

TRANS-JORDAN CITIES, UTAH

RESOLUTION NO. 22-05 PROVIDING FOR THE ISSUANCE OF
SOLID WASTE REVENUE BONDS

ADOPTED ON MAY 19, 2022

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RESOLUTION NO. 22-05
PROVIDING FOR THE ISSUANCE OF
SOLID WASTE REVENUE BONDS

WHEREAS, the Board of Directors (the “*Board*”) of Trans-Jordan Cities, Utah (the “*Issuer*”), (a) an interlocal entity owned and operated through an interlocal agreement among its seven member cities (each a “*Member*” and, collectively, the “*Members*”) pursuant to the Interlocal Cooperation Act, Title 11, Chapter 13 of the Utah Code Annotated 1953, as amended, and an Amended and Restated Trans-Jordan Cities Interlocal Cooperation Agreement (Solid Waste Management Facilities), dated December 1, 1995 (the “*Interlocal Agreement*”), among the Members, (b) a body corporate and (c) a political subdivision of the State of Utah, has determined that the public interest and necessity require the continuing operation of, and the acquisition, construction and completion of improvements and extensions to, the solid waste disposal system of the Issuer in order to carry out the objects and purposes for which the Issuer was created, and to finance the cost of such acquisition, construction and completion by the issuance of revenue bonds as authorized by law;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Trans-Jordan Cities, Utah, as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND EQUALITY OF BONDS

Section 1.01. Definitions. Unless the context otherwise requires, the terms in this Section defined shall, for all purposes of the Resolution and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“*Accountant’s Certificate*” means a certificate signed by an Independent Public Accountant.

“*Accreted Amount*” means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the sum of (a) the initial public offering price of such Bonds, plus (b) the accumulated and compounded interest on the Bonds, all as set forth in the Supplemental Resolution authorizing such Capital Appreciation Bonds.

“*Accrued Debt Service*” means, as of any date of calculation, the amount of Debt Service that has accrued with respect to any Series of Bonds and any Bank Loan, calculating the Debt Service that has accrued with respect to each Series of Bonds and each Bank Loan as an amount equal to the sum of (a) the interest on the Bonds of such Series and on such Bank Loan that has accrued and is unpaid and that will have accrued by the end of the then current calendar month, and (b) that portion of all Principal Installments and principal components of Bank Loan Repayment Obligations payable within the twelve-month period following the date of calculation for such Series of Bonds and such Bank Loan that would have accrued (if deemed to accrue in the same manner as interest accrues) by the end of the then current calendar month.

“*Act*” means, collectively, (a) the Interlocal Cooperation Act, Title 11, Chapter 13, Chapter 1, Utah Code Annotated 1953, as amended, (b) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and (c) the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated, as amended.

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

“*Amortized Value*” means par, if an obligation was purchased at par or, when used with respect to an obligation purchased at a premium above par or at a discount below par, means the value as of any given date obtained by dividing the total amount of the premium or discount at which such obligation was purchased by the number of days remaining to the maturity of such obligation on the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since the date of such purchase (calculated on the basis of a 360-day or 365-day year, as appropriate) and: (a) in the case of an obligation purchased at a premium, by subtracting the product thus obtained from the purchase price to obtain Amortized Value, or (b) in the case of an obligation purchased at a discount, by adding the product thus obtained to the purchase price to obtain Amortized Value.

“*Authorized Officer*” means the Chairman, Vice Chairman, Secretary and Executive Director of the Issuer and such other officers as may be designated from time to time by the Issuer by Written Certificate filed with the Trustee.

“*Bank Loan*” means a loan, line of credit or other extension of credit by a Bank Lender, other than a loan, line of credit or other extension the repayment obligations of which are evidenced by Direct Purchase Bonds.

“*Bank Loan Document*” means a loan agreement, line of credit agreement or other credit agreement or similar instrument entered into in connection with a Bank Loan.

“*Bank Lender*” means a bank or other financial institution that provides a Bank Loan to the Issuer to finance or refinance the Cost of the Project.

“*Board*” means the Board of Directors established by the Interlocal Agreement as the Governing Board of the Issuer pursuant to the provisions of the Act.

“*Bond Anticipation Notes*” means the bond anticipation notes authorized by Section 2.05.

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

“*Bond Payment Date*” means each date on which (a) interest on the Bonds or a Bank Loan is due and payable, (b) principal of the Bonds is payable at maturity or pursuant to Sinking Fund Installments and (c) principal repayments are due under a Bank Loan.

“*Bondholder*” or “*Holder,*” or any similar term, means the owner of any Bond or Bonds. In the case of a fully-registered Bond, Bondholder means the registered owner of such Bond.

“*Bonds*” means bonds, notes or other obligations (other than Bond Anticipation Notes, Subordinated Indebtedness and Repayment Obligations) authorized by and at any time Outstanding pursuant to the Resolution.

“*Business Day*” means a day of the year which is not a Saturday, Sunday or legal holiday in New York, New York, or a day on which any Fiduciary or any Security Instrument Issuer is authorized or obligated to close.

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

“*Chairman*” means the Chairman of the Board or, in the absence or disability of the Chairman, the Vice Chairman.

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

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

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

“*Cost of Construction*” means all costs and expenses of acquiring, constructing, improving, equipping and furnishing all or any part of a Project, and all expenses preliminary and incidental thereto incurred by the Issuer in connection therewith and in the issuance of the Bonds, for which funds may be disbursed from the Construction Fund, including but not limited to:

- (a) payment of the acquisition or construction costs of the Project;
- (b) payment of the initial or acceptance fee of the Trustee;
- (c) payment to the Issuer of such amounts, if any, as shall be necessary to reimburse the Issuer in full for advances and payments theretofore made or costs theretofore incurred by the Issuer for any item of Cost of Construction;
- (d) costs for the obtaining of any insurance policy or policies or surety bonds with respect to a project by the Issuer during the construction of such Project;

(e) payment of audit fees and expenses for maintenance of construction records required to be kept with respect to any Project;

(f) payment of the costs of any necessary litigation and the obtaining of all necessary permits and rulings;

(g) payment of the costs of issuance of the Bonds including legal, accounting, engineering, fiscal agent, printing, advertising and underwriting fees and expenses, payments and fees due under any agreement pursuant to which any Series of Bonds is sold, bond discount, printing and engraving costs and fees of rating agencies, incurred in connection with the authorization, sale and issuance of the Bonds and preparation of the Resolution and Supplemental Resolution pursuant to which the Bonds will be issued;

(h) payment of interest on the Bonds during the period of construction of a Project and for 12 months thereafter (or such different period as may then be permitted by law);

(i) the amount, if any, to be deposited into the Operating Account in the Revenue Fund as working capital amounts pursuant to Section 2.02(a)(10);

(j) the amount, if any, to be deposited into the Debt Service Reserve Account pursuant to Section 2.02(a)(11);

(k) the amount, if any, to be deposited into the Extension and Repair Fund pursuant to Section 2.02(a)(12); and

(l) payment of any other costs and expenses during the construction period of a project and relating to the project, including Security Instrument Costs and fees and expenses of the Trustee and of professional services to comply with the rebate requirements of the Code.

“Cross-over Date” means with respect to Cross-over Refunding Bonds the date on which the Principal portion of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

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

“Cross-over Refunding Bonds” means Bonds issued for the purpose of refunding Bonds if the proceeds of such Cross-over Refunding Bonds are irrevocably deposited in escrow in satisfaction of the requirements of Section 11-27-3, Utah Code Annotated 1953, as amended, to secure the payment on an applicable redemption date or maturity date of the Cross-over Refunded Bonds (subject to possible use to pay Principal of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds until the Cross-over Date.

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

“*Debt Service*” means, for any particular Fiscal Year and for any Series of Bonds, any Series of Bond Anticipation Notes, any Bank Loan and any Repayment Obligations, an amount equal to the sum of:

(a) all interest payable during such Fiscal Year on all Bonds and Bond Anticipation Notes then Outstanding and all Bank Loans then outstanding,

(b) the Principal Installments payable during such Fiscal Year on (i) all Bonds Outstanding, calculated on the assumption that Bonds Outstanding on the day of calculation cease to be Outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Resolution, and (ii) all Bank Loan Repayment Obligations then outstanding, and

(c) all other Repayment Obligations payable during such Fiscal Year

provided, however that

(i) when calculating interest payable during such Fiscal Year for any Series of Variable Rate Bonds or Repayment Obligations or Bank Loans bearing interest at a variable rate which cannot be ascertained for any particular Fiscal Year, such Series of Variable Rate Bonds or variable rate Repayment Obligations or Bank Loans shall be assumed to bear interest at such fixed rate of interest as shall, in the opinion of the Issuer’ financial advisor, underwriter, remarketing agent or similar agent, represent a prevailing market rate, taking into account the rates on comparable obligations (including particularly other Bonds, Bank Loans, bonds or bank loans of the Issuer), recognized market indices, average interest rates for prior years and such other factors as the advisor, underwriter or agent shall deem appropriate for purposes of its opinion;

(ii) when calculating interest payable during such Fiscal Year for any Series of Variable Rate Bonds or on any variable rate Bank Loan with respect to which an Interest Rate Swap is in effect under which the Issuer has agreed to pay a fixed interest rate on a notional amount equal to the principal amount of such Series of Bonds or Bank Loan, such Series of Bonds or Bank Loan shall be deemed at an interest rate equal to the fixed rate payable by the Issuer under the Interest Rate Swap; and

(iii) principal and interest due on the first day of a Fiscal Year shall be deemed to have been payable and paid on the last day of the immediately preceding Fiscal Year

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

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

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

“*Debt Service Reserve Requirement*” means the amount or formula specified in a Supplemental Resolution establishing a Debt Service Reserve Requirement for a Series of Bonds or a Bank Loan.

“*Depository*” means any bank, trust company or other entity (including the Treasurer of the State of Utah) selected by the Issuer and satisfactory to the Trustee as a depository of moneys and securities held under the provisions of the Resolution and may include the Trustee.

“*Direct Purchase Bonds*” means Bonds purchased directly by a bank or other financial institution and issued hereunder to evidence the Issuer’ obligation to repay principal and interest on a loan, line of credit or other extension of credit by the bank or other financial institution to the Issuer to finance or refinance the Cost of Construction.

“*Engineer’s Certificate*” means a certificate or opinion signed by a Qualified Engineer.

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

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

“*Estimated Net Revenues*” means, for any Year, the estimated Revenues for such Year less the estimated Operation and Maintenance Costs for such Year. In estimating Revenues, the Issuer or the Qualified Independent Engineer, as the case may be, shall base such estimation on the actual Revenues for the most recent Fiscal Year, plus (a) the additional Revenues from any increase in

the rates and charges for System services that has gone or is scheduled to go into effect prior to the issuance of the additional Bonds, and (b) the additional Revenues reasonably expected to be received upon the completion of the Project financed by the additional Bonds.

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

“Executive Director” means each officer appointed by the Issuer and qualified to act as the Executive Director of the Issuer under applicable Utah law and any other official authorized to carry out the duties of the Executive Director in the actual Executive Director’s absence or incapacity.

“Extension and Repair Fund” means the Fund by that name established in Section 5.02.

“Extension and Repair Fund Requirement” means the amount, if any, determined by the Issuer and set forth in a Supplemental Resolution.

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

“Financial Newspaper or Journal” means *The Wall Street Journal* or *The Bond Buyer* or any other newspaper or journal printed in the English language and customarily published on each business day devoted to financial news and selected by the Trustee, whose decision shall be final.

“Fiscal Year” means the annual accounting period of the Issuer as from time to time in effect, initially a period commencing on each July 1 and ending on the next succeeding June 30.

“Fitch” means Fitch, Inc., its successors and assigns and, if such corporation shall no longer perform the functions of a securities rating agency, *“Fitch”* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with written notice to the Trustee.

“Fund” means one of the funds confirmed or established pursuant to Section 5.02, including the Construction Fund, the Revenue Fund, the Bond Fund, the Extension and Repair Fund and the General Reserve Fund.

“General Reserve Fund” means the fund by that name established in Section 5.02.

“Government Obligations” means:

- (a) direct obligations of or obligations guaranteed by the United States of America;
- (b) any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (a) above; and

(c) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (ii) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) or clause (b) above, which fund may be applied only to the payment of interest when due, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) or clause (b) above, which have been deposited in such fund along with any cash on deposit in such fund is sufficient to pay interest when due, principal of and redemption premium, if any, on the bonds or other obligations described in this clause (c) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (c), as appropriate.

“Independent Public Accountant” means any certified public accountant or firm of such accountants appointed and paid by the Issuer, which:

- (a) is in fact independent and not under domination of the Issuer;
- (b) does not have any substantial interest, direct or indirect, with the Issuer; and
- (c) is not connected with the Issuer as an officer or employee of the Issuer, but who may be regularly retained to make annual or other audits of the books of or reports to the Issuer.

The Trustee shall be entitled to rely on the written statement of a certified public accountant or firm of such accountants as to his or its compliance with the terms of this definition.

“Interest Rate Swap” means an agreement between the Issuer or the Trustee and a Swap Counterparty related to all or a portion of the interest on the Bonds of one or more Series whereby a fixed or a variable rate cash flow on a notional amount is exchanged for a variable or fixed rate of return, as the case may be, on an equal notional amount.

“Interest Rate Swap Payment” means as of each scheduled payment date specified in an Interest Rate Swap, the amount, if any, payable to the Swap Counterparty by the Issuer (or by the Trustee on behalf of the Issuer).

“Interest Rate Swap Receipt” means as of each scheduled payment date specified in an Interest Rate Swap, the amount, if any, payable to the Issuer (or to the Trustee for the account of the Issuer) by the Swap Counterparty.

“*Interlocal Agreement*” means the Amended and Restated Trans-Jordan Cities Interlocal Cooperation Agreement (Solid Waste Management Facilities), dated December 1, 1995 (the “*Interlocal Agreement*”), among the Members, as it may be further amended and supplemented.

