS.**

168 Eric Johnson reviewed the parameters resolution with the Council stating that it is giving
169 authority to publish a notice in the paper. He explained there are main things that must be in that
170 notice:

- 171
172 -The maximum amount of the bond
173 -The maximum interest rate
174 -The maximum duration
175 -The maximum discount on the bond
176

177 The parameters resolution is authorizing that notice and the intent of the City Council. Council
178 Member Wright inquired what the extra incurred costs that are being referred to in the
179 parameter resolution would be. Shanna clarified that the bond has been approved for \$7.35
180 million but it is stating that the maximum approval is for \$8.85 million so what Council Member
181 Wright is asking Mr. Johnson is what the unexpected incurred cost of the extra \$1.5 million
182 would be. Mr. Johnson stated that this will be a cashless transaction, exchanging the old bond for
183 a new bond. He explained that there will not be any extra expenses. Council Member Ostler said
184 that at the end of the parameter resolution it states that Susan Obray is listed as one of the
185 attendees and asked if she was present. Shanna stated that it should be listed as herself and said
186 they will change that.
187

188 **MOTION:** Council Member Toby Wright made a motion to approve Parameters Resolution
189 #2020-14. Council Member Montgomery seconded the motion.
190

191 **ROLL CALL:** Council Member Watkins, Yes Council Member Ostler, Yes
192 Council Member Wright, Yes
193 Council Member Montgomery, Yes
194
195

196 **D. FINAL APPROVAL FOR PERRY CANYON SUBDIVISION PH 1, 1ST AMENDMENT,**
197 **APPLICANT: SCADDEN, LOCATION 143 WEST 1550 SOUTH, PARCEL #03-159-0130**

198 Bob Barnhill explained that the development will include 16 townhomes and 2 single-family lots. He
199 said the public improvements/streets (curb and gutter) and utilities are already in place on 3 sides.
200 He discussed a private access road that would be developed. He stated the Fire Marshall and
201 Engineer have approved the plans. Bob discussed that the developer has worked with the City and
202 responded to the corrections that have been requested from the City.
203

204 **MOTION:** Council Member Montgomery made a motion to grant final approval for Perry Canyon
205 Subdivision Ph1, 1st Amendment, Applicant: Scadden, Location 143 W 1550 S, Parcel #03-159-0130.
206 Council Member Wright seconded the motion. Council Member Ostler applauded Mr. Scadden for his
207 efforts on this project and working with the city to accommodate the look that the City is trying to
208 achieve.
209

210 **ROLL CALL:** Council Member Watkins, Yes Council Member Ostler, Yes
211 Council Member Wright, Yes
212 Council Member Montgomery, Yes
213

214 **Motion Approved. 4 Yes, 0 No.**
215

216 **ITEM 5: DISCUSSION ITEMS**

217 **A. MT. VIEW PARK UPDATE**

Bob Barnhill explained that there was an incident at Mountain View Park with a child on the playground equipment. He discussed the Trust coming to look at the equipment and the detailed report they gave. The report was not positive in its assessment of the playground equipment stating that it is unsafe. The City is recommending to the Council remove some of the equipment as soon as possible. Tyler Wagstaff, Public Works Director, explained that there was some vandalism at the park that the City was unaware of and the child fell through the area that was vandalized. He stated the City does not want to be liable for anyone being injured. Council Member Watkins stated that he agreed that it is unsafe from his own experience and cautioned on the removal process asking if it is possible, to restore some of the pieces in the future. The Council discussed the equipment and if there was a way to salvage anything. Bob said that he and Tyler would go and take a closer look to see if there is anything available to salvage. Bill Morris, City Attorney, suggested that the vendor Game Time has a sale/grant program in the fall, and noted this vendor is located in Logan and may be available to help.

ITEM 6: MINUTES & COUNCIL/MAYOR REPORTS

A. APPROVAL OF CONSENT ITEMS

- **June 28, 2020 City Council Work Session Minutes**
- **June 28, 2020 City Council Meeting Minutes**
- **June 28, 2020 RDA Meeting Minutes**
- **July 9, 2020 City Council Work Session Minutes**
- **July 9, 2020 City Council Meeting Minutes**

MOTION: Council Member Watkins made a motion to approve June 28, 2020 City Council Work Session Minutes, June 28, 2020 City Council Meeting Minutes, June 28, 2020 RDA Meeting Minutes, July 9, 2020 City Council Work Session Minutes, and July 9, 2020 City Council Meeting Minutes. Council Member Montgomery seconded the motion.

ROLL CALL: Council Member Watkins, Yes Council Member Ostler, Yes
Council Member Wright, Yes
Council Member Montgomery, Yes

Motion Approved. 4 Yes, 0 No.

B. MAYOR REPORT

None.

C. COUNCIL REPORTS

None.

D. STAFF COMMENTS

Bob Barnhill informed the Council that on the agenda under consent items, you can move to approve all the consent items by making a motion to approve all of them at once. He also said that the Planning Commission is continuing to work on updating the Ordinances and will have several more for the Council to look at in the next meeting.

E. PLANNING COMMISSION REPORT

Commissioner Peterson said that Urban Livestock and Title 15 will be coming to the Council in a couple of weeks.

ITEM 7: EXECUTIVE SESSION

- None required.

ITEM 8: ADJOURNMENT

MOTION: Council Member Wright made a motion to adjourn the City Council Meeting. Council Member Montgomery seconded the motion.

Motion Approved. All Council Members were in favor.

The meeting adjourned at 8:42PM.

Susan Obray, City Recorder

Kevin Jepps, Mayor

Shanna Johnson, Chief Deputy Recorder