

**ALPINE COVE WATER SPECIAL SERVICE DISTRICT, UTAH
FINAL BOND RESOLUTION
WATER REVENUE BONDS, SERIES 2014**

April 22, 2014

RESOLUTION NO. ____

A RESOLUTION AUTHORIZING \$50,000 WATER REVENUE BONDS, SERIES 2014A AND \$25,000 WATER REVENUE BONDS, SERIES 2014B, FOR WATER SYSTEM IMPROVEMENTS INCLUDING THE ACQUISITION OF WATER RIGHTS, AND RELATED MATTERS.

WHEREAS, the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, (the "Act"), provides that the Issuer may issue nonvoted revenue bonds as long as revenues generated from the revenue producing facilities of the Issuer are sufficient to pay for operation and maintenance of said facilities and debt service on all outstanding obligations secured by the revenues of said facilities; and

WHEREAS, the Administrative Control Board (the "Administrative Control Board") of the Alpine Cove Water Special Service District, Utah County, Utah (the "Issuer") desires to acquire water system (the "System") improvements, including the acquisition of water rights and related matters (the "Project"), by issuing its Water Revenue Bonds, Series 2014A in the total principal amount of \$50,000 (the "Series 2014A Bond or Bonds") and its Water Revenue Bonds, Series 2014B in the total principal amount of \$25,000 (the "Series 2014B Bond or Bonds", and collectively with the Series 2014A Bonds, the "Series 2014 Bonds"); and

WHEREAS, the Issuer does not have on hand money to pay the cost thereof, but the revenues to be derived by the Issuer from the operation of its System will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Series 2014 Bonds; and

WHEREAS, the Issuer has been advised that its System will generate sufficient revenues to pay for operation and maintenance of the System as well as debt service on all proposed and outstanding obligations secured by the revenues of the System; and

WHEREAS, Perry Woolsey (the "2014A Purchaser") has offered to purchase at par the Issuer's Series 2014A Bonds in the total principal amount of \$50,000 bearing interest at the rate of 6.00% per annum on the unpaid principal amount pursuant to a Bond Purchase Agreement (the "2014A Bond Purchase Agreement"); and

WHEREAS, Kirk Benson (the “2014B Purchaser”) has offered to purchase at par the Issuer's Series 2014B Bonds in the total principal amount of \$25,000 bearing interest at the rate of 6.00% per annum on the unpaid principal amount pursuant to a Bond Purchase Agreement (the “2014B Bond Purchase Agreement”); and

WHEREAS, the Issuer desires to accept the offer of the 2014A and 2014B Purchasers and to confirm the sale of the Series 2014A Bonds to the 2014A Purchaser and the sale of the Series 2014B Bonds to the 2014B Purchaser:

NOW, THEREFORE, Be It Resolved by the Administrative Control Board of the Alpine Cove Water Special Service District, Utah County, Utah, as follows:

ARTICLE I

DEFINITIONS

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

“Annual Debt Service” means the annual payment of principal, premium or penalty, if any, and interest to be paid by the Issuer during any Sinking Fund Year on the Series 2014 Bonds and all outstanding bonds or other forms of indebtedness issued on a parity with the Series 2014 Bonds and which are secured by the Revenues of the System.

“Bonds” means the Series 2014 Bonds and any additional bonds issued on a parity therewith.

“Bondholder” or “Registered Owner” means the registered holder of any Series 2014 Bond, the issuance of which is authorized herein.

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

“Fully Registered Bond” means any single Fully Registered Bond in the denomination(s) equal to the aggregate principal amount of the applicable Series 2014 Bonds authorized herein.

“Issuer” means the Alpine Cove Water Special Service District, Utah County, Utah or its successors.

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

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

“Paying Agent” means the person or persons authorized by the Issuer to pay the principal of and interest, if any, on the Series 2014 Bonds on behalf of the Issuer. The initial paying agent for the Series 2014 Bonds is the District Clerk of the Issuer.

“Project” means the acquisition of water rights, and other related improvements to the Issuer's System, including all equipment and necessary appurtenances thereof.

“2014A Purchaser” means Perry Woolsey, or any successor thereof.

“2014B Purchaser” means Kirk Benson, or any successor thereof

“Registrar” means the person or persons authorized by the Issuer to maintain the registration books with respect to the Series 2014 Bonds on behalf of the Issuer. The initial Registrar for the Series 2014 Bonds is the District Clerk of the Issuer.

“Revenues” means all gross income and revenues of any kind, from any source whatsoever, derived from the operation of the System, including, without limitation, all fees, rates, connection charges, and other charges, impact fees imposed related to the Project, the gross revenues of all improvements, additions, and extensions of the System hereafter constructed or acquired, and all interest earned by and profits derived from the sale of investments made with the income and Revenues.

“Series 2014 Bond or Bonds” means collectively, the Series 2014A Bonds and the Series 2014B Bonds.

“Series 2014A Bonds” means the Issuer’s Water Revenue Bond, Series 2014A in the total principal amount of \$50,000 bearing interest at the rate of 6.00% per annum purchased by the 2014A Purchaser.

“Series 2014B Bonds” means the Issuer’s Water Revenue Bond, Series 2014B in the total principal amount of \$25,000 bearing interest at the rate of 6.00% per annum purchased by the 2014B Purchaser.