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

(a) any investment authorized from time to time by the provisions of the State Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended, including investing in the Utah Public Treasurers’ Investment Fund;

(b) the following investments fully insured by the Federal Deposit Insurance Corporation: (i) certificates of deposit, (ii) savings accounts, (iii) deposit accounts, or (iv) depository receipts of a bank, savings and loan associations and mutual savings banks;

(c) certificates of deposit properly secured at all times by collateral security consisting of Government Obligations;

(d) Government Obligations;

(e) bonds, debentures or notes or other evidence of indebtedness issued by any one or a combination of any of the following federal agencies: the Export-Import Bank of the United States; the Government National Mortgage Association; the Federal Financing Bank; the Farmer’s Home Administration; the Federal Housing Administration; the Maritime Administration; or the Public Housing Authority;

(f) repurchase agreements collateralized by Government Obligations or obligations described in clause (e) of this definition with any registered broker/dealer subject to Securities Investors’ Protection Corporation jurisdiction, which has an unsecured, unsecured and unguaranteed obligation rated “P1” or “A3” or better by Moody’s and “A-1” or “A-” or better by S&P, or any commercial bank with the above ratings, provided that:

(i) a master repurchase agreement or specific written repurchase agreement governs the transaction,

(ii) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (A) a Federal Reserve Bank, (B) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25,000,000, or (C) a bank approved in writing for such purpose by each Security Instrument Issuer which at the time has a Security Instrument outstanding on which there is no payment default, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee,

(iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq. (or similar successor provision of law) in such securities is created for the benefit of the Trustee,

(iv) the repurchase agreement has a term of 30 days or less, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business day of such valuation,

(v) the repurchase agreement matures at least ten days (or other appropriate liquidation period) prior to the date when liquidation is required, and

(vi) the fair market value of the securities in relation to the amount of the repurchase obligation is equal to at least 100%;

(g) money market funds rated “Aaa” and “AAA” by Moody’s and S&P, respectively;

(h) direct and general obligations of any state within the territorial United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase under the Resolution, such obligations are rated in either of the two highest rating categories by a Rating Agency;

(i) commercial paper rated “P-1” by Moody’s or “A-1” by S & P and having a remaining term to maturity of 180 days or less;

(j) investment agreements with banking institutions, financial institutions, insurance companies or affiliates thereof, provided that (i) the investment agreement shall be a general obligation of such institution, company or affiliate, and (ii)(A) the credit rating of such institution, company or affiliate shall be in one of the two highest Rating Categories of Moody’s and S&P or (B) such investment agreement shall be continuously and fully secured by obligations described in clause (d) or (e) above which (1) have a fair market value (exclusive of accrued interest) at least equal to the amount invested in the investment agreement and (2) are held by the Trustee or its agent or, in the case of book-entry securities, are registered in the name of the Trustee as pledgee; and

(k) any other investment rated in one of the two highest Rating Categories by Moody’s and S&P.

“*Issue Date*” means (a) the first day of any calendar month, or (b) any other date, established in a Supplemental Resolution with respect to a Series of Bonds.

“*Issuer*” means Trans-Jordan Cities, Utah, an interlocal entity, a body corporate and a political subdivision of the State of Utah.

“*Members*” means the member public entities that have signed the Interlocal Agreement to participate in the Issuer, as of the date of the Resolution, the Members are Draper City, Midvale City, Murray City, Riverton City, Sandy City, the City of South Jordan and West Jordan City.

“*Moody’s*” means Moody’s Investors Service, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with written notice to the Trustee.

“*Net Revenues*” means, for any period, the Revenues during such period less the Operation and Maintenance Costs during such period.

“*Operating Account*” means the Operating Account in the Revenue Fund established in Section 5.02.

“*Operation and Maintenance Costs*” means, without duplication, all actual operation and maintenance costs and expenses related to the System incurred by the Issuer in any particular Fiscal Year or period to which such term is applicable or charges made therefor during such Fiscal Year or period, including amounts reasonably required to be set aside in reserves for items of Operation and Maintenance Costs the payment of which is not then immediately required.

Operation and Maintenance Costs include, but are not limited to: all costs paid or incurred by the Issuer in connection with the processing, disposal and recycling of, and the recovery of materials from, solid waste; amounts paid by the Issuer for ordinary annual maintenance of and repairs to the System which are not chargeable to a capital account under generally accepted accounting principles; salaries, wages and employees’ benefits, including health, hospitalization, pension and retirement expenses; fees, costs and expenses for services, materials and supplies; rents, administrative and general expenses; moneys paid to third parties for the disposal of solid waste (including processible waste, non-processible waste, residue, returned waste, hazardous waste or rejected waste); insurance expenses; Security Instrument Costs; costs, collateral deposits and other amounts (other than Interest Rate Swap Payments) necessary to maintain any Interest Rate Swaps; the fees and expenses of the Trustee, the Remarketing Agent, the Paying Agent, the Depository and other agents and fiduciaries; the fees and expenses for ordinary and regular engineering, accounting, legal and financial advisor services; training of personnel; costs for utility services, fuel and other materials and auxiliary services; and any other current expenses or obligations required to be paid by the Issuer under the provisions of this Resolution or by law, all to the extent properly allocable to the System.

Operation and Maintenance Costs do not include: depreciation or obsolescence charges or reserves therefor; amortization of intangibles or other bookkeeping entries of a similar nature; interest charges and charges for the payment or amortization of principal of bonded or other indebtedness of the Issuer; costs or charges for repairs, renewals, modifications or capital improvements to or retirements from the System which, under generally accepted accounting principles, are properly chargeable to a capital account or a reserve for depreciation; and losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties included in the System.

“Opinion of Counsel” means a written opinion of counsel selected by the Issuer and satisfactory to the Trustee. Any Opinion of Counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Issuer, upon a Written Certificate of the Issuer, unless such counsel knows, or in the exercise of reasonable care should have known, that such Written Certificate is erroneous.

“Outstanding” means with respect to the Bonds, as of any date of calculation (subject to the provisions of Section 8.04), all Bonds which have been duly authenticated and delivered by the Trustee except: (a) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation; (b) Bonds for the payment or redemption of which cash funds or Investment Securities shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds), provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the provisions of the Resolution or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated or delivered pursuant to the terms of Section 3.07 as permitted by the Resolution; and (d) the Principal amount of any Bond issued pursuant to a Supplemental Resolution authorizing partial payment without cancellation if payment is noted on a payment record attached to such Bond provided such payment has been made and duly noted on the payment record attached to such Bond.

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

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

“Principal” means (a) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), and (b) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

“Principal Installment” means, as of any date of calculation, (a) with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (i) the Principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the definition of *“Sinking Fund Installment”* in this Section) of any Sinking Fund Installment due on a certain future date for Bonds of such Series, (b) with respect to any Repayment Obligations, the principal amount of such Repayment Obligations due on a certain future date and (c) with respect to any Bank Loan, the principal component of the Bank Loan Repayment Obligation due on a certain future date.

“Project” means the acquisition, construction, extension and improvement of solid waste disposal properties, facilities or equipment constituting a part of the System which are designated by the Issuer as a Project in a Supplemental Resolution.

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

“Qualified Engineer” means either (a) a Qualified Independent Engineer or (b) any registered or licensed engineer in the regular employment of the Issuer.

“Qualified Independent Engineer” means any registered or licensed engineer or architect and engineer or firm of such engineers or architects and engineers generally recognized to be well qualified in engineering matters relating to construction and maintenance of solid waste disposal systems such as the System or, in the case of a Qualified Independent Engineer retained to perform services with respect to specific components of the System, well qualified in matters related to such component of the System, appointed and paid by the Issuer, who shall: (a) be in fact independent and not under the domination of the Issuer; (b) not have any substantial interest, direct or indirect, with the Issuer; and (c) not be connected with the Issuer as an officer or employee of the Issuer but who may be regularly retained to make annual or other periodic reports to the Issuer.

“Rate Covenant Requirement” means, for each Fiscal Year, an amount equal to at least the sum of (a) 125% of the Aggregate Debt Service, excluding amounts payable on Repayment Obligations for such Fiscal Year, (b) 100% of the Repayment Obligations, if any, due and payable during such Fiscal Year, and (c) 100% of the amounts, if any, required by the Resolution to be deposited into the Debt Service Reserve Account, the Subordinated Indebtedness Fund and the Extension and Repair Fund during such Fiscal Year.

“Rating Agency” means Fitch, Moody’s or S&P.

“Rating Category” means one or more of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier or otherwise.

“Rebate Fund” means any fund established with respect to a Series of Bonds for the purpose of facilitating compliance by the Issuer with the provisions of Section 148(f) of the Code.

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

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

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

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

“Repayment Obligations” means, collectively, all outstanding Security Instrument Repayment Obligations and repayment obligations outstanding under Bank Loans and any reserve instruments.

“Resolution” means this Resolution No. 22-05 Providing for the Issuance of Solid Waste Management Revenue Bonds, as from time to time amended or supplemented by Supplemental Resolutions.

“Revenue Fund” means the fund by that name established in Section 5.02.

“Revenues” means all revenues, receipts and income received by or on behalf of the Issuer from or attributable to the System, including, without limitation, amounts attributable to rates and charges for System services or the availability thereof, other rates, charges and fees collected by or on behalf of the Issuer, and the proceeds derived by the Issuer from the sale of materials recycled or recovered by the System. “Revenues” also includes (a) all interest, profits or other income derived from the investment of any moneys held pursuant to the Resolution (other than moneys held in a Project Account in the Construction Fund or the Rebate Fund), (b) any Interest Rate Swap Receipts or Swap Termination Payments received by or on behalf of the Issuer, and (c) the proceeds of any interest rate subsidy paid to the Issuer by any governmental body or agency. “Revenues” shall not include: (i) insurance proceeds resulting from casualty damage to the System; (ii) the proceeds of the sale of the Bonds or Bond Anticipation Notes; or (iii) moneys received under any Security Instrument.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., its successors and assigns, and, if such entity shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with written notice to the Trustee.

“Secretary” means the Secretary of the Board or, in the absence or disability of the Secretary, any assistant or deputy Secretary.

“Security Instrument” means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term *“Security Instrument”* includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices; *provided, however*, that no such device or instrument shall be a *“Security Instrument”* for purposes of this Resolution unless specifically so designated in a Supplemental Resolution authorizing the use of such device or instrument.

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

“Security Instrument Costs” means, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement

or the Supplemental Resolution authorizing the use of such Security Instrument. Such Security Instrument Agreement or Supplemental Resolution shall specify any fees, premiums, expenses and costs constituting Security Instrument Costs.

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

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

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

“Series Subaccount” means the separate subaccount created for each Series of Bonds in the Debt Service Account pursuant to Section 5.06.

“Sinking Fund Installment” means an amount so designated which is established pursuant to Section 2.02(a)(8). The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited pursuant to Sections 5.06(c) or 5.10 toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

“Subordinated Indebtedness” means any bond, note, loan, line of credit or other evidence of indebtedness or extension of credit which is expressly made subordinate and junior in right of payment to the Bonds and the Bank Loans which complies with the provisions of Section 2.10. Subordinated Indebtedness shall not be, nor shall be deemed to be, Bonds or Bank Loans for purposes of the Resolution, except as may be expressly provided by Supplemental Resolution.

“Subordinated Indebtedness Fund” means the Fund by that name established pursuant to Section 5.02.

“Supplemental Resolution” means any resolution in full force and effect which has been duly adopted by the Board hereunder and in accordance with the provisions of the Act.

“*Swap Counterparty*” means a member of the International Swap Dealers Association (ISDA) that (a) is rated in one of the three top Rating Categories by at least one Rating Agency, (b) provides a guaranty by an entity is rated in one of the three top Rating Categories by at least one Rating Agency, or (c) that provides such collateral and security arrangements as the Issuer shall determine to be necessary to protect its interests.

“*Swap Termination Payment*” means the amount, if any, payable by the Issuer (or by the Trustee for the account of the Issuer) or by the Swap Counterparty as a result of the termination of any Interest Rate Swap.

“*System*” means the complete solid waste disposal system of the Issuer and all improvements, extensions, and additions thereto which may be made while any of the Bonds remain Outstanding, and including all property, real, personal and mixed, appurtenances and related facilities, of every nature now or hereafter owned or operated by the Issuer and used or useful in the operation of or in connection with its solid waste management system.

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

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

“*Trustee*” means the trustee to be appointed by the Issuer pursuant to Section 7.01, its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided herein.

“*Variable Rate Bank Loan*” means a Bank Loan that bears interest at other than fixed rates to maturity.

“*Variable Rate Bonds*” means, as of any date of calculation, Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated at a rate which is not susceptible of a precise determination.

“*Vice Chairman*” means the duly elected Vice Chairman of the Board of the Issuer, including any official authorized to carry out the duties of the Vice Chairman in the actual Vice Chairman’s absence or incapacity.

“*Written Certificate of the Issuer,*” “*Written Request of the Issuer*” and “*Written Statement of the Issuer*” means an instrument in writing signed on behalf of the Issuer by an Authorized Officer thereof. Any such instrument and any supporting opinions or certificates may, but need not, be combined in a single instrument with any other instrument, opinion or certificate, and the two or more so combined shall be read and construed so as to form a single instrument. Any such instrument may be based, insofar as it relates to legal, accounting or engineering matters, upon the

opinion or certificate of counsel, consultants, accountants or engineers, unless the Authorized Officer signing such Written Certificate or Request or Statement knows, or in the exercise of reasonable care should have known, that the opinion or certificate with respect to the matters upon which such Written Certificate or Request or Statement may be based, as aforesaid, is erroneous. The same Authorized Officer, or the same counsel, consultant, accountant or engineer, as the case may be, need not certify to all of the matters required to be certified under any provision of the Resolution, but different Authorized Officers, counsel, consultants, accountants or engineers may certify to different facts, respectively. Every Written Certificate or Request or Statement of the Issuer, and every certificate or opinion of counsel, consultants, accountants or engineers provided for herein shall include:

(a) a statement that the person making such certificate, request, statement or opinion has read the pertinent provisions of the Resolution to which such certificate, request, statement or opinion relates;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate, request, statement or opinion is based;

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

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

“*Year*” means any period of twelve consecutive months.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, trusts, corporations or governments or agencies or political subdivisions thereof.

Section 1.02. Authority for the Resolution. The Resolution is adopted pursuant to the provisions of the Act.

Section 1.03. Resolution to Constitute a Contract; Equal Security. In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, the issuance by Security Instrument Issuers from time to time of Security Instruments, the Resolution shall be deemed to be and shall constitute a contract between and among the Issuer and the Holders from time to time of the Bonds and such Security Instrument Issuers, and the pledge made in the Resolution by the Issuer and the covenants and agreements set forth in the Resolution to be performed by the Issuer shall be for the equal and proportionate benefit, security and protection of all Bondholders and all Security Instrument Issuers, without preference, priority or distinction as to security or otherwise of any of the Bonds or Security Instrument Repayment Obligations over any of the others, except as otherwise expressly provided in or permitted by the Resolution, by

reason of time of issuance, sale, delivery, maturity or expiration thereof or otherwise for any cause whatsoever.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01. Authorization of Bonds. Bonds designated as “*Solid Waste Revenue Bonds*” are hereby authorized to be issued by the Issuer under the Resolution. The maximum Principal amount of the Bonds which may be issued hereunder is not limited; however, the Issuer reserves the right to limit or restrict the aggregate Principal amount of the Bonds which may at any time be issued or Outstanding hereunder. Bonds may be issued in such Series as from time to time shall be established and authorized by the Issuer. The Bonds may be issued in one or more Series pursuant to one or more Supplemental Resolutions. The designation of the Bonds shall include, in addition to the name “*Solid Waste Revenue Bonds*,” such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs. Each Bond shall recite in substance that it, including the interest thereon, is payable solely from the Revenues and other funds of the Issuer pledged for the payment thereof, that it does not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitations or provisions and that such Bond shall in no event be considered an obligation or indebtedness of and shall not be enforceable against the State of Utah or any county, municipality, school district, or other public corporation, district, or political subdivision in which the Issuer is located and shall not be taken into account in computing any limitation on indebtedness of the State of Utah or of any such county, municipality, school district, or other public corporation, district, or political subdivision.

Section 2.02. General Provisions for the Issuance of Bonds. (a) Whenever the Issuer shall determine to issue any Series of Bonds, the Issuer shall adopt a Supplemental Resolution which shall specify the following:

- (1) the purpose for which such Series of Bonds is to be issued, which shall be for a purpose set forth in Section 2.03, Section 2.04 or Section 2.05, or a combination of such purposes;
- (2) the authorized Principal amount and Series designation of such Series of Bonds;
- (3) the Issue Date and the maturity date or dates of the Bonds of such Series;
- (4) the interest rate or rates (including a zero interest rate) of the Bonds of such Series, or the manner of determining such rate or rates (provided that the Supplemental Resolution shall specify the maximum rate that the Bonds of such Series may bear if such Bonds are Variable Rate Bonds) and the interest payment dates of the Bonds of such Series;
- (5) the authorized denominations of the Bonds of such Series;

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

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

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

(9) the Record Date for the Bonds of such Series;

(10) the amount, if any, to be deposited as working capital amounts from Bond proceeds or any legally available source into the Operating Account;

(11) the amount, if any, to be deposited from the proceeds of such Series of Bonds or from any other legally available source into the Debt Service Reserve Account to satisfy all or a portion of the Debt Service Reserve Requirement;

(12) the amount, if any, to be deposited from the proceeds of such Series of Bonds or from any other legally available source into the Extension and Repair Fund;

(13) the amount, if any, to be deposited from Bond proceeds or any legally available source into the Construction Fund;

(14) the forms of the Bonds of such Series;

(15) in the case of the Supplemental Resolution authorizing the issuance of the first Series of Bonds, the appointment of the Trustee;

(16) if interest on the Series of Bonds is to be excludable from federal gross income under the Code, the establishment of any Rebate Fund with respect to such Series of Bonds and the execution of any rebate calculation agreement deemed appropriate by the Issuer;

(17) to the extent applicable, the obligations payable under any Security Instrument Agreement entered into in connection with the issuance of the Bonds of such Series which, when outstanding, shall constitute Security Instrument Repayment Obligations, and which portions of such Security Instrument Repayment Obligations are to be attributed to principal of and to interest on such Repayment Obligations; and

(18) any further covenants by the Issuer required by any Security Instrument Issuer or purchaser of Bonds deemed necessary or desirable by the Issuer in connection with the sale of such Series of Bonds.

The Supplemental Resolution shall also establish a separate Series Subaccount in the Debt Service Account and may establish a separate subaccount in the Debt Service Reserve Account for such Series of Bonds pursuant to Section 5.02.

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

(1) a certified copy of the Supplemental Resolution authorizing the issuance of the Bonds of such Series;

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

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

(4) a Written Certificate of the Issuer setting forth (A) the Debt Service for each Fiscal Year of the Bonds of such Series or (B) the Aggregate Debt Service, including such Series of Bonds being issued, for each Fiscal Year, whichever is applicable, and containing such additional statements as may be reasonably necessary to show compliance with the requirements of the Resolution;

(5) the amounts, if any, necessary for deposit into the Construction Fund, the Revenue Fund and the Operating Account therein, the Debt Service Account and the Debt Service Reserve Account in the Bond Fund, and the Extension and Repair Fund; and

(6) such further documents, moneys and securities as are required by the provisions of Section 2.03, Section 2.04 or Section 2.05, or of any Supplemental Resolution.

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

(d) The Issuer may authorize by Supplemental Resolution the issuance and delivery to the Trustee of one or more reserve instruments to satisfy all or a portion of any Debt Service Reserve Requirement that may be established with respect to a Series of Bonds or a Bank Loan.

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

(f) The Issuer may authorize by Supplemental Resolution the execution of a Bank Loan the Repayment Obligations of which are payable on a parity with Bonds issued hereunder.

(g) The Issuer may enter into one or more Bank Loans, loan agreements, lines of credit or similar facilities (including facilities that provide working capital for all of the Issuer's operations or for multiple projects of the Issuer) in order to provide working capital and liquidity for purposes of the Project. The repayment obligations of the Issuer under any such Bank Loan or any such facility shall be payable as an item of Operation and Maintenance Costs.

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

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

(j) Notwithstanding any provision of this Section 2.02 to the contrary, a Supplemental Resolution may provide for the delivery of a Series of Bonds, issued in the form of a single Bond, in installments to be noted by the Trustee in a delivery schedule on the reverse side thereof or attached thereto.

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

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

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

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

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

(1) a Written Certificate of the Issuer or an Engineer's Certificate of a Qualified Independent Engineer (A) setting forth the then Estimated Completion Date and the then estimated Cost of Construction of the Project being financed by such Series of Bonds, (B) stating that the proceeds of such Series of Construction Bonds and any other moneys deposited into the Project Account and the investment earnings thereon, together with any legally available and unencumbered moneys then held by the Issuer, will be sufficient to pay the estimated Cost of Construction of such Project and (C) stating that the design and technical characteristics of such Project are sufficient for the purposes intended and that such Project is consistent with and appropriate for the proper and efficient utilization and operation of the System;

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

(3) a Written Certificate of the Issuer or a Written Certificate of a Qualified Independent Engineer or of an Independent Public Accountant (A) setting forth for any Year within the 24 calendar months prior to the authentication and delivery of such Series of Bonds, the Net Revenues for such period, and (B) stating that such Net Revenues were not less than the Rate Covenant Requirement for such Year;

(4) a Written Certificate of the Issuer or a Written Certificate of a Qualified Independent Engineer setting forth the Estimated Net Revenues (assuming the completion of the Project on its then Estimated Completion Date) for the then current Fiscal Year and

each succeeding Fiscal Year to and including the third Fiscal Year succeeding the Estimated Completion Date of such Project; and

(5) a Written Certificate of the Issuer showing the Aggregate Debt Service for each of the Fiscal Years set forth in the Written Certificate delivered pursuant to paragraph (4) above and showing that the Estimated Net Revenues as shown in such Written Certificate for each of such Fiscal Years are not less than the Rate Covenant Requirement for each of such Fiscal Years with respect to all Series of Bonds to be Outstanding after the issuance of the proposed Series of Construction Bonds and to any Repayment Obligations to be outstanding after the issuance of the proposed Series of Construction Bonds.

(d) Notwithstanding any other provision of the Resolution, the provisions of Section 2.03(c)(3), (4) and (5) shall not apply to:

(1) the first Series of Construction Bonds issued;

(2) to any Series of Construction Bonds all of the proceeds of which are to be applied to pay the Cost of Construction of a Project necessary, as expressed in an Engineer's Certificate of a Qualified Independent Engineer delivered to the Trustee, (A) to keep the System or any component thereof in good operating condition or to prevent a loss of Revenues therefrom, or (B) to comply with requirements of any governmental agency having jurisdiction over the System or any component thereof; and

(3) to any Series of Bonds issued to pay the Cost of Construction necessary to complete any Project for which Construction Bonds have previously been issued, *provided* that the Trustee shall have received:

(A) a Written Certificate of the Issuer or an Engineer's Certificate to the effect that (i) the nature and purpose of such Project has not materially changed since the initial Written Certificate of the Issuer was filed pursuant to Section 2.03(c)(1), and (ii) the then estimated Costs of Construction of the Project as contained in the Written Certificate of the Issuer delivered pursuant to Section 2.03(c)(1) exceeds the sum of the Costs of Construction already paid plus moneys available in the Project Account established for the Project (including unspent proceeds of Bonds previously issued for such purpose) plus other legally available moneys in the Revenue Fund; and

(B) a Written Certificate of the Issuer to the effect that (i) all of the proceeds (including investment earnings) of Construction Bonds (or Bond Anticipation Obligations) previously issued to finance such Project have been or will be used to pay Costs of Construction of the Project, (ii) the issuance of such Series of Bonds is necessary to provide funds to pay Costs of Construction necessary for the Project and (iii) the Principal amount of such Series of Bonds does not exceed twenty-five percent of the Principal amount of all Construction Bonds previously issued to finance such Project.

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

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

Section 2.04. Special Provisions for the Issuance of Refunding Bonds. (a) One or more Series of Refunding Bonds may be issued in such Principal amount which, when taken together with other legally available funds, will provide the Issuer with funds sufficient to accomplish the refunding of all or a part of the Outstanding Bonds of one or more Series or all or part of any other borrowing of the Issuer payable in whole or in part from the Revenues, including in each case the payment of all expenses in connection with such refunding.

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

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

(1) a Written Certificate of the Issuer stating that the issuance of such Series of Refunding Bonds complies with the requirements of the Resolution;

(2) irrevocable instructions to the Trustee satisfactory to it, to give due notice of redemption of all refunded Bonds to be redeemed prior to the maturity date or dates thereof;

(3) if the Bonds to be refunded are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee satisfactory to it, to mail the notice provided for in Section 11.01(b) to the Holders of the Bonds being refunded;

(4) either (i) moneys in an amount sufficient to effect payment at the applicable redemption price of the Bonds to be refunded, together with accrued interest to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective holders of the Bonds to be refunded, or (ii) Investment Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of

Section 11.01(b), which Investment Securities and moneys shall be held in trust and used only as provided in such Section; and

(5) if the Refunding Bonds to be issued are Cross-over Refunding Bonds, the Supplemental Resolution providing for the issuance of the Refunding Bonds shall, in addition to all other requirements of this Section 2.04, provide:

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

(B) there shall be filed with the Trustee a Written Certificate of an Independent Public Accountant demonstrating the sufficiency of the moneys and investments in the escrow provided for in Section 11-27-3, Utah Code Annotated 1953, as amended, to pay Principal of and interest on the Cross-over Refunding Bonds to the Cross-over Date (which Cross-over Date may, at the option of the Issuer, be extended as provided in the Supplemental Resolution providing for the issuance of the Cross-over Refunding Bonds, but only upon filing a revised Written Certificate of an Independent Public Accountant which demonstrates that the moneys and investments then in the escrow will be sufficient to pay Principal of and interest on the Cross-over Refunding Bonds to the extended Cross-over Date).

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

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

(b) (1) Each Supplemental Resolution authorizing the issuance of a Series of Bond Anticipation Notes (A) shall specify the Project for which the proceeds of such Series of Bond Anticipation Notes will be applied, and (B) may require the Issuer to deposit a specified amount of money from the proceeds of the sale of such Series of Bond Anticipation Notes into a Project Account in the Construction Fund to pay when due all or a portion of the interest on such Series of Bond Anticipation Notes accrued and to accrue to the Estimated Completion Date set forth in the Written Certificate of the Issuer delivered with respect to such Series of Bond Anticipation

Notes pursuant to Section 2.05(c)(1), plus interest to accrue on such Series of Bond Anticipation Notes after the Estimated Completion Date for up to one Year (or such different period as may then be permitted by law). Such Supplemental Resolution may also contain such limitations and restrictions on, and covenants and agreements of, the Issuer and such rights and remedies for the holders of such Series of Bond Anticipation Notes, as deemed necessary and desirable by the Issuer; *provided, however*, that such limitations, restrictions, covenants, agreements, rights and remedies shall not be contrary to or inconsistent with the limitations, restrictions, covenants, agreements, rights and remedies contained in this Resolution for the payment and security of any Bonds then Outstanding.

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

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

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

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

(d) The payment of the interest on Bond Anticipation Notes shall be on a parity with the lien and charge created herein for the payment of the principal of and interest on Bonds and Bank Loans. The payment of the Principal Installments on Bond Anticipation Notes shall be paid *first* from the proceeds of Bonds or Bank Loans issued by the Issuer and *second*, to the extent not so paid, as an item of Debt Service or of Subordinated Indebtedness as specified in the Supplemental Resolution pursuant to which any Series of Bond Anticipation Notes is issued. If such Principal Installments are payable as an item of Subordinated Indebtedness, such Supplemental Resolution shall also provide that each of such Bond Anticipation Notes shall state on its face that the payment of Principal Installments thereof is so subordinated.

Section 2.06. Provisions Regarding Bonds Secured by a Security Instrument. (a) The Issuer may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of Bonds secured by a Security Instrument as the Issuer deems appropriate, including:

(1) So long as the Security Instrument is in full force and effect, and payment on the Security Instrument is not in default, (A) the Security Instrument Issuer shall be deemed to be the Holder of the Outstanding Bonds of such Series when the approval,

consent or action of the Bondholders for such Series of Bonds is required or may be exercised under the Resolution and following an Event of Default and (B) the Resolution may not be amended in any manner which affects the rights of such Security Instrument Issuer without its prior written consent.

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

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

Section 2.07. Special Provisions for Bank Loans. (a) The Issuer may, from time to time, execute one or more Bank Loans for any of the purposes for which Bonds may be issued.