“Sinking Fund Year” means the twelve-month period beginning on January 1 of the calendar year and ending on the next succeeding December 31; provided, however, that the first Sinking Fund Year will begin on the delivery date of the Series 2014 Bond and will end on the next succeeding December 31.

“Single Fully Registered Bond” means the fully registered Series 2014A Bond or Series 2014B Bond issued in substantially the forms set forth in Exhibits B1 and B2 in the denominations equal to the aggregate principal amount of the respective Series 2014A Bonds and Series 2014B Bonds.

“System” means the whole and each and every part of the Issuer’s culinary drinking water system, including the Project to be acquired and constructed pursuant to this Bond Resolution, and all property, real, personal and mixed, of every nature, including without limitation, water rights, now or hereafter owned by the Issuer and used or useful in the operation of said System, together with all improvements, extensions,

enlargements, additions, and repairs thereto which may be made while any of the Bonds remain outstanding.

ARTICLE II

ISSUANCE OF SERIES 2014A BONDS

Section II.1. Principal Amount, Designation, and Series. The Series 2014A Bonds are hereby authorized for issuance for the purpose of providing funds (i) to finance, in part, the acquisition of the Project, and (iii) to pay costs incurred in connection with the issuance of the Series 2014A Bonds. The Series 2014A Bonds shall be limited to \$50,000 in aggregate principal amount, shall be issued (i) if issued as a single Fully Registered Bond(s), in the form set forth in Exhibit B1, shall bear interest at the rate or rates set forth in Section 2.2 and shall be payable as specified herein. The Series 2014A Bonds shall be in the denomination of \$1,000 or any integral multiple thereof. The Series 2014A Bonds shall be numbered from one (1) consecutively upward in order of delivery by the Registrar. The Series 2014A Bonds shall be designated as, and shall be distinguished from the bonds of all other series by the title, “Water Revenue Bonds, Series 2014A”.

The Series 2014A Bonds are issued on a parity with the issuer’s Series 2014B Bonds, such that the Series 2014A and 2014B Bonds are entitled to an equal lien pledge of the Net Revenues of the Issuer’s System without priority.

Section II.2. Date and Maturities. The Series 2014A Bonds shall be dated as of their date of delivery, shall be issued in denominations of \$1,000 or any integral multiple thereof and shall be paid as provided in this Section 2.2. The Series 2014A Bonds shall be initially issued as one Single Fully Registered Bond.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, shall be payable upon presentation of the applicable Series 2014A Bond at the offices of the Paying Agent for endorsement or surrender, or of any successor Paying Agent. Payment of interest shall be made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof at his address as it appears on the registration books of the Issuer maintained by the Registrar or at such other address as is furnished to the Registrar in writing by such Registered Owner. All payments shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America.

So long as the 2014A Purchaser is the Registered Owner of the Single Fully Registered Bond, payments of principal and of interest, if any, on the Series 2014A Bonds shall be made by check or draft and mailed to the 2014A Purchaser as the Registered Owner at the address shown on the registration books maintained by the District Clerk. So long as the 2014A Purchaser is the Registered Owner of the Single Fully Registered Bond representing all of the Series 2014A Bonds, in lieu of presentation or the surrender of the Single Fully Registered Bond to the Paying Agent for notations by the Paying Agent of such payments, the 2014A Purchaser, or his designee, shall endorse such payments upon the Single Fully Registered Bond representing the Series 2014A Bonds.

The Issuer shall make interest payments on February 1 of each year from the date of issuance with the first interest payment due on February 1, 2015, and the Issuer shall make the principal payments stated for each year, beginning February 1, 2015, and continuing on each February 1 thereafter until the total principal sum shall be paid in full, as follows:

<u>February 1</u>	<u>Principal Maturing</u>	<u>Interest Rate</u>
2015	\$5,000	6.00%
2016	5,000	6.00
2017	5,000	6.00
2018	5,000	6.00
2019	5,000	6.00
2020	5,000	6.00
2021	5,000	6.00
2022	5,000	6.00
2023	5,000	6.00
2024	5,000	6.00

Section II.3. Optional Redemption and Redemption Prices. Each principal payment of the Series 2014A Bond is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer, in inverse order of the due dates thereof, and by lot selected by the Issuer if less than all of the Single Fully Registered Bond representing all of the Series 2014A Bonds of a particular due date are to be redeemed, upon notice as provided in Section 2.4 hereof and upon at least thirty (30) days' prior written notice of the amount of prepayment and the date scheduled for prepayment to the 2014A Purchaser with respect to such Single Fully Registered Bond, and at a redemption price equal to 100% of the principal amount to be prepaid or redeemed, plus.

Section II.4. Notice of Redemption for Bonds.

(a) In the event any of the Series 2014A Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 2.4. Notice of such redemption shall be mailed by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least twenty (20) days but not more than ninety (90) days prior to the date fixed for redemption. Such notice shall state the following information:

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

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

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

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

(v) the redemption price;

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

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

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

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

Notice of redemption shall be given, not more than ninety (90) days nor less than forty-five (45) days prior to the redemption date, to Registered Owners of the Bonds, or portions thereof, to be redeemed. A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Bonds or portions thereof redeemed but who failed to deliver Series 2014A Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Registered Owner of such Series 2014A Bonds receives the notice. Receipt of such notice, shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Registered Owners shall not affect the validity of the proceedings for the redemption of the Series 2014A Bonds.