(b) Whenever the Issuer shall determine to execute a Bank Loan, the Issuer shall enter into a Supplemental Resolution with the Trustee which shall specify the matters required by Section 2.02(a), as and to the extent applicable to the Bank Loan, and such other matters as the Issuer shall determine to be necessary or desirable.

(c) The Bank Loan shall be executed by the Issuer and the Trustee shall execute the Supplemental Resolution authorizing such Bank Loan upon receipt by the Trustee of the documents or moneys or securities required by Section 2.02(b), as and to the extent applicable to the Bank Loan, all of such documents dated or certified, as the case may be, as of the date of such delivery by the Trustee (unless the Trustee shall accept any of such documents bearing a prior date).

(d) In connection with the execution of a Bank Loan, the requirements of Sections 2.03, 2.04 and 2.05, as applicable, shall be satisfied with respect to such Bank Loan, and the documents, moneys and securities required by such Sections, as applicable, shall be delivered to the Trustee together with the other deliverables required pursuant to this Section 2.07. The Issuer may enter into such Bank Loan Documents as shall be deemed necessary or appropriate in connection with such Bank Loan.

(e) For purposes of Articles VI, VII, VIII and IX, unless the context otherwise requires, with respect to Bank Loans: references to the “Owners” and “Bonds” shall be deemed to include Bank Lenders and Bank Loans; references to “Outstanding” shall be deemed to mean a principal amount equal to the amount outstanding under such Bank Loans; references to “Series” shall be disregarded; and references to payment of interest or Principal on Bonds shall be deemed to include the interest and principal components of Bank Loan Repayment Obligations.

Section 2.08. Special Provisions for Direct Purchase Bonds. In connection with the issuance of Direct Purchase Bonds, the Issuer may enter into such loan agreements, line of credit agreements, continuing covenant agreements or other credit agreements or similar instruments with the purchaser of such Direct Purchase Bonds as the Issuer determines to be necessary or appropriate and may agree to such terms and provisions of such agreements and instruments as are not inconsistent with the provisions hereof.

Section 2.09. Provisions Regarding Interest Rate Swaps. (a) the Issuer may determine from time to time to enter into one or more Interest Rate Swaps pursuant to the provisions of the State Money Management Act, provided that the Issuer and the Trustee execute a Supplemental Resolution which shall include provisions that:

(1) specify (A) the Bonds or Bank Loan for which such Interest Rate Swap is a hedge, (B) the notional amount of such Interest Rate Swap which shall correspond to the principal amount of the hedged Bonds Outstanding or Bank Loan Repayment Obligations outstanding from time to time and (C) the manner or method for the calculation of the Interest Rate Swap Payments and Interest Rate Swap Receipts and the scheduled payment dates therefor;

(2) provide that Interest Rate Swap Payments shall be made by the Issuer (or by the Trustee for the account of the Issuer) out of the same Series Subaccount in the Debt Service Account as the related Series of Bonds or Bank Loan, on a parity with the payments of principal of and interest on such Series of Bonds or Bank Loan;

(3) notwithstanding the provisions of Section 5.04(a), may provide that Interest Rate Swap Receipts received by the Issuer or the Trustee shall be deposited directly into the applicable Series Subaccount in the Debt Service Account; and

(4) provide that any Swap Termination Payment (A) owed by the Issuer shall be payable solely from amounts on deposit in the Subordinated Indebtedness Fund or an account or subaccount therein or (B) received by the Issuer or the Trustee shall be deposited promptly upon receipt into the Revenue Fund.

Nothing in this Section shall preclude the Issuer from entering into an Interest Rate Swap under which all Interest Rate Swap Payments and Swap Termination Payments owed by the Issuer are made solely from the Subordinated Indebtedness Fund or an account or subaccount therein.

(b) The Trustee shall execute the Supplemental Resolution described in (a) only upon its receipt of the following:

(1) a Written Certificate of the Issuer stating that the execution and performance of the Interest Rate Swap by the Issuer complies with the requirements of the Resolution;

(2) opinions of Counsel to the effect that the Interest Rate Swap has been duly authorized and executed by the Issuer and the Swap Counterparty and constitutes their respective valid and binding obligations and, in the case of the Opinion of Counsel to the

Issuer, that the Interest Rate Swap has been entered into in compliance with the requirements of the State Money Management Act of the State of Utah;

(3) evidence that the requirements contained in the definition of “Swap Counterparty” have been satisfied; and

(4) an executed counterpart of the Interest Rate Swap.

Section 2.10. Subordinated Indebtedness. (a) The Issuer may, at any time or from time to time, issue Subordinated Indebtedness for any purpose of the Issuer in connection with the System, including, without limitation, the financing of any part of the Cost of Construction or the refunding of any Subordinated Indebtedness, Bonds or Bank Loans. Such Subordinated Indebtedness shall be payable out of and may be secured by a pledge of such amounts in the Subordinated Indebtedness Fund as may from time to time be available therefor; *provided, however,* that any such payment or pledge shall be, and shall be expressed to be, subordinate and junior in all respects to the pledge and lien created under the Resolution as security for the Bonds and the Bank Loans; and *provided, further,* that unless the Supplemental Resolution authorizing any issue of Subordinated Indebtedness shall provide that no such certificate shall be required, no such Subordinated Indebtedness may be so issued except upon receipt by the Trustee of a certificate of an Authorized Officer stating that the Issuer is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution.

(b) The Supplemental Resolution securing each issue of Subordinated Indebtedness shall contain provisions (which shall be binding on all holders of such Subordinated Indebtedness) not more favorable to the holders of such Subordinated Indebtedness than the following:

(1) Upon the occurrence of an Event of Default under Section 9.01, the Owners of all Bonds then Outstanding and all Bank Lenders shall be entitled to receive payment in full of all principal and interest due on all such Bonds and Bank Loan Repayment Obligations in accordance with the provisions of the Resolution before the holders of the Subordinated Indebtedness are entitled to receive any payment from the moneys, Revenues and Funds pledged pursuant to the Resolution on account of principal (and premium, if any) or interest upon the Subordinated Indebtedness.

(2) If any issue of Subordinated Indebtedness is declared due and payable before its expressed maturity, all Bonds Outstanding and all Bank Loans outstanding at the time such Subordinated Indebtedness becomes due and payable shall be entitled to receive payment in full of all principal and interest on all the applicable Bonds and Bank Loans before the holders of the Subordinated Indebtedness are entitled to receive any accelerated payment from the moneys, Revenues and Funds pledged pursuant to the Supplemental Resolution on account of principal of and premium, if any, and interest on the Subordinated Indebtedness.

(3) No Owner of a Bond and no Bank Lender shall be prejudiced in its right to enforce subordination of the Subordinated Indebtedness by any act or failure to act on the part of the Issuer.

(5) A Supplemental Resolution authorizing Subordinated Indebtedness may provide that the provisions of Section 2.10(b)(1), (2) and (3) are solely for the purpose of defining the relative rights of the Owners of the Bonds and the Bank Lenders on the one hand, and the holders of Subordinated Indebtedness on the other hand, and that nothing therein shall impair, as between the Issuer and the holders of the Subordinated Indebtedness, the obligation of the Issuer, which is unconditional and absolute, to pay to the holders thereof the principal thereof and premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the Subordinated Indebtedness from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights under Section 2.10(b)(1), (2) and (3) of the Owners of Bonds and the Bank Lenders to receive cash, property or securities otherwise payable or deliverable to the holders of the Subordinated Indebtedness; and the Subordinated Indebtedness may provide that, insofar as a trustee or paying agent for such Subordinated Indebtedness is concerned, the foregoing provisions shall not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Subordinated Indebtedness if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

(c) Any issue of Subordinated Indebtedness may have such rank or priority with respect to any other issue of Subordinated Indebtedness as may be provided in the resolution, Resolution or other instrument, including any Supplemental Resolution, securing such issue of Subordinated Indebtedness and may contain such other provisions as are not in conflict with the provisions of the Resolution.

ARTICLE III

TERMS AND PROVISIONS OF BONDS

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

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

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

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

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

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

(f) Subject to any limitations contained in a Supplemental Resolution, the Issuer may provide a Security Instrument for any Series of Bonds (or may substitute one Security Instrument for another) if the Issuer has provided to the Trustee written evidence satisfactory to the Trustee from each Rating Agency then having a rating in effect for any Series of Bonds then Outstanding to the effect that the Rating Agency has reviewed the proposed Security Instrument and that the use of such Security Instrument (or the substitution of one Security Instrument for another, as

appropriate) will not, by itself result in a reduction or withdrawal of such Rating Agency's rating of such Series of Bonds.

Section 3.02. Execution of Bonds. (a) The Bonds shall be signed on behalf of the Issuer by the manual or facsimile signature of its Chairman and attested and countersigned by the manual or facsimile signature of its Secretary, or by such other Authorized Officers as may be designated in a Supplemental Resolution. The Bonds shall then be delivered to the Trustee for manual authentication by it or by any Transfer Agent. In case any officer who shall have signed or attested any of the Bonds shall cease to be such officer before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or by any Transfer Agent or issued by the Issuer, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the Issuer as though such person who signed or attested the same had continued to be such officer of the Issuer. Also, any Bond may be signed, countersigned or attested on behalf of the Issuer by any person who on the actual date of the execution of such Bond shall be the proper officer of the Issuer, although on the nominal date of such Bond any such person shall not have been such officer of the Issuer.

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

Section 3.03. Transfer of Bonds. Unless otherwise provided in a Supplemental Resolution authorizing a Series of Bonds:

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

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

(c) The Issuer, the Trustee and any Transfer Agent shall not be required (1) to issue, register the transfer of or exchange any Bond during a period beginning at the

opening of business 15 days before the date of the mailing of a notice of redemption of Bonds selected for redemption under Article IV and ending at the close of business on the day of such mailing, or (2) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part.

Section 3.04. Exchange of Bonds. Fully-registered Bonds may be exchanged at the principal corporate trust office of the Trustee or of any Transfer Agent for a like aggregate Principal amount of fully-registered Bonds of the same Series and maturity of authorized denominations. The Trustee or any Transfer Agent shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Except as otherwise provided in a Supplemental Resolution authorizing a Series of Bonds, no such exchange shall be required to be made subsequent to the Record Date.

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

Section 3.06. Temporary Bonds. Any Series of Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Issuer, and may contain such reference to any of the provisions of the Resolution as may be appropriate. Every temporary Bond shall be executed by the Issuer and be authenticated by the Trustee or by any Transfer Agent upon the same conditions and in substantially the same manner as the definitive Bonds. If the Issuer issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the principal corporate trust office of the Trustee or of any Transfer Agent, and the Trustee or any Transfer Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate Principal amount of definitive fully-registered Bonds of authorized denominations, of the same Series and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under the Resolution as definitive Bonds authenticated and delivered under the Resolution.

Section 3.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Issuer, at the expense of the Holder of such Bond, shall execute, and the Trustee or any Transfer Agent shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee or any Transfer Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee or to any Transfer Agent shall be canceled by it and delivered to, or upon the order of, the Issuer. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Issuer and the Trustee and, if such evidence be satisfactory to both and indemnity as required by the Act or Utah law and satisfactory to the Trustee shall be given, the Issuer, at the expense of the owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or

stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof). Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an additional contractual obligation of the Issuer, and shall be equally and proportionately entitled to the benefits of the Resolution with all other Bonds of the same Series secured by the Resolution. Neither the Issuer nor the Trustee shall be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the Principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and duplicate Bond shall be treated as one and the same.

ARTICLE IV

REDEMPTION OF BONDS

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

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

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

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

the surrendered Bond. The Trustee shall promptly notify the Issuer in writing of the Bonds or portions thereof selected for redemption.

Section 4.03. Notice of Redemption. Except as otherwise provided in a Supplemental Resolution authorizing a Series of Bonds:

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

(b) Notice of redemption shall be given by the Trustee for and on behalf and at the expense of the Issuer, at the Written Request of the Issuer given to the Trustee at least 60 days prior to the date fixed for redemption. The Issuer shall deposit with, or otherwise make available to, the Trustee the money required for payment of the Redemption Price of and the accrued interest to the redemption date on all Bonds then to be called for redemption at least two days before the date fixed for such redemption.

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

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

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

Section 4.05. Effect of Redemption. Except as otherwise provided in a Supplemental Resolution authorizing a Series of Bonds, if notice of redemption has been duly given as aforesaid, and moneys for payment of the Redemption Price, together with interest to the redemption date on the Bonds so called for redemption, are held by the Trustee, then such Bonds shall, on the redemption date designated in such notice, become due and payable at the Redemption Price

specified in such notice and interest accrued thereon to the redemption date; and from and after the date so designated interest on the Bonds so called for redemption shall cease to accrue.

ARTICLE V

PLEDGE OF REVENUES; ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 5.01. The Pledge Effected by the Resolution. (a) The Bonds, the Repayment Obligations and the Bank Loans are special obligations of the Issuer payable from and secured by the Revenues, moneys, securities and funds pledged therefor. There are hereby pledged for the payment of Principal, Redemption Price and interest on the Bonds, the Repayment Obligations and the Bank Loans in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, (1) the proceeds of sale of the Bonds, (2) the Revenues, and (3) all Funds established or confirmed by the Resolution (except for the Rebate Fund), including the investments, if any, thereof, subject to any required rebate of all or a portion of the earnings on such investments to the United States of America pursuant to the requirements of Section 148(f) of the Code; *provided, however,* that a Series of Bonds or a Bank Loan shall be secured by the Debt Service Reserve Account only if the Supplemental Resolution providing for the issuance of such Series of Bonds or the execution of such Bank Loan establishes a Debt Service Reserve Requirement for such Series of Bonds or Bank Loan.

(b) Nothing contained in the Resolution shall be construed to prevent the Issuer from acquiring, constructing or financing through the issuance of its bonds, notes or other evidences of indebtedness any facilities which do not constitute a part of the System for the purposes of the Resolution or from securing such bonds, notes or other evidences of indebtedness by a security interest in the facilities so financed or by a pledge of the revenues therefrom or any lease or other agreement with respect thereto or any revenues derived from such lease or other agreement, provided that such bonds, notes or other evidences of indebtedness shall not be payable out of or secured by the Revenues or any Fund or Account established by the Resolution and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Revenues or from any such Fund or Account.