In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Series 2014A Bond, a new Series 2014A Bond in principal amount equal to the unredeemed portion of such Series 2014A Bond will be issued.

Section II.5. Execution and Delivery of the Series 2014A Bonds. The Chair of the Administrative Control Board is hereby authorized to execute by manual or facsimile signature the Series 2014A Bonds and the District Clerk to countersign by manual or facsimile signature the Series 2014A Bonds and to have imprinted, engraved, lithographed, stamped or otherwise placed on the Series 2014A Bonds the official seal of the Issuer. The District Clerk is hereby authorized to deliver to the 2014A Purchaser the Series 2014A Bonds upon payment to the Issuer of the proceeds of the Series 2014A Bonds in the amount of \$50,000.

Section II.6. Delinquent Payment. Payments of principal and interest on the Series 2014A Bonds which are delinquent from the due date thereof shall draw interest at the rate or rates of said Bonds from said due date until paid in full.

Section II.7. Exchange of Single Fully Registered Bond. As long as the 2014A Purchaser is the sole Registered Owner of the Series 2014A Bonds, the Series 2014A Bonds shall be issued only as the Single Fully Registered Bond in the form prescribed in Exhibit B1. It is recognized that the 2014A Purchaser may sell or otherwise transfer the Series 2014A Bonds. In the event the 2014A Purchaser determines to sell or otherwise transfer all or a portion of the Series 2014A Bonds, the Single Fully Registered Bond may be exchanged at the office of the Paying Agent for a like aggregate principal amount of Serial Bonds in accordance with the provisions of this Section 2.7 and Section 4.1 hereof. Serial Bonds may thereafter be exchanged from time to time for other Serial Bonds in accordance with Section 4.1 hereof. Any Series 2014A Bond, or any portion thereof, which is sold or otherwise transferred or liquidated by the 2014A Purchaser shall be in the form of a Serial Bond, and shall be executed pursuant to authorization contained in Section 2.5 hereof. Each principal payment on the Single Fully Registered Bond not previously paid or canceled shall be represented by an equivalent principal amount of Serial Bonds, in authorized denominations, and of like maturity. The Issuer and its officers shall execute and deliver such documents and perform such acts as may reasonably be required by the Issuer to accomplish the exchange of the Single Fully Registered Bond for Serial Bonds, provided that the 2014A Purchaser pay or cause to be paid all costs and other charges incident to such exchange and the Issuer shall have no obligation to pay any such costs or charges.

Section II.8.

ISSUANCE OF SERIES 2014B BONDS

Section II.9. Principal Amount, Designation, and Series. The Series 2014B Bonds are hereby authorized for issuance for the purpose of providing funds (i) to finance, in part, the acquisition of the Project, and (iii) to pay costs incurred in connection with the issuance of the Series 2014B Bonds. The Series 2014B Bonds shall be limited to \$25,000 in aggregate principal amount, shall be issued (i) if issued as a single Fully Registered Bond(s), in the form set forth in Exhibit B2, shall bear interest at the rate or rates set forth in Section 3.2 and shall be payable as specified herein. The Series 2014B Bonds shall be in the denomination of \$1,000 or any integral multiple thereof. The Series 2014B Bonds shall be numbered from one (1) consecutively upward in order of delivery by the Registrar. The Series 2014B Bonds shall be designated as, and shall be distinguished from the bonds of all other series by the title, "Water Revenue Bonds, Series 2014B".

The Series 2014B Bonds are issued on a parity with the issuer's Series 2014A Bonds, such that the Series 2014A and 2014B Bonds are entitled to an equal lien pledge of the Net Revenues of the Issuer's System without priority.

Section II.10. Date and Maturities. The Series 2014B Bonds shall be dated as of their date of delivery, shall be issued in denominations of \$1,000 or any integral multiple thereof and shall be paid as provided in this Section 3.2. The Series 2014B Bonds shall be initially issued as one Single Fully Registered Bond.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, shall be payable upon presentation of the applicable Series 2014B Bond at the offices of the Paying Agent for endorsement or surrender, or of any successor Paying Agent. Payment of interest shall be made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof at his address as it appears on the registration books of the Issuer maintained by the Registrar or at such other address as is furnished to the Registrar in writing by such Registered Owner. All payments shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America.

So long as the 2014B Purchaser is the Registered Owner of the Single Fully Registered Bond, payments of principal and of interest, if any, on the Series 2014B Bonds shall be made by check or draft and mailed to the 2014B Purchaser as the Registered Owner at the address shown on the registration books maintained by the District Clerk. So long as the 2014B Purchaser is the Registered Owner of the Single Fully Registered Bond representing all of the Series 2014B Bonds, in lieu of presentation or the surrender of the Single Fully Registered Bond to the Paying Agent for notations by the Paying Agent of such payments, the 2014B Purchaser, or his designee, shall endorse such payments upon the Single Fully Registered Bond representing the Series 2014B Bonds.