(c) The Issuer expressly reserves the right to adopt one or more resolutions separate and apart from the Resolution and reserves the right to issue bonds or other obligations of the Issuer under such resolutions for any of its authorized purposes, including the financing of the cost of additional solid waste management facilities, provided that such bonds or other obligations shall not be secured by a lien on or pledge of, or be otherwise payable from, the Revenues or any Fund or Account established by the Resolution.

Section 5.02. Establishment of Funds. (a) The following Funds are hereby established:

(1) Construction Fund, to be held by the Trustee, in which the Trustee shall establish a Project Account for each Project;

(2) Revenue Fund, to be held by the Issuer in which the Issuer shall establish the Operating Account;

(3) Bond Fund, to be held by the Trustee, consisting of:

(i) a Debt Service Account, in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds and each Bank Loan, and

(ii) a Debt Service Reserve Account, in which the Trustee may establish a separate subaccount for each Series of Bonds and each Bank Loan;

(4) Extension and Repair Fund, to be held by the Issuer;

(5) Subordinated Indebtedness Fund, to be held by the Trustee, in which the Trustee shall from time to time establish such accounts and subaccounts as may be provided for by the Supplemental Resolution or as may be otherwise required for the purposes of such Fund; and

(6) General Reserve Fund, to be held by the Issuer.

(b) The Issuer may, by Supplemental Resolution, establish one or more additional Funds, accounts or subaccounts.

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

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

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

(d) Amounts in the Project Account established for the Project shall be applied to pay the Cost of Construction of the Project. In the event and to the extent that proceeds of the sale of Bonds were deposited in the Project Account pursuant to Section 2.03(b)(2) to provide for the payment of capitalized interest, the Trustee shall, during the period for which such interest was capitalized, transfer from such Project Account, to the appropriate Series Subaccount in the Debt Service Account, the amounts required to pay interest on the Bonds when due, subject to any limitations contained in the Supplemental Resolution authorizing such Bonds.

(e) Before any payment is made from any Project Account by the Trustee (except for transfers into Series Subaccounts in the Debt Service Account to pay interest on the Bonds as contemplated in (d) above), the Issuer shall file with the Trustee a Written Request of the Issuer,

showing with respect to each payment to be made, the name of the person to whom payment is due and the amount to be paid, and stating that the obligation to be paid was incurred and is a proper charge against the Project Account. Each such Written Request shall be sufficient evidence to the Trustee: (1) that obligations in the stated amounts have been incurred by the Issuer and that each item thereof is a proper charge against the applicable Project Account; and (2) that there has not been filed with or served upon the Issuer notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in such Written Request which has not been released or will not be released simultaneously with the payment of such obligation other than materialmen's or mechanics' liens accruing by mere operation of law.

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

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

(h) Unless otherwise provided in a Supplemental Resolution authorizing a Series of Construction Bonds, all net income earned on any moneys or investments in the Project Account established in the Construction Fund for the Project shall be held in such Project Account and applied to pay Costs of Construction of the Project.

(i) The substantial completion of construction of the Project shall be evidenced by a Written Certificate of the Issuer or an Engineer's Certificate, which shall be filed with the Trustee stating (1) that such Project has been completed substantially in accordance with the plans and specifications applicable thereto, (2) the date of such substantial completion and (3) the amounts, if any, required in the opinion of the signer or signers for the payment of any remaining part of the Cost of Construction of such Project. Upon the filing of such Certificate, the balance in the Project Account in the Construction Fund in excess of the amount, if any, stated in such Certificate as being required for payment of any remaining part of the Cost of Construction of such Project, any remaining balance in the Project Account in the Construction Fund shall, to the extent permitted under applicable law and covenants regarding the use of proceeds of the Bonds, and as directed in a Supplemental Resolution, be (i) used to purchase Bonds as provided in Section 5.10, (ii) deposited into the Debt Service Reserve Account to fund any amounts required to be deposited therein, (iii) deposited into the Debt Service Account, (iv) transferred into another Project Account to pay Costs of Construction of a Project or (v) used for any other purpose for which proceeds of

Bonds may be used under applicable law and covenants regarding the use of proceeds of Bonds. If subsequent to the filing of such Certificate, a supplemental Written Certificate of the Issuer is filed with the Trustee stating that the balance of the money remaining in the Construction Fund is no longer needed to pay Costs of Construction of such Project, any remaining balance in the Project Account in the Construction Fund shall, to the extent permitted under applicable law and covenants regarding the use of proceeds of the Bonds, and as directed in a Supplemental Resolution, be (A) used to purchase Bonds as provided in Section 5.10, (B) deposited into the Debt Service Reserve Account to fund any amounts required to be deposited therein, (C) deposited into the Debt Service Account, (D) transferred into another Project Account to pay Costs of Construction of a Project or (E) used for any other purpose for which proceeds of Bonds may be used under applicable law and covenants regarding the use of proceeds of Bonds.

(j) Notwithstanding anything to the contrary contained herein, in the case of Direct Purchase Bonds and Bank Loans, draws or advances under the applicable Bank Loan Document or similar document may be applied by the Issuer directly to the payment of the Cost of Construction and shall not be required to be deposited into a Project Account in the Construction Fund.

Section 5.04. Revenues; Revenue Fund; Operating Account; Payment of Operation and Maintenance Costs. (a) All Revenues shall be promptly deposited by the Issuer to the credit of the Revenue Fund. There shall also be deposited into the Revenue Fund all amounts required to be so deposited by the Resolution, including Section 5.07(c), Article VI, and Section 10.02.

(b) The Issuer shall from time to time and as often as shall be necessary transfer moneys on deposit in the Revenue Fund to the Operating Account to pay the Operation and Maintenance Costs. The Operation and Maintenance Costs shall be paid by the Issuer from time to time as they become due and payable as a first charge on the Revenue Fund and the Operating Account.

(c) The Issuer shall, so long as any of the Bonds are Outstanding, at all times maintain on file with the Trustee a Written Certificate of the Issuer setting forth the amount of working capital reasonably required for efficient operation and maintenance of the System, which amount (i) shall be not less than an amount reasonably estimated to pay the Operation and Maintenance Costs of the System for two calendar months and (ii) shall be maintained in the Operating Account. The Written Certificate of the Issuer may be revised from time to time as deemed necessary or desirable by the Issuer.

(d) There shall be retained in the Revenue Fund and the Operating Account, to the extent such amounts are not otherwise required to be transferred from the Revenue Fund pursuant to the provisions of Section 5.05, the amount of working capital maintained in the Operating Account pursuant to the provisions of Section 5.04(c).

Section 5.05. Flow of Funds. (a) On or before the dates set forth below, the Issuer shall transfer and deposit into the following Funds in the following order the amounts set forth below:

(1) *First*, without preference or priority, into each Series Subaccount in the Debt Service Account:

(A) for so long as the Bond Payment Dates with respect to all Series of Bonds and all Bank Loans and the scheduled payment dates under all Interest Rate Swaps occur not more frequently than semiannually, on or before the 15th day of the month preceding each such Bond Payment Date, the amount necessary to cause the balance in each Series Subaccount to equal the Debt Service on the related Series of Bonds or Bank Loan and any Interest Rate Swap Payments and Repayment Obligation payments due on such Bond Payment Date;

(B) upon the issuance of any Series of Bonds with Bond Payment Dates, or the execution of any Bank Loan with scheduled payment dates, that occur more frequently than semiannually, on or before the last Business Day of the month preceding each such Bond Payment Date:

(i) the amount necessary to cause the balance in each Series Subaccount to equal the Accrued Debt Service with respect to the related Series of Bonds or Bank Loan;

(ii) with respect to each Repayment Obligation, on or before the Business Day preceding the date on which each scheduled Repayment Obligation is due, the amount (if any) necessary to cause the balance in the applicable Series Subaccount to equal the Repayment Obligation coming due; and

(iii) with respect to each Interest Rate Swap, on or before the Business Day preceding the date on which each scheduled Interest Rate Swap Payment is due, the amount (if any) necessary to cause the balance in the applicable Series Subaccount to equal the Interest Rate Swap Payment coming due;

provided that if there are not sufficient moneys to satisfy the requirements of this subsection (1) with respect to all Series Subaccounts, the moneys available in the Revenue Fund shall be distributed among and deposited into the Series Subaccounts on a *pro rata* basis, such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency for each Series Subaccounts bears to the total deficiency for all Series Subaccounts;

(2) *Second*, into the Debt Service Reserve Account, if a Debt Service Reserve Requirement has been established for a Series of Bonds or a Bank Loan by a Supplemental Resolution, such amounts at such times as shall be specified in such Supplemental Resolution to either (A) accumulate an amount equal to such Debt Service Reserve

Requirement therein, or (B) restore the balance therein to the Debt Service Reserve Requirement following a withdrawal therefrom;

(3) *Third*, into the Subordinated Indebtedness Fund such amount as shall be required to be deposited under each Supplemental Resolution authorizing the issuance of Subordinated Indebtedness; and

(4) *Fourth*, into the Extension and Repair Fund, such amount as shall be set forth in a Supplemental Resolution and necessary to accumulate or restore the balance therein to the Extension and Repair Fund Requirement;

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

(b) Amounts remaining in the Revenue Fund after the transfer and deposit of the amounts required by Section 5.05(a) and any amounts required to be transferred to the Operating Account pursuant to Section 5.04(b), may be transferred from time to time by the Issuer into the General Reserve Fund.

Section 5.06. Bond Fund - Debt Service Account. (a) Each Supplemental Resolution providing for the issuance of a Series of Bonds or the execution of a Bank Loan shall establish a separate Series Subaccount in the Debt Service Account for such Series of Bonds or Bank Loan. There shall be deposited into each Series Subaccount the amounts required to be so deposited pursuant to Section 5.05(a)(1). Any payments made by a Security Instrument Issuer with respect to a Series of Bonds shall be deposited into the Series Subaccount in the Debt Service Account relating to such Series of Bonds, subject to the provisions of the Supplemental Resolution authorizing the issuance of such Series of Bonds.

(b) The Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to the respective Paying Agent (1) on or before each interest payment date for each Series of Bonds, each Repayment Obligation and each Bank Loan, the amount required for the interest payable on such date; (2) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; (3) on or before any redemption date for each Series of Bonds, the amount required for the payment of Redemption Price of and accrued interest on such Bonds then to be redeemed, and (4) on the due date of each Interest Rate Swap Payment the amount required for the payment thereof. Such amounts shall be applied by the Paying Agents to pay Principal Installments and Redemption Price of, and interest on the related Series of Bonds. The Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to the Security Instrument Issuer, if any, that has issued a Security Instrument with respect to such Series of Bonds an amount equal to any Security Instrument Repayment Obligation then due and payable to such Security Instrument Issuer. If payment is so made on Pledged Bonds held for the benefit of the Security Instrument Issuer, a corresponding payment on the Security Instrument Repayment Obligation shall be deemed to have been made (without requiring an additional payment by the Issuer) and the Trustee shall keep its records accordingly.

(c) Except as otherwise provided in a Supplemental Resolution authorizing a Series of Bonds, amounts accumulated in any Series Subaccount in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) shall, if so directed by the Issuer in a Written Request not less than 30 days before the due date of such Sinking Fund Installment, be applied by the Trustee to (1) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, (2) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms, or (3) any combination of (1) and (2). All purchases of any Bonds pursuant to this subsection (c) shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Issuer shall direct the Trustee. The applicable sinking fund Redemption Price (or Principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Sinking Fund Installment date for the purpose of calculating the amount of such Account. As soon as practicable after the 60th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date, by giving notice as required by the Resolution, Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the Issuer as an Operation and Maintenance Cost.

Section 5.07. Bond Fund - Debt Service Reserve Account. (a) Each Supplemental Resolution providing for the issuance of a Series of Bonds or the execution of a Bank Loan may (i) establish a Debt Service Reserve Requirement for such Series of Bonds or Bank Loan or (ii) provide for such Series of Bonds or Bank Loan to be secured by and subject to a Debt Service Reserve Requirement previously established. Any Supplemental Resolution that establishes a Debt Service Reserve Requirement shall specify (x) the method of determining the Debt Service Reserve Requirement, (y) whether future Bonds, Additional Bonds, Refunding Bonds or Bank Loans may be secured by such Debt Service Reserve Requirement and (z) the manner in which such Debt Service Reserve Requirement shall be funded.

(b) Subject to any limitations contained in a Supplemental Resolution, the Issuer may satisfy all or any portion of any Debt Service Reserve Requirement by means of a surety bond, insurance policy or similar reserve instrument. No Swap Counterparty and no holder or owner of Subordinated Indebtedness shall have any claim upon the amounts on deposit in any Series Subaccount in the Debt Service Reserve Account and no Swap Payments, Termination Payments or payments on Subordinated Indebtedness shall be made from any Series Subaccount in the Debt Service Reserve Account.

Section 5.08. Subordinated Indebtedness Fund. (a) The Trustee shall apply amounts in each separate account in the Subordinated Indebtedness Fund at the times, in the amounts and to

the purposes specified with respect thereto in the Supplemental Resolutions authorizing Subordinated Indebtedness and establishing accounts within the Subordinated Indebtedness Fund. Upon the withdrawal of any moneys from the Subordinated Indebtedness Fund for application to such purposes such money shall be released and discharged from the lien of the Resolution.

(b) If at any time the amount in any Series Subaccount in the Debt Service Account shall be less than the requirement of such Subaccount pursuant to Section 5.05(a)(1), or the amount in the Debt Service Reserve Account shall be less than the Debt Service Reserve Requirement, and there shall not be on deposit in the Revenue Fund available moneys sufficient to cure either such deficiency, then the Trustee shall withdraw from the Subordinated Indebtedness Fund and deposit into such Series Subaccount or the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said Fund shall be less than the amount necessary to make up the deficiencies with respect to all Series Subaccounts in the Debt Service Account and the Debt Service Reserve Account, then the amount in said Fund shall be first applied ratably (in proportion to the deficiency in each such Subaccount) to make up the deficiencies in such Series Subaccounts, and any balance remaining shall be applied to make up part of the deficiency in the Debt Service Reserve Account. For purposes of this Section 5.08(b), the Trustee shall withdraw from each account in the Subordinated Indebtedness Fund, ratably in proportion to the respective amounts on deposit therein, the amounts required to make up said deficiencies.

(c) Subject to the provisions of, and to the priorities and limitations and restrictions provided in the Resolution and each Supplemental Resolution authorizing Subordinated Indebtedness, amounts in the Subordinated Indebtedness Fund which the Issuer at any time determines to be in excess of the requirements of such Fund, may, at the discretion of the Issuer, be transferred to the Revenue Fund and applied in accordance with Section 5.05.

Section 5.09. Extension and Repair Fund. (a) The Issuer may by Supplemental Resolution establish an Extension and Repair Fund Requirement, which may be funded by a transfer of moneys from the General Reserve Fund, a deposit of other available moneys of the Issuer or transfers pursuant to Section 5.05(a)(4). The amounts in the Extension and Repair Fund shall, from time to time, be applied by the Issuer to the payment of the costs of capital improvements, extensions and additions to the System and extraordinary Operation and Maintenance Costs, including the prevention or correction of any unusual loss or damage to the System to the extent not covered by the proceeds of insurance or other moneys recoverable as a result thereof.

(b) If on the Business Day immediately preceding each maturity date or interest payment date of the Bonds, the amount in any Series Subaccount in the Debt Service Account shall be less than the amount required to be on deposit therein pursuant to Section 5.06(a)(1), and the moneys, if any, in the Debt Service Reserve Account are not sufficient moneys to cure such deficiency, the Issuer shall on such Business Day transfer from the Extension and Repair Fund and deposit into such Series Subaccount in the Debt Service Account the amount necessary (or all the moneys in the Extension and Repair Fund, if less than the amount necessary) to make up such deficiency; *provided, however*, if the moneys in the Extension and Repair Fund are insufficient to make up deficiencies in two or more Series Subaccounts in the Debt Service Account, the Issuer shall deposit from the moneys so available in the Extension and Repair Fund into all such Series Subaccounts on a *pro rata* basis which reflects the proportion of the original principal amount of

each Series of Bonds then Outstanding to the total original principal amount of all such Series of Bonds.

(c) At the end of each Fiscal Year any balance of moneys or Investment Securities in the Extension and Repair Fund in excess of the Extension and Repair Fund Requirement and not required to meet any deficiency in any Series Subaccount in the Debt Service Account or needed for any of the purposes for which the Extension and Repair Fund was established, shall be transferred by the Issuer and deposited into the Revenue Fund.

Section 5.10. General Reserve Fund. (a) If on the Business Day immediately preceding each maturity date or interest payment date of the Bonds, the amount in any Series Subaccount in the Debt Service Account shall be less than the amount required to be in such Series Subaccount pursuant to Section 5.05(a)(1)(A), and there shall not be on deposit in the Debt Service Reserve Account or in the Extension and Repair Fund sufficient moneys to cure such deficiency, the Issuer shall transfer from the General Reserve Fund and pay to the Trustee for deposit into such Series Subaccount in the Debt Service Account the amount necessary (or all the moneys in the General Reserve Fund, if less than the amount necessary) to make up such deficiency; *provided* that to the extent that such deficiencies occur in more than one Series Subaccount in the Debt Service Account and there are insufficient moneys available in the General Reserve Fund to make up such deficiencies, the amount transferred and deposited from the General Reserve Fund shall be distributed on a *pro rata* basis to the deficient Series Subaccounts in the Debt Service Account, such distribution to be determined by multiplying the amount available in the General Reserve Fund by the proportion that the deficiency for each Series Subaccounts bears to the total deficiency for all Series Subaccounts.

(b) If on the Business Day immediately preceding each maturity date or interest payment date of the Bonds, the amount in the Debt Service Reserve Account shall be less than the Debt Service Reserve Requirement, the Issuer shall, after making the transfers and deposits required by Section 5.10(a), transfer from the General Reserve Fund and pay to the Trustee for deposit into the Debt Service Reserve Account the amount necessary (or all the moneys in the General Reserve Fund, if less than the amount necessary) to make up such deficiency.

(c) If on the final day of any month the amount in the Operating Account shall be less than the amount required to be on deposit therein pursuant to Section 5.04(c) or if the amount in the Extension and Repair Fund shall be less than the Extension and Repair Fund Requirement, the Issuer shall, after making any transfers and deposits required by Section 5.10(a) and (b), transfer from the General Reserve Fund and deposit into the Operating Account or the Extension and Repair Fund, as applicable, the amounts necessary (or all the moneys in the General Reserve Fund, if less than the amount necessary) to make the such deficiency.

(d) Amounts in the General Reserve Fund at the end of each Fiscal Year not required to meet a deficiency as provided in Section 5.10(a), (b) and (c) may be transferred from time to time by the Issuer from the General Reserve Fund free and clear of the lien of the Resolution and deposited into any funds or accounts established by the Issuer to be used for any lawful System purpose, including, without limitation, (1) the purchase of any Bonds pursuant to Section 5.10 or the redemption of any Bonds and payment of expenses in connection with the purchase or

redemption of any Bonds, (2) payment of debt service (whether by purchase or redemption or otherwise) on any bonds, including junior lien revenue bonds, of the Issuer issued for System purposes, (3) funding of debt service reserve funds or accounts established by the Issuer in connection with any bonds of the Issuer issued for System purposes, (4) deposits into the Extension and Repair Fund, or (5) deposit into the Revenue Fund, provided that any amounts so deposited into the Revenue Fund shall again be subject to the provisions of the Resolution regarding the application of amounts in the Revenue Fund and the lien of the Resolution.

Section 5.11. Purchase of Bonds. The Issuer may purchase Bonds of any Series from any available funds at public or private sale, as and when and at such prices as the Issuer may in its discretion determine, but at a price not exceeding the Principal amount thereof plus accrued interest thereon, or in the case of Bonds which by their terms are subject to redemption prior to maturity, at the then current or first applicable Redemption Price (plus accrued interest), as the case may be. All Bonds so purchased shall at such times as shall be selected by the Issuer be delivered to and by the Trustee or any Registrar and shall thereafter be delivered to, or upon the order of, the Issuer, and no Bonds shall be issued in place thereof. In the case of the purchase of Bonds of a Series and maturity for which Sinking Fund Installments shall have been established, the Issuer shall, by a Written Request of the Issuer delivered to the Trustee, elect the manner in which the Principal amount of such Bonds shall be credited toward Sinking Fund Installments, consistent with the procedures of Section 5.06(c).

ARTICLE VI

COVENANTS OF THE ISSUER

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

Section 6.02. Construction of Projects. If the Issuer undertakes the acquisition or construction of a Project, the Issuer shall cause the acquisition or construction to be accomplished in a sound and economic manner and as expeditiously as is practicable.

Section 6.03. Against Encumbrances. The Issuer will not create, and will use its good faith efforts to prevent the creation of, any mortgage or lien upon the System or any property essential to the proper operation of the System or to the maintenance of the Revenues. The Issuer will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Revenues except only as provided in or permitted by the Resolution.

Section 6.04. Limitation on Sale or Other Disposition of Property. (a) The Issuer will not sell or otherwise dispose of any property essential to the proper operation of the System or the maintenance of the Revenues; provided that this covenant shall not be construed to prevent the sale or other disposition of any property constituting a part of the System, if: (1) such property has a current market value of less than \$500,000 and the Issuer shall determine that such property

has become uneconomic or inexpedient to use in connection with the System; or (2) the Issuer shall first file with the Trustee a written certificate of a Qualified Independent Engineer which (A) states that such property has become uneconomic or inexpedient to use or not useful in connection with the System or (B) demonstrates that immediately subsequent to such sale or disposition, and after giving effect to the loss of Revenues (including any change in Operation and Maintenance Costs), if any, resulting from such sale or other disposition for the remainder of the Fiscal Year in which such sale or other disposition is consummated and in the next succeeding Fiscal Year the Estimated Net Revenues of the System will be not less than the Rate Covenant Requirements for each of such Fiscal Years. The Issuer will not enter into any lease or agreement which impairs or impedes the operation of the System or which impairs or impedes the rights of the Bondholders, the Security Instrument Issuers and the Bank Lenders with respect to the Revenues. The Trustee shall have not responsibility with respect to any such leases or agreements entered into by the Issuer.

(b) The proceeds of any sale or other disposition pursuant to this Section 6.04 shall be deposited into the Revenue Fund.

Section 6.05. Operation and Maintenance. The Issuer will cause the System to be operated continuously in an efficient and economical manner, to the extent practicable under then existing conditions, for the disposal, processing and recycling of, and the recovery of materials from, solid waste; *provided, however,* that nothing in this Resolution shall preclude the Issuer from temporarily or permanently removing from service any component of the System if the Board shall determine that (1) the continued operation of such component has or will become uneconomic or inexpedient and (2) the removal from service of such component of the System will not adversely affect the ability of the Issuer to meet its obligations under this Resolution. The Issuer will at all times cause the System to be maintained, preserved and kept in good repair, working order and condition so that the operating efficiency thereof will be of high character. The Issuer will cause all necessary and proper repairs and replacements to be made so that the business carried on in connection with the System may be properly and advantageously conducted at all times in a manner consistent with prudent management, and that the rights and security of the Holders of the Bonds, the Security Instrument Issuers and the Bank Lenders may be fully protected and preserved.

Section 6.06. Qualified Engineer. The Issuer may engage the services of a Qualified Engineer at such times as it deems necessary or desirable to advise the Issuer concerning matters affecting the general operation of the System and make recommendations regarding said operations and construction of improvements and extensions thereto.

Section 6.07. Maintenance of Revenues. (a) The Issuer will at all times:

- (1) faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Utah, including the Act; and
- (2) comply with all terms, covenants and provisions, express or implied, of all contracts and agreements entered into by it for System use and services and all other contracts or agreements affecting or involving the System or the business of the Issuer with respect thereto.

The Issuer shall promptly collect all charges due for System use and service supplied by it as the same become due, and shall at all times maintain and promptly and vigorously enforce its rights against any person, firm or corporation, public or private, who does not pay such charges when due.

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

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

Section 6.08. Observance of Laws and Regulations. The Issuer will well and truly keep, observe and perform all valid and lawful obligations or orders or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State of Utah, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Issuer, including its right to exist and carry on business, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired; *provided, however*, that the Issuer shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

Section 6.09. Payment of Taxes and Claims. The Issuer will, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon any of the properties of the System or upon the Revenues, when the same shall become due, and will duly observe and conform to all valid requirements of any governmental authority relative to any such properties. The Issuer will keep the System and all parts thereof free from judgments, mechanics' and materialmen's liens (except those arising by mere operation of law from the construction of any Project and other improvements of the System which are paid in due course) and free from all other liens, claims, demands and encumbrances of whatsoever prior nature or character, to the end that the priority of the lien of the Resolution on the Revenues may at all times be maintained and preserved, and be free from any claim or liability which might embarrass or hamper the Issuer in conducting its business.

Section 6.10. Insurance. Subject to each case to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(a) the Issuer will secure and maintain insurance on the physical properties of the System of the kinds and in the amounts normally carried by public entities engaged in the operation of similar properties, including:

(1) property insurance, including direct damage and business interruption insurance with a combined limit of not less than \$20,000,000,

(2) liability insurance with a limit of not less than \$5,000,000, and

(3) worker's compensation insurance;

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

(c) the Issuer will place on file with the Trustee annually within one hundred twenty (120) days after the close of each Fiscal Year, so long as any Bonds are Outstanding, a Written Statement of the Issuer containing a summary of all insurance policies then in effect with respect to the System, its officers and employees;

provided, however, that nothing in this Section shall be construed in such manner as to result in making the Bonds, related Repayment Obligations or Bank Loans an indebtedness of the Issuer, and if it shall ever be held by any court of competent jurisdiction that any or all of the provisions of this Section are invalid or that the enforcement of the provisions of this Section would make the Bonds or Bank Loans invalid or unenforceable, said provisions of this Section shall be considered to be null and void.

Section 6.11. Accounts and Reports. (a) The Issuer will at all times keep, or cause to be kept, proper books of record and accounts, separate and apart from all other records and accounts of the Issuer, in which complete and accurate entries shall be made of all transactions related to the System and the Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee, the Holders of not less than five percent (5%) of the Bonds then Outstanding, any Security Instrument Issuer or any Bank Lender or their representatives authorized in writing.

(b) The Issuer will place on file with the Trustee annually within one hundred eighty (180) days after the close of each Fiscal Year, so long as any Bonds or Bank Loans are Outstanding, a financial statement in reasonable detail for the preceding Fiscal Year showing the Revenues, all expenditures from the Revenues for Operation and Maintenance Costs and other expenditures from the Revenues applicable to the System and the resulting Net Revenues available for Debt Service, together with a balance sheet in reasonable detail reflecting the financial condition of the System, including the balances of all Funds relating to the System as of the end of each Fiscal Year, which financial statement and balance sheet shall be accompanied by an Accountant's Certificate. Each

such audit, in addition to whatever matters may be thought proper by the Independent Public Accountant to be included therein, shall include the following:

- (1) Comments regarding the manner in which the Issuer has carried out the requirements of this Resolution and recommendations for any charge or improvements in the accounting operations of the System.
- (2) A list of the insurance policies in force at the end of the Fiscal Year with respect to the System, its officers and employees 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.
- (3) A statement as to whether or not the Net Revenues for such Fiscal Year were equal to the Rate Covenant Requirement for such Fiscal Year.
- (4) An analysis of all Funds provided for herein, setting out as to each all deposits and disbursements made during the Fiscal Year and the amounts in each Fund at the end of the Fiscal Year.

Simultaneously with the filing of such financial statement, there shall be filed with the Trustee a report of bond resolution compliance conducted by the firm of Independent Public Accountants which signed the Accountant's Certificate attached to such financial statement.

(c) The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Resolution shall be available for inspection of Bondholders, the Security Instrument Issuers and the Bank Lenders at the principal corporate trust office of the Trustee and shall be mailed to each Bondholder, Security Instrument Issuer and the Bank Lender who shall file a written request therefor with the Issuer and who shall agree to pay the reasonable expenses of the Trustee and the Issuer incurred in connection therewith.

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

Section 6.12. Rates and Charges. (a) In order to assure full and continuous performance of the covenants contained in Sections 6.01 and 6.07 with a margin for contingencies and temporary unanticipated reduction in Revenues, the Issuer covenants and agrees to establish, fix,

prescribe, continue and collect rates and charges for the services provided by the System (or the availability thereof) which, together with other income, are reasonably expected to yield Net Revenues which are at least equal to the Rate Covenant Requirement for the forthcoming Fiscal Year.