The Issuer shall make interest payments on February 1 of each year from the date of issuance with the first interest payment due on February 1, 2015, and the Issuer shall make the principal payments stated for each year, beginning February 1, 2015, and continuing on each February 1 thereafter until the total principal sum shall be paid in full, as follows:

<u>February 1</u>	<u>Principal Maturing</u>	<u>Interest Rate</u>
2015	\$2,500	6.00%
2016	2,500	6.00
2017	2,500	6.00
2018	2,500	6.00
2019	2,500	6.00
2020	2,500	6.00
2021	2,500	6.00
2022	2,500	6.00
2023	2,500	6.00
2024	2,500	6.00

Section II.11. Optional Redemption and Redemption Prices. Each principal payment of the Series 2014B Bond is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer, in inverse order of the due dates thereof, and by lot selected by the Issuer if less than all of the Single Fully Registered Bond representing all of the Series 2014B Bonds of a particular due date are to be redeemed, upon notice as provided in Section 3.4 hereof and upon at least thirty (30) days' prior written notice of the amount of prepayment and the date scheduled for prepayment to the 2014B Purchaser with respect to such Single Fully Registered Bond, and at a redemption price equal to 100% of the principal amount to be prepaid or redeemed, plus.

Section II.12. Notice of Redemption for Bonds.

(a) In the event any of the Series 2014B Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 3.4. Notice of such redemption shall be mailed by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least twenty (20) days but not more than ninety (90) days prior to the date fixed for redemption. Such notice shall state the following information:

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

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

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

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

(v) the redemption price;

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

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

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

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

Notice of redemption shall be given, not more than ninety (90) days nor less than forty-five (45) days prior to the redemption date, to Registered Owners of the Bonds, or portions thereof, to be redeemed. A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Bonds or portions thereof redeemed but who failed to deliver Series 2014B Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Registered Owner of such Series 2014B Bonds receives the notice. Receipt of such notice, shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Registered Owners shall not affect the validity of the proceedings for the redemption of the Series 2014B Bonds.

In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Series 2014B Bond, a new Series 2014B Bond in principal amount equal to the unredeemed portion of such Series 2014B Bond will be issued.

Section II.13. Execution and Delivery of the Series 2014B Bonds. The Chair of the Administrative Control Board is hereby authorized to execute by manual or facsimile signature the Series 2014B Bonds and the District Clerk to countersign by manual or facsimile signature the Series 2014B Bonds and to have imprinted, engraved, lithographed, stamped or otherwise placed on the Series 2014B Bonds the official seal of the Issuer. The District Clerk is hereby authorized to deliver to the 2014B Purchaser the Series 2014B Bonds upon payment to the Issuer of the proceeds of the Series 2014B Bonds in the amount of \$25,000.

Section II.14. Delinquent Payment. Payments of principal and interest on the Series 2014B Bonds which are delinquent from the due date thereof shall draw interest at the rate or rates of said Bonds from said due date until paid in full.

Section II.15. Exchange of Single Fully Registered Bond. As long as the 2014B Purchaser is the sole Registered Owner of the Series 2014B Bonds, the Series 2014B Bonds shall be issued only as the Single Fully Registered Bond in the form prescribed in Exhibit B2. It is recognized that the 2014B Purchaser may sell or otherwise transfer the Series 2014B Bonds. In the event the 2014B Purchaser determines to sell or otherwise transfer all or a portion of the Series 2014B Bonds, the Single Fully Registered Bond may be exchanged at the office of the Paying Agent for a like aggregate principal amount of Serial Bonds in accordance with the provisions of this Section 3.7 and Section 4.1 hereof. Serial Bonds may thereafter be exchanged from time to time for other Serial Bonds in accordance with Section 4.1 hereof. Any Series 2014B Bond, or any portion thereof, which is sold or otherwise transferred or liquidated by the 2014B Purchaser shall be in the form of a Serial Bond, and shall be executed pursuant to authorization contained in Section 3.5 hereof. Each principal payment on the Single Fully Registered Bond not previously paid or canceled shall be represented by an equivalent principal amount of Serial Bonds, in authorized denominations, and of like maturity. The Issuer and its officers shall execute and deliver such documents and perform such Act as may reasonably be required by the Issuer to accomplish the exchange of the Single Fully Registered Bond for Serial Bonds, provided that the 2014B Purchaser pay or cause to be paid all costs and other charges incident to such exchange and the Issuer shall have no obligation to pay any such costs or charges.

ARTICLE III

REGISTRATION, PAYMENT, AND FLOW OF FUNDS

Section III.1. Execution of and Registration of Series 2014 Bonds; Persons Treated as Owners. The Series 2014 Bonds shall be signed by the Issuer and the Issuer shall cause books for the registration and for the transfer of the Series 2014 Bonds to be kept by the District Clerk who is hereby appointed the Registrar of the Issuer with respect to the Series 2014 Bonds. Any Series 2014 Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2014 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any Series 2014 Bond duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same maturity and series for a like aggregate principal amount as the Series 2014 Bond surrendered for transfer. Series 2014 Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Series 2014 Bonds of the same series or other authorized denominations and the same maturity. The execution by the Issuer of any Series 2014 Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Registrar shall thereby be authorized to deliver such Series 2014 Bond. The Registrar shall not be required to transfer or exchange any Bond at any time following the mailing of notice calling such Series 2014 Bond for redemption.