(b) If the annual financial statement delivered in accordance with the provisions of Section 6.11(c) shows that during the Fiscal Year covered by such financial statement the Net Revenues were less than the Rate Covenant Requirement, the Issuer shall not be in default under this Section if (1) for each of the four calendar quarters following such Fiscal Year, the Net Revenues for each such quarter are equal to at least 25% of the Rate Covenant Requirement for the then-current Fiscal Year, as evidenced by a Written Certificate filed by the Issuer with the Trustee within forty-five (45) days after the end of each calendar quarter or (2) within 60 days after the date of such annual financial statement or the date of delivery of any Written Certificate under clause (1) that shows that the Net Revenues were not equal to at least the Rate Covenant Requirement (A) the Issuer obtains recommendations from a Qualified Independent Engineer as to the revision of the rates, charges and fees necessary to produce Net Revenues at least equal to the Rate Covenant Requirement and (B) the Issuer, on the basis of such recommendations revises the schedule of rates, charges and fees insofar as is practicable and revises Operation and Maintenance Costs so as to produce Net Revenues at least equal to the Rate Covenant Requirement.

Section 6.13. Maintenance of Paying Agents. The Issuer shall cause the Trustee to pay to the Paying Agents, to the extent of the moneys held by the Trustee for such payment, funds for the prompt payment of any Principal, Redemption Price and interest on the Bonds to be paid by such Paying Agents.

Section 6.14. Eminent Domain. If all or any part of the System shall be taken by eminent domain proceedings or conveyance in lieu thereof, the net proceeds realized by the Issuer therefrom shall be deposited with the Trustee in a special fund in trust and shall be applied and disbursed by the Trustee subject to the following conditions:

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

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

Written Request of the Issuer requesting the Trustee to apply such proceeds for one of the following purposes:

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

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

(3) If such Written Request requests the Trustee to deposit such proceeds into the Revenue Fund upon the basis that such eminent domain proceedings have had no effect, or at the most a relatively immaterial effect, upon the security of the Bonds, the Issuer shall also file with the Trustee a Written Certificate of the Issuer or an Engineer's Certificate stating that such eminent domain proceedings have not substantially impaired or affected the operation of the System or the ability of the System to produce Net Revenues at least equal to the Rate Covenant Requirement. Upon receipt of such Written Request and such

Written Certificate or Engineer's Certificate, the Trustee shall deposit such proceeds into the Revenue Fund.

Section 6.15. Reconstruction of System; Application of Insurance Proceeds. If any useful portion of the System shall be damaged or destroyed, the Issuer shall, as expeditiously as is practicable, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless the Issuer shall file with the Trustee a Written Certificate of the Issuer or an Engineer's Certificate to the effect that such reconstruction or replacement is not in the interests of the Issuer and the Bondholders. The proceeds of any insurance paid on account of such damage or destruction, other than business interruption loss insurance or public liability insurance, shall, if the appropriate Project Account in the Construction Fund has not been closed, be paid into the Construction Fund as provided in Section 5.03(c), or if the Construction Fund has been closed, shall be held by the Trustee in a special account and made available for, and to the extent necessary applied to, the cost of such reconstruction or replacement, if any. Pending such application, such proceeds may be invested by the Issuer in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such cost of reconstruction or replacement. Any balance of such proceeds of insurance not needed to pay such cost of reconstruction or replacement shall be deposited into the Revenue Fund.

Section 6.16. Compliance with Resolution. The Issuer will not issue, or permit to be issued, any Bonds in any manner other than in accordance with the provisions of the Resolution and will not suffer or permit any default to occur under the Resolution, but will faithfully observe and perform all the covenants, conditions and requirements hereof. The Issuer will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Resolution, and for the better assuring and confirming unto the Holders of the Bonds, the Security Instrument Issuers and the Bank Lenders of the rights, benefits and security provided in the Resolution. The Issuer for itself, its successors and assigns, represents, covenants and agrees with the Holders of the Bonds, as a material inducement to the purchase of the Bonds, and with the Security Instrument Issuers and Bank Lenders, as a material inducement to the issuance of Security Instruments and the execution of Bank Loans, that it will faithfully perform all of the covenants and agreements contained in the Resolution and the Bonds.

Section 6.17. Power to Issue Bonds and Pledge Revenues and Other Funds. The Issuer is duly authorized under all applicable laws and the Interlocal Agreement to create and issue the Bonds and to adopt the Resolution and to pledge the Revenues and other moneys, securities and funds purported to be pledged by the Resolution in the manner and to the extent provided in the Resolution. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Issuer in accordance with their terms and the terms of the Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and Funds pledged under the Resolution and all the rights of the Bondholders, the Security Instrument Issuers and the Bank Lenders under the Resolution against all claims and demands of all persons whomsoever.

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

(b) Upon the date of issuance and delivery of any of the Bonds, all acts, conditions and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in connection with the issuance of such Bonds shall exist, have happened and have been performed in regular and in due time, form and manner as required by law and the Issuer will have duly and regularly complied with all applicable provisions of law and will be duly authorized to issue the Bonds under the Act in the manner and upon the terms as in the Resolution provided.

ARTICLE VII

THE TRUSTEE, THE PAYING AGENTS AND THE TRANSFER AGENTS

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

So long as each Outstanding Series of Bonds has been privately placed with the purchaser thereof and the purchaser of each such Series has consented thereto, the Issuer may be appointed as Trustee and Paying Agent. So long as the Issuer is acting as Trustee, the Issuer shall not be compensated for acting as Trustee and the provisions of the second sentence of Section 7.03(a), Section 7.03(c), (d), (f), (h), (i), (k), (l), (n), (o) and (p), Section 7.04, Section 7.07, Section 9.02(a)(i) and Section 9.04(a)(i) shall not apply. If the Issuer is acting as Trustee and a Series of Bonds is publicly offered, the Issuer shall be deemed to have resigned up on the issuance of such Bonds and the Supplemental Indenture authorizing such Series of Bonds shall appoint a new Trustee that complies with the requirements specified in Section 7.01(d).

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

(c) The Issuer may at any time remove the Trustee initially appointed or any successor thereto by the adoption by the Board of a resolution providing for such removal, for the appointment of a successor, and for the effective date of the change of Trustee; *provided, however*, that such removal of the Trustee shall in no event take effect until such successor shall have been appointed and accepted the duties of Trustee. A copy of such resolution shall be mailed by first class mail to the Trustee.

(d) Notice of the resignation or removal of the Trustee and the appointment of a successor shall be mailed by first class mail to the registered Holders of all Bonds then Outstanding and to each Security Instrument Issuer then having a Security Instrument outstanding, within 30 days after adoption by the Board of the resolution providing for such appointment. Any successor Trustee appointed by resolution adopted subsequent to the issuance of the first Series of Bonds issued hereunder shall be a bank or trust company with a capital, undivided profits and surplus of not less than \$50,000,000.

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

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

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

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for the conduct of any of the same who have been selected by it with ordinary care in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney for the Issuer or any other attorneys, if, in the case of such other attorneys, they are approved by the Trustee in the

exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice. The Trustee shall not be liable for any error of judgment made in good faith by any of its officers or employees unless it shall be proved that the Trustee was negligent in ascertaining pertinent facts.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer herein set forth; but the Trustee may require of the Issuer full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of the Issuer under the Resolution.

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

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

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

(g) The permissive right of the Trustee to do things enumerated in the Resolution shall not be construed as a duty and it shall not be answerable for other than its negligence or willful default.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except:

(1) failure by the Issuer to cause to be made any of the payments to the Trustee required to be made pursuant to Article V;

(2) failure of the Issuer to file with the Trustee any document required by the Resolution to be so filed prior to or subsequent to the issuance of the Bonds; or

(3) any default with respect to a Security Instrument Agreement as to which the Trustee has been notified in writing;

provided that the Trustee shall be required to take notice or be deemed to have notice of any default hereunder if specifically notified in writing of such default by the Holders of not less than 10% in aggregate Principal amount of Bonds then Outstanding or by any Security Instrument Issuer, and all notices or other instruments required by the Resolution to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee and in the absence of such notice, the Trustee may conclusively assume there is no default except as aforesaid;

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

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

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

(l) The Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by the Resolution at the request, order or direction of any of the Bondholders or any Security Instrument Issuer pursuant to the provisions of the Resolution, unless such Bondholder or Security Instrument Issuer shall have offered to the Trustee

security or indemnity acceptable to it against the costs, expenses and liabilities which might be incurred therein or thereby.

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

(n) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, Bond or other paper or document, unless requested in writing to do so by (1) the Holders of not less than 25% in aggregate Principal amount of the Bonds then Outstanding, or (2) any Security Instrument Issuer of a Security Instrument then in full force and effect and not in default on a payment obligation thereunder; *provided*, that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of the Resolution, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to so proceeding. The reasonable expense of every such inquiry or examination shall be paid by the Issuer or, if paid by the Trustee, shall be repaid by the Issuer.

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

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

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

Section 7.04. Intervention by the Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee has a substantial bearing on the interests of Holders of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by (1) the Holders of a majority of the aggregate Principal amount of Bonds then Outstanding or (2) any Security Instrument Issuer of a Security Instrument then in full force and effect and not in default on a payment obligation. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 7.05. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or

transfer its corporate trust business or assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become a successor Trustee hereunder and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of the Trustee or the Issuer, anything herein to the contrary notwithstanding.

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

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

Section 7.08. Appointment of Co-Trustee. It is the purpose of this Resolution that there shall be no violation of any law of any jurisdiction (including particularly the law of the State of Utah) denying or restricting the right of banking corporations or associations to transact business

as Trustee in such jurisdiction. It is recognized that in case of litigation under the Resolution, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adapted to these ends. Unless an Event of Default shall have occurred and be continuing, the Issuer shall have the right to consent to the appointment of a separate or co-trustee.

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

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

Section 7.09. Appointment, Duties and Term of Remarketing Agent. The Issuer may pursuant to a Supplemental Resolution appoint one or more Remarketing Agents from time to time to purchase or remarket Tender Bonds.

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

ARTICLE VIII

MODIFICATION OR AMENDMENT OF RESOLUTION

Section 8.01. Amendments Permitted. (a) The Resolution or any Supplemental Resolution and the rights and obligations of the Issuer and of the Holders of the Bonds may be modified or amended at any time by a Supplemental Resolution and pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, (1) of the Holders of at least 51% in Principal amount of the Bonds then Outstanding, and (2) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least 51% in Principal amount of the Bonds of each Series so affected and then Outstanding, and (3) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of 100% in Principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and then Outstanding; *provided, however,* that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Holders of Bonds of such Series shall not be required and Bonds of such Series shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section.

(b) The Resolution or any Supplemental Resolution and the rights and obligations of the Issuer, the Holders of the Bonds and the Security Instrument Issuers may also be modified or amended at any time by a Supplemental Resolution, without the consent of any Bondholders for any of the following purposes:

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

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

(3) to provide for the issuance of a Series of Bonds in accordance with the provisions of Article II;

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

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

(6) to make any change necessary (A) to establish or maintain the exemption from federal income taxation of interest on any Series of Bonds as a result of any modifications or amendments to Section 148 of the Code (or any successor provision of law) or interpretations thereof by the Internal Revenue Service, or (B) to comply with the provisions of Section 148(f) of the Code (or any successor provision of law), including provisions for the payment of all or a portion of the investment earnings of any of the Funds established hereunder to the United States of America;

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

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

(9) to establish terms and provisions with respect to (A) any Debt Service Reserve Requirement that may be established and the terms and provisions and the repayment of any related reserve instrument, and (B) any Interest Rate Swap, subject in each case to the provisions of this Resolution; and

(10) to the extent permitted by a Supplemental Resolution authorizing a Series of Construction Bonds (or Bond Anticipation Notes), the designation of additions, improvements and extensions to the System as a Project by such Supplemental Resolution may be modified or amended if the Issuer delivers to the Trustee a Written Certificate of the Issuer or an Engineer's Certificate given by a Qualified Independent Engineer to the effect that such modification or amendment will not adversely impact the Issuer's ability to perform the covenants contained in Section 6.12.

No modification or amendment shall be permitted pursuant to paragraph (7), (8) or (9) unless the Issuer delivers to the Trustee an Opinion of Counsel of nationally recognized standing in the field of law relating to municipal bonds to the effect that such modification or amendment will not adversely affect the tax-exempt status or validity of any Bonds affected by such modification or amendment.

(c) No modification or amendment permitted by this Section shall (1) extend the fixed maturity of any Bond, or reduce the Principal amount or Redemption Price thereof, or reduce the rate or extend the time of payment of interest thereon, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of the Resolution, without the consent of the Holders of all of the Bonds then Outstanding, or (3) without its written consent thereto, modify any of the rights or obligations of the Trustee.

(d) Each Supplemental Resolution authorized by this Section shall become effective as of the date of its adoption or such later date as shall be specified in such Supplemental Resolution.

(e) No amendment shall be permitted pursuant to this Section 8.01 which shall affect (1) the rights or duties of a Security Instrument Issuer of a Security Instrument then in full force and effect and not in default on a payment obligation thereunder, or (2) the Series of Bonds for which a Security Instrument Issuer provides security, without the consent of such Security Instrument Issuer.

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

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

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

Section 8.03. Amendment by Written Consent. The Board may at any time adopt a valid Supplemental Resolution amending the provisions of the Bonds or of the Resolution or any Supplemental Resolution, to the extent that such an amendment is permitted by this Article, to become effective when and as approved by written consent of the Bondholders, and any necessary consent of any Security Instrument Issuer as provided in this Section. Such Supplemental Resolution shall not be effective unless there shall have been filed with the Trustee the written consents of the necessary number of Holders of the Bonds then Outstanding and any necessary consent of a necessary Security Instrument Issuer, and a notice shall have been published as hereinafter in this Section provided. It shall not be necessary for any consent under this Section to approve the particular form of any proposed Supplemental Resolution, but it shall be sufficient

if such consent shall approve the substance thereof. Each consent of a Bondholder shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 12.04. Any such consent shall be binding upon the Holder of the Bonds giving such consent and on any subsequent Holder thereof (whether or not such subsequent Holder has notice thereof) unless such consent is revoked in writing by the Holder of the Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed. Notice of the fact of the adoption of such Supplemental Resolution shall be mailed by the Trustee to Bondholders (but failure to mail copies of such notice shall not affect the validity of the Supplemental Resolution when assented to by the requisite percentage of the Holders of the Bonds as aforesaid) and to each Security Instrument Issuer of a Security Instrument then in full force and effect and not in default in a payment obligation thereunder.