Series 2014 Bonds surrendered for payment, redemption or exchange, shall be promptly canceled and destroyed by the Issuer.

The Issuer, the Registrar and the Paying Agent may treat and consider the person in whose name each Series 2014 Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and for all other purposes whatsoever, and neither the Issuer, nor the Registrar nor the Paying Agent shall be affected by any notice to the contrary. Payment of any Series 2014 Bond shall be made only to or upon order of the Registered Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2014 Bond to the extent of the sum or sums so paid.

The Issuer may require the payment by the Registered Owner requesting exchange or transfer of Series 2014 Bonds of any tax or other governmental charge and any service charge which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Series 2014 Bond shall be delivered.

Section III.2. Application of Proceeds of the Series 2014 Bonds

. The Issuer shall deposit the proceeds from the sale of the Series 2014A Bonds in the amount of \$_____ for the purchase of water rights and in the amount of \$_____ for costs of issuance. The Issuer shall deposit the proceeds from the sale of the Series 2014B Bonds in the amount of \$_____ for the purchase of water rights and in the amount of \$_____ for costs of issuance.

Section III.3. The Series 2014 Bonds Constitute Special Limited Obligations. Notwithstanding anything in this Bond Resolution elsewhere contained, the principal and interest, if any, on the Series 2014 Bonds shall be payable out of 100% of the Net Revenues, and in no event shall the Series 2014 Bonds be deemed or construed to be a general indebtedness of the Issuer or payable from any funds of the Issuer other than those derived from the operation of the System. The Net Revenues are hereby pledged as security for the Series 2014 Bonds.

The Issuer may, in its sole discretion, but without obligation and subject to the Constitution, laws, and budgetary requirements of the State of Utah, make available properly budgeted and legally available funds to defray any insufficiency of Revenues to pay the Series 2014 Bonds; provided however, the Issuer has not covenanted and cannot covenant to make said funds available and has not pledged any of such funds for such purpose.

Section III.4. Flow of Funds. From and after the earlier of the delivery date of the Series 2014 Bonds, and until all the Series 2014 Bonds have been fully paid, the Revenues shall be set aside into the Alpine Cove Water Special Service District Water Revenue Fund referred to herein as “Revenue Fund”, established hereby, to be held by the Depository Bank. The Issuer will thereafter make accounting allocations of the funds deposited in said Revenue Fund for the following purposes and in the following priority:

(a) From the amounts in the Revenue Fund there shall first be paid all Operation and Maintenance Expenses of the System. For this purpose the Issuer shall establish on its books an account known as the “Expense Account” to which shall be allocated monthly, on or before the tenth day of each month, such portion of the Revenue Account as is estimated to be required for Operation and Maintenance Expenses of the System for the following month. There shall be allocated to the Expense Account from time to time during the month such additional amounts as may be required to make payments of Operation and Maintenance Expenses for which the amounts theretofore allocated to the Expense Account are insufficient. At the end of each Sinking Fund Year all amounts in the Expense Account in excess of that required to pay Operation and

Maintenance Expenses then due shall be transferred to the Sinking Fund established as hereinafter provided.

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

(i) There shall be allocated the following amounts to a subaccount established on the books of the Issuer known as the "Bond Account" such amounts as will assure, to the extent of the availability of Net Revenues from the System, the prompt payment of the principal and interest, if any, on the Series 2014 Bonds as shall become due. The amount to be so set aside with respect to the Series 2014 Bonds shall, as nearly as may be practicable, be set aside and allocated to the Bond Account monthly, on or before the tenth day of each month, beginning 2014, and shall equal 1/12 of the interest payment next due on the Series 2014 Bonds and 1/12 of the principal next due on the Series 2014 Bonds; and

(ii) All remaining funds, if any, in the Sinking Fund after all of the payments required to be made into the Bond Account may be used thereafter by the Issuer (a) to prepay or redeem the Series 2014 Bonds in whole or in part, (b) to make extensions, improvements, additions, repairs, and replacements to the System, or (c) to be applied to any other lawful purpose as determined by the Issuer.

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

Section III.5. Investment of Funds. Any funds allocated to the Bond Account, may, at the discretion of the Issuer, be invested in accordance with the State Money Management Act. All income derived from the investment of the funds of the Bond Account shall be maintained in said fund and disbursed along with the other moneys on deposit therein as herein provided.

ARTICLE IV
COVENANTS

Section IV.1. Covenants of Issuer. The Issuer hereby covenants and agrees with each and every holder of the Series 2014 Bonds the following:

(a) The rates for all water service supplied by the System to the Issuer and its inhabitants and to all customers within or without the boundaries of the Issuer shall be sufficient for the retirement and/or redemption of the Series 2014 Bonds, provided such rates must be reasonable rates for the type, kind, and character of the service rendered. There shall be no free service and there shall be charged against all users of the System, including the Issuer, such rates and amounts as shall be sufficient to produce Net Revenues that are equal to 125% of the Annual Debt Service payments on the Series 2014 Bonds and any Parity Bonds (as defined in 5.10) when due. All Net Revenues, including those received from the Issuer, shall be subject to distribution for the payment of the cost of operating and maintaining the System, and the payment of the Series 2014 Bonds, as hereinabove provided.