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

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

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

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

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

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

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

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

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

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

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

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

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

(1) the Trustee may, or

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

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

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

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

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

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

(3) if any other requirement specified in a Supplemental Resolution shall have been satisfied;

then and in every such case (i) the Holders of a majority in aggregate Principal amount of the Bonds at the time Outstanding (subject to any limitations specified in a Supplemental Resolution authorizing a Series of Bonds with respect to the rights of the Holders of such Bonds), (ii) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate Principal amount of the Bonds then Outstanding, or (iii) any combination of Bondholders and Security Instrument Issuers described in clauses (i) and (ii) representing a majority in aggregate Principal amount of the Bonds at the time Outstanding, by written notice to the Issuer and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the Holders or Security Instrument Issuers representing not less than 25% in aggregate Principal amount of the Bonds at the time Outstanding at the time of such request, and if there shall not have been theretofore delivered to the Trustee written request to the contrary by (A) the Holders of a majority in aggregate Principal amount of the Bonds then Outstanding (subject to any limitations specified in a Supplemental Resolution authorizing a Series of Bonds with respect to the rights of the Holders of such Bonds), (B) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate Principal amount of the Bonds then Outstanding, or (C) any combination of Bondholders and Security Instrument Issuers described under clauses (A) and (B) representing a majority in aggregate Principal amount of the Bonds at the time Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default and its consequences shall *ipso facto* be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

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

Section 9.04. Application of Revenues and Other Moneys after Default. (a) During the continuance of an Event of Default, the Trustee shall apply Revenues and such moneys, securities and funds and the income therefrom as follows and in the following order; *provided* that moneys held in any Series Subaccount in the Debt Service Account or received under any Security Instrument shall not be used for purposes other than payment of the interest and Principal or Redemption Price then due on the Series of Bonds corresponding to such Series Subaccount or such Security Instrument in accordance with paragraph (3) of this Section:

- (1) to the payment of the reasonable and proper charges and expenses of the Trustee and the reasonable fees and disbursements of its counsel;
- (2) to the payment of the Operation and Maintenance Costs;

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

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

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

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

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

(4) to the payment of the interest and Principal or Redemption Price then due on the Subordinated Indebtedness, as provided in the Supplemental Resolutions authorizing Subordinated Indebtedness.

(b) If and whenever all overdue installments of interest on all Bonds and Repayment Obligations, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Issuer under the Resolution, including the Principal and Redemption Price of and accrued unpaid interest on all Bonds and Repayment Obligations which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the Issuer, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee and the Repayment Obligations shall be made good or secured to the satisfaction of the Security

Instrument Issuers or provision deemed by the Trustee and, in the case of Repayment Obligations, to the Security Instrument Issuers, to be adequate shall be made therefor, the Trustee shall pay over to the Issuer all such Revenues then remaining unexpended in the hands of the Trustee (except Revenues deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon the Issuer and the Trustee shall be restored, respectively, to their former positions and rights under the Resolution, and all Revenues shall thereafter be applied as provided in Article V. No such payment over to the Issuer by the Trustee or resumption of the application of Revenues as provided in Article V shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

Section 9.05. Rights and Remedies of Bondholders. (a) No Holder of any Bond or any Security Instrument Issuer shall have any right to institute any proceeding, judicial or otherwise, with respect to this Resolution, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(i) such Holder or Security Instrument Issuer has previously given written notice to the Trustee of a continuing Event of Default;

(ii) either (1) the Holders of not less than 25% in aggregate Principal amount of the Outstanding Bonds, (2) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure 25% in aggregate Principal amount of the Bonds at the time Outstanding, or (3) any combination of Bondholders and Security Instrument Issuers described in clauses (1) and (2) representing not less than 25% in aggregate Principal amount of the Bonds at the time Outstanding, shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(iii) such Holders or Security Instrument Issuer has offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

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

(v) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by (1) the Holders of a majority in Principal amount of the Outstanding Bonds, (2) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate Principal amount of the Bonds then Outstanding, or (3) any combination of Bondholders and Security Instrument Issuers described in clauses (1) and (2) representing a majority in aggregate Principal amount of the Bonds at the time Outstanding;

it being understood and intended that no one or more Holders of Bonds or Security Instrument Issuers shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Resolution to affect, disturb or prejudice the rights of any other such parties, or to obtain or

to seek to obtain priority or preference over any other such parties or to enforce any right under this Resolution, except in the manner herein and therein provided and for the equal and ratable benefit of all such parties in accordance with the provisions of the Resolution.

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

(c) (1) The Holders of a majority of the Principal amount of the Outstanding Bonds, (2) Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure a majority in aggregate Principal amount of the Bonds then Outstanding, or (3) any combination of Bondholders and Security Instrument Issuers described under clauses (1) and (2) representing a majority in aggregate Principal amount of the Bonds at the time Outstanding, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that:

- (i) such direction shall not be in conflict with any rule of law or this Resolution,
- (ii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders and Security Instrument Issuers not taking part in such direction, and
- (iii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

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

Section 9.07. Non-Waiver. Nothing in this Article or in any other provision of the Resolution or in the Bonds shall affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay the Principal and Redemption Price of and interest on the Bonds and the Repayment Obligations to the respective Holders of the Bonds and the Security Instrument Issuers at the respective dates of maturity, or upon call for redemption, as herein provided, out of the Revenues, Funds and other moneys, securities and funds herein pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Holders and Security Instrument Issuers to institute suit to enforce such payment by virtue of the contract embodied in

the Bonds and Repayment Obligations. No delay or omission of the Trustee or of any Holder of the Bonds or, with respect to Repayment Obligations, of any Security Instrument Issuer, to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or to the Holders of Bonds or, with respect to Repayment Obligations, to Security Instrument Issuers, may be exercised from time to time and as often as shall be deemed expedient by the Trustee, the Holders of the Bonds and the Security Instrument Issuers.

Section 9.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of Bonds or, with respect to Repayment Obligations, to Security Instrument Issuers, is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the Trustee, the Holder of any one or more of the Bonds or, with respect to Repayment Obligations, by Security Instrument Issuers. Nothing herein contained shall permit the levy of any attachment or execution upon any of the properties of the Issuer, nor shall any properties of the Issuer be subject to forfeiture by reason of any default hereunder, it being expressly understood and agreed by each and every Bondholder by the acceptance of any Bond and by each and every Security Instrument Issuer by entering into Security Instrument Agreements that the rights of all Bondholders and Security Instrument Issuers are limited and restricted to the use and application of Revenues, Funds and other moneys, securities and funds pledged under the Resolution in accordance with the terms of the Resolution.

ARTICLE X

DEPOSITS AND INVESTMENT OF FUNDS

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

(b) Each Fiduciary (other than the Trustee) shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association, having deposits insured by an agency of the United States of America, having capital stock, undivided profits and surplus aggregating at least \$25,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Resolution. Each Fiduciary (other than the Trustee) shall signify its acceptance of the duties imposed upon it pursuant to the Resolution by depositing with the Trustee a written acceptance of such duties, together with a certificate stating that it is duly qualified to perform such duties under the terms of the Resolution and under all applicable local, state and federal laws.

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

(d) All moneys deposited with the Trustee and each Fiduciary shall be credited to the particular Fund or account to which such moneys belong; *provided, however*, nothing herein contained shall prohibit (i) the Issuer from directing the Trustee or a Fiduciary by a Written Request of the Issuer to make inter-Fund or account transfers of investments at the market value of the investments so transferred, as such market value shall be determined by the Issuer at the time of transfer and set forth in the Written Request or (ii) prohibit the Issuer or the Trustee from commingling moneys for investment purposes if such moneys shall be separately accounted for. The Trustee shall be entitled to rely on the determination set forth in the Written Request.

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

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

(2) any Supplemental Resolution authorizing a Series of Bonds may impose additional restrictions on moneys held in any Fund or account; and

(3) any Supplemental Resolution authorizing a Series of Bonds may authorize the investment of moneys to be held in any Project Account, Series Subaccount in the Debt Service Account relating to such Series of Bonds in such other investments as may be specified by the Supplemental Resolution.

(b) Subject to any required rebate of earnings on investments in any Fund or account to the United States of America pursuant to Section 148(f) of the Code and except as otherwise provided in a Supplemental Resolution establishing a Project Account or a Series Subaccount: (i) all moneys earned as an investment of moneys in the Construction Fund shall be retained therein; (ii) net income earned on any moneys or investments in the Revenue Fund and the Operating Account shall be transferred to the Revenue Fund; (iii) net income earned on moneys or investments in such Series Subaccount in the Debt Service Account shall be retained therein; (iv) whenever an amount equal to the Debt Service Reserve Requirement is on deposit in the Debt

Service Reserve Account, net income earned on any moneys or investments in the Debt Service Reserve Account shall be transferred as provided in the applicable Supplemental Resolution, otherwise, to be retained therein and (v) whenever an amount equal to the Extension and Repair Fund Requirement is on deposit in the Extension and Repair Fund, net income earned on any moneys or investments in the Extension and Repair Fund shall be transferred to the Revenue Fund, otherwise, to be retained therein.

Section 10.03. Arbitrage Covenant. The Issuer covenants that moneys on deposit in any Fund, whether or not such moneys were derived from proceeds of sales of Bonds or from any other sources, will not be used in a manner which will cause any Bonds, the interest on which is to be exempt from federal income taxation under the Code, to be “arbitrage bonds” within the meaning of Section 148 of the Code; *provided, however*, that this covenant shall not prevent the issuance of a Series of Bonds the interest on which is subject to federal income taxation under the Code.

ARTICLE XI

DEFEASANCE

Section 11.01. Discharge of Indebtedness. (a) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, subject to any limitations contained in a Supplemental Resolution with respect to a Series of Bonds, to the Holders of all Bonds the Principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution and if all Repayment Obligations owed to Security Instrument Issuers shall have been paid in full, then the pledge of any Revenues and other moneys, securities and Funds pledged under the Resolution and all covenants, agreements and other obligations of the Issuer to the Bondholders and Security Instrument Issuers shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Issuer all moneys or securities held by them pursuant to the Resolution which are not required for the payment of Principal or Redemption Price, if applicable, and interest on Bonds not theretofore surrendered for such payment or redemption. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds the Principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the Issuer to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Issuer of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section, unless otherwise provided in a Supplemental Resolution with respect to a Series of Bonds. Subject to any further conditions in a Supplemental Resolution with respect to a Series

of Bonds, all Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article IV notice of redemption of such Bonds on said date, (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations (including any Government Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the Principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, first class postage prepaid, a notice to the Holders of such Bonds that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the Principal or Redemption Price, if applicable, on said Bonds. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the Principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Trustee, free and clear of any trust, lien or pledge.

Section 11.02. Unclaimed Moneys. Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for four years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for four years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall, at the Written Request of the Issuer, be repaid by the Fiduciary to the Issuer, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Issuer for the payment of such Bonds; *provided, however,* that if such Bonds are not held in book-entry only form, then before being required to make any such payment to the Issuer, the Fiduciary shall, at the expense of the Issuer, cause to be published at least twice, at an interval of not less than seven days between publications, in a Financial Newspaper or Journal of general circulation in New York, New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Issuer.

ARTICLE XII

MISCELLANEOUS

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

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

Section 12.03. Successor is Deemed Included in All References to Predecessor. Whenever in the Resolution the Issuer, the Trustee, any Paying Agent, any Transfer Agent, any Remarketing Agent, any Depositary, any Fiduciary or any Security Instrument Issuer is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Resolution contained by or on behalf of the Issuer, the Trustee, any Transfer Agent, any Paying Agent, any Remarketing Agent, any Depositary, any Fiduciary or any Security Instrument Issuer shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

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

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

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

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

Section 12.05. Waiver of Notice. Whenever in the Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice, and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.06. Cremation or Destruction of Bonds. Whenever in the Resolution provision is made for the surrender to the Issuer of any Bonds which have been paid or pursuant to the provisions of the Resolution, the Issuer may, by a Written Request of the Issuer, but shall not unless otherwise provided by law be required to, direct the Trustee to cremate or destroy such Bonds and to furnish to the Issuer a certificate of such cremation or destruction.

Section 12.07. Governing Law. The Resolution shall be governed by and construed in accordance with the laws of the State of Utah.

Section 12.08. System of Registration. This Bond Resolution shall constitute a system of registration within the meaning and for all purposes of the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code Annotated 1953, as amended.

Section 12.09. Plan of Financing. This Bond Resolution shall constitute a plan of financing within the meaning and for all purposes of Section 11-14-14(3), Utah Code Annotated 1953, as amended.

Section 12.10. Article and Section Headings. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions of the Resolution, and the words “hereby,” “herein,” “hereof,” “hereunder” and other words of similar import refer to the Resolution as a whole and not to any particular article, section or subdivision hereof. The headings or titles of the several articles and sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Resolution.

Section 12.11. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in the Resolution to be performed shall be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the Resolution or of the Bonds; but the Bondholders and any Security Instrument Issuer shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

Section 12.12. Conflicting Resolutions; Effective Date. All Resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed. This Resolution shall take effect and be in full force immediately upon its passage and approval.

ADOPTED AND APPROVED this 19th day of May, 2022.

TRANS-JORDAN CITIES, UTAH

By: _____
Chairman

ATTEST:

By: _____
Secretary

STATE OF UTAH)
)
COUNTY OF SALT LAKE)

I, Brenda Bingham, the duly qualified and acting Secretary of Trans-Jordan Cities, Utah (the “*Issuer*”), do hereby certify, according to the records of said Issuer in my official possession, that attached hereto is a true and correct copy of Resolution No. 22-05 duly adopted by the Board of Directors of the Issuer, on May 19, 2022. As of the date hereof, such Resolution No. 22-05 has not been altered, amended, supplemented (except as supplemented by Resolution No. 22-05 adopted on May 19, 2022) or repealed, and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this 19th day of May, 2022.

By: _____
Secretary, Trans-Jordan Cities, Utah