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

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

So long as any Series 2014 Bonds remain outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System.

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

(e) So long as any Series 2014 Bonds remain outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each Bondholder or any duly authorized agent or agents of such holder shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System and all properties constituting the System. Except as otherwise provided herein, the Issuer further

agrees that it will within one hundred eighty (180) days following the close of each Sinking Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the System, and that such audit will be available for inspection by each Bondholder upon request; provided, however, during such periods of time as the Purchaser is the Registered Owner of the Series 2014 Bonds, each such audit will be supplied to the Purchaser as soon as completed without prior request therefore.

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

(g) The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until all Series 2014 Bonds have been paid in full, except that the Issuer may sell any portion of said property which shall have been replaced by other property of at least equal value, or which shall cease to be necessary for the efficient operation of the System, provided, however, that in the event of any sale as aforesaid, the proceeds of such sale shall be paid into the Sinking Fund.

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

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

(j) The Issuer will from time to time duly pay and discharge or cause to be paid all taxes, assessments and other governmental charges, if any, lawfully imposed upon the System or any part thereof or upon the Revenues, as well as any lawful claims for labor, materials or supplies which if unpaid might by law become a lien or charge upon the System or the Revenues or any part thereof or

which might impair the security of the Bonds, except when the Issuer in good faith contests its liability to pay the same.

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

(l) All payments falling due on the Series 2014 Bonds shall be made to the Bondholder thereof at par and all charges made by the Depository Bank for its services shall be paid by the Issuer.

Section IV.2. Tax Covenant. The Issuer further covenants and agrees to and for the benefit of the Bondholders that the Issuer (i) will not take any action that would cause interest on the Series 2014 Bonds to become subject to federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Series 2014 Bonds to become subject to federal income taxation, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Series 2014 Bonds in order to preserve the exemption from federal income taxation of interest on the Series 2014 Bonds. Pursuant to this covenant, the Issuer obligates itself to comply throughout the term of the Series 2014 Bonds with the requirements of Section 148 of the Code and the regulations promulgated thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Issuer further represents and covenants that no bonds or other evidences of indebtedness of the Issuer secured in the same manner as the Series 2014 Bonds have been or will be issued, sold or delivered within a period beginning 15 days prior to the date of the Series 2014 Bonds and ending 15 days following the delivery of the Series 2014 Bonds.

Section IV.3. General Private Person Use Limitation. As long as any of the Series 2014 Bonds are outstanding, the Issuer reasonably expects that either:

(a) More than 10% of the net sale proceeds will not be used for any Private Person Use (the test described in this paragraph (a) is referred to as the “Private Business Use Test”); or

(b) More than 10% of the principal or interest payments on the Bonds will not be (under the terms of the Bond Resolution or any underlying arrangement) directly or indirectly: (i) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (ii) derived from payments (whether or not made pursuant to the Bond Resolution) in respect of property, or borrowed

money, used or to be used for any Private Person Use (the test described in this paragraph (b) is referred to as the “Private Security or Payment Test”).

(c) “Private Person Use” means the use of property in a trade or business by a private person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the private person as well as other arrangements that transfer to the private person the actual or beneficial use of the property (such as a lease, management contract, service or incentive payment contract, output contract or other special arrangement) in such a manner as to set the private person apart from the general public.

(d) For purposes of this section, the term “Private Person” means any person or entity other than a state or local governmental unit. The term “Private Person” includes the federal government and an organization described in Section 501(c)(3) of the Code.

Section IV.4. No Pooled Financing or Hedge Bonds. The Series 2014 Bonds are not pooled financing bonds or hedge bonds as defined in Section 149 of the Code.

Section IV.5. Reimbursement. The proceeds of the Series 2014 Bonds will be used to acquire the Project. The resolution adopted by the Issuer on May 21, 2013, for the Series 2014 Bonds (the “Intent Declaration”) authorized the financing of the Project and the issuance of the Series 2014 Bonds to finance the Project. The Intent Declaration contained a general functional description of the Project and the maximum amount of debt expected to be issued. Except for the preliminary expenditures (as defined in Treasury Regulation Section 1.150-2(f)(2)), aggregating less than 20% of the issue size of the Series 2014 Bonds, which will be reimbursed from proceeds of the Series 2014 Bonds and de minimus expenditures (as defined in Treasury Regulation Section 1.150-2(f)(1)) reimbursed from proceeds of the Series 2014 Bonds and the capital expenditures (as defined in Treasury Regulation Section 1.150-1(b)) contemplated by the Intent Declaration and reimbursed from proceeds of the Series 2014 Bonds pursuant thereto, none of the proceeds of the Series 2014 Bonds are expected to be used to reimburse the Issuer for amounts paid more than 60 days prior to the date of the Intent Declaration. Any allocation of the Series 2014 Bond proceeds for a reimbursement of expenditures paid prior to the date hereof will be made within 18-months after the later of (A) the date on which the expenditure is paid, or (B) the date on which the property is placed in service but in any event not later than 3 years from the date the original expenditure was paid; and will be evidenced by an entry on the books or records of the Issuer which entry identifies either an actual prior expenditure to be reimbursed or, in the case of the reimbursement of a fund or account, the fund or account from which the expenditure was made. The Issuer will not use amounts allocated to reimbursements, within one year after the allocation, to create replacement proceeds of another issue or employ an abusive arbitrage device as described in Treasury Regulation Section 1.150-2(h).

Section IV.6. Expectations.

(a) Anti-Abuse Rules. The Series 2014 Bonds are not and will not be part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the regulations promulgated thereunder (A) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (B) increasing the burden on the market for tax-exempt obligations.

(b) Non-Arbitrage Bond. To the best of our knowledge, information and belief, the above expectations are accurate and reasonable. On the basis of the foregoing, it is not expected that the proceeds of the Series 2014 Bonds will be used in a manner that would cause the Bonds to be “arbitrage bonds” under Section 148 of the Code and the regulations promulgated thereunder or otherwise violate applicable provisions of the Code, and to the best of our knowledge and belief, there are no other Act, estimates or circumstances that would materially change the foregoing conclusion.

Section IV.7. Arbitrage. The Issuer hereby certifies and agrees to abide by the arbitrage provisions found in Sections 103 and 141-150 of the IRS Code.

Section IV.8. Additional Indebtedness. No additional indebtedness, bonds or notes of the Issuer payable on a priority superior to the Series 2014 Bonds out of the Net Revenues from the System shall be created or incurred by the Issuer without the prior written consent of all holders of the Series 2014 Bonds. Furthermore, the Series 2014 Bonds shall not be entitled to any priority one over the other in application of the Net Revenues of the System, regardless of the time or times of their issuance, it being the intention of the Issuer that there shall be no priority among the Series 2014 Bonds authorized to be issued pursuant to this Bond Resolution regardless of the fact that they may be actually issued and delivered at different times. It is expressly agreed and covenanted that the Issuer will not hereafter issue any bonds or obligations payable from the Net Revenues of the System, or any part thereof, or which constitutes a lien on such Net Revenues or on the System until all Series 2014 Bonds have been paid in full unless such additional bonds are issued in such manner that they are in all respects subordinate to the Series 2014 Bonds.

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

(a) The Series 2014 Bonds or any part thereof may be refunded. The refunding bonds so issued shall enjoy a lien on the Net Revenues on a parity with the Series 2014 Bonds except that if fewer than all of the Series 2014 Bonds outstanding at the time are so refunded, no refunding bonds shall bear interest at a rate higher or mature at a date earlier than the corresponding bond refunded thereby without the consent of the owners and holders of all of the unrefunded Series 2014 Bonds. In all other respects, refunding bonds may be secured in such manner and may be payable from such sources and be subject to other terms and provisions that may be provided in the resolution authorizing their issuance. Refunding bonds may be exchanged with the consent of the Bondholder for not

less than a like principal amount of the Series 2014 Bonds authorized to be refunded, may be sold or may be exchanged in part or sold in part. If sold, the proceeds of the sale not required for the payment of expenses shall be used to refund that portion of the Series 2014 Bonds refunded.

(b) Additional bonds may be issued on a parity with the Series 2014 Bonds herein authorized if all of the following conditions are met at the time of the issuance of such additional bonds (herein referred to as “Parity Bonds”):

(i) The Net Revenues for the Sinking Fund Year preceding the year in which the Parity Bonds are to be issued were 125% of the average Annual Debt Service on all of the Bonds then outstanding (other than those to be refunded by the Parity Bonds proposed to be issued) and the Parity Bonds proposed to be issued. For purposes of this subsection (b)(i), Net Revenues for the preceding Sinking Fund Year may include an amount equal to ninety-five percent (95%) of the amount by which such Net Revenues would increase due to any water rate increase which became effective prior to and in anticipation of the issuance of the proposed Parity Bonds. The requirements of this subsection (b)(i) may be waived or modified by the written consent of the Registered Owners of 100% of the principal amount of the Bonds then outstanding.

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

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

(iv) The proceeds of the Parity Bonds must be used for the making of improvements, extensions, renewals, replacements or repairs to the System, including the acquisition of additional water rights.

ARTICLE V

MISCELLANEOUS

Section V.1. Default and Remedies. Failure of the Issuer to perform any covenant or requirement of the Issuer under this Bond Resolution within thirty (30) days after having been notified in writing by a Bondholder of such failure, shall constitute an event of default hereunder and shall allow each Bondholder to take the following enforcement remedies:

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

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

Section V.2. Amendments to Bond Resolution. Provisions of this Bond Resolution shall constitute a contract between the Issuer and the Bondholder; and after the issuance of the Series 2014 Bonds, no change, variation or alteration of any kind in the provisions of this Bond Resolution shall be made in any manner until such time as all of the Series 2014 Bonds have been paid in full except as hereinafter provided.

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

Whenever the Issuer shall propose to amend or modify this Bond Resolution under the provisions of this section, it shall cause notice of the proposed amendment to be sent to all Bondholders of all Series 2014 Bonds then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the District Clerk for public inspection. Should a Bondholder consent to the proposed amendment to this Bond Resolution, it shall submit to the Issuer a written instrument which shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof. Upon receipt of Bondholder consents representing at least 75% of the principal of Series 2014 Bonds outstanding, the governing body of the Issuer may adopt said amendatory resolution, and it shall become effective, provided, however, that nothing in this Section 5.2 shall permit or be construed as permitting (a) an

extension of the stated maturity or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on delinquent payments, without the consent of the Bondholder of such Series 2014 Bonds, or (b) a reduction in the amount or extension of the time of any payment required by any Fund or account established hereunder without the consent of the Bondholders of all the Series 2014 Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Series 2014 Bonds, the Bondholders of which are required to consent to any such waiver or a mandatory resolution, or (d) affect the rights of the Bondholders of less than all Series 2014 Bonds then outstanding, without the consent of the Bondholders of all the Series 2014 Bonds at the time outstanding which would be affected by the action to be taken.

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

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

Section V.3. Maintenance of Proceedings. A certified copy of this Bond Resolution and every amendatory or supplemental ordinance or resolution shall be kept on file in the office of the District Clerk where it shall be made available for inspection by any Bondholder or his agent. Upon payment of the reasonable cost of preparing the same, a certified copy of this Bond Resolution, any amendatory or supplemental ordinance or resolution will be furnished to any Bondholder. The Bondholders may, by suit, action, mandamus, injunction or other proceedings, either at law or in equity, enforce or compel performance of all duties and obligations required by this Bond Resolution to be done or performed by the Issuer. Nothing contained herein, however, shall be construed as imposing on the Issuer any duty or obligation to levy any tax either to pay the principal of or interest, if any, on the Series 2014 Bonds authorized herein or to meet any obligation contained herein concerning the Series 2014 Bonds.

Section V.4. Defeasance of Series 2014 Bonds. If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made to the Registered Owner of the Series 2014 Bonds for the payments due or to become due thereon at the times and in the manner stipulated therein, then the first lien pledge of the Net Revenues under this Bond Resolution and any and all estate, right, title and interest in and to any of the funds and accounts created hereunder (except moneys or securities held by a Depository Bank for the payment of the Series 2014 Bonds) shall be cancelled and discharged.

Any Series 2014 Bond shall be deemed to be paid within the meaning of this section when payment of the Series 2014 Bonds (whether such due date be by reason of maturity or upon prepayment or redemption as provided herein) shall have been made in accordance with the terms thereof. At such time as the Series 2014 Bonds shall be deemed to be paid hereunder, they shall no longer be secured by or entitled to the benefits hereof (except with respect to the moneys and securities held by a Depository Bank for the payment of the Series 2014 Bonds).

Section V.5. Sale of Series 2014 Bonds Approved. The sale of the Series 2014A Bonds to the 2014A Purchaser for \$50,000, is hereby ratified, confirmed and approved. The sale of the Series 2014B Bonds to the 2014B Purchaser for \$25,000 is hereby ratified, confirmed and approved.

Section V.6. Bondholders not Responsible. The Bondholders shall not be responsible for any liabilities incurred by the Issuer in the acquisition or construction of the Project or for the failure of the System to function successfully after completion of the Project.

Section V.7. Additional Certificates, Documents, and Other Papers. The appropriate officials of the Issuer, and each of them, are hereby authorized and directed to execute and deliver for and on behalf of the Issuer any or all additional certificates, documents, and other papers and to perform all other Act they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Bond Resolution and the documents authorized and approved herein.

Section V.8. Severability. If any section, paragraph, clause or provision of this Bond Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Resolution. It is hereby declared by the governing body of the Issuer that it is the intention of the Issuer by the adoption of this Bond Resolution to comply in all respects with the provisions of the Act.

Section V.9. Record of Proceedings. The District Clerk Issuer is hereby authorized and directed to complete and execute the Record of Proceedings attached hereto to officially record the proceedings at which this Bond Resolution was considered for adoption.

Section V.10. Statutory Authority for the Series 2014 Bonds. The Series 2014 Bonds are issued under the authority of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and each Series 2014 Bond certificate shall so recite. By the adoption of this Bond Resolution, it is the intention of the Issuer to comply in all respects with the applicable provisions of the Act and the Series 2014 Bonds issued hereby shall be incontestable for any reason whatsoever after their delivery for value.

Section V.11. Resolutions in Conflict. All resolutions or parts thereof in conflict with the provisions of this Bond Resolution are, to the extent of such conflict, hereby repealed.

Chair

ATTEST:

District Clerk

(S E A L)

EXHIBIT A

RECORD OF PROCEEDINGS

The Administrative Control Board (the "Board") of the Alpine Cove Water Special Service District, Utah County, Utah (the "Issuer"), met in public session at the regular meeting place of the Board in Alpine, Utah, on April 22, 2014, at the hour of ____:00 p.m., or as soon thereafter as feasible, with the following Boardmembers of the Board being present:

C. Drew Empey	Chair
Dan Anderson	Boardmember/Clerk
Perry Woolsey	Boardmember

Also present:

Absent:

After the meeting had been duly called to order and after other matters not pertinent to this resolution had been discussed, the District Clerk presented to the Board a Certificate of Compliance with Open Meeting Law with respect to this April 22, 2014 meeting, a copy of which is attached hereto.

The following resolution was then introduced in writing, was fully discussed, and pursuant to motion duly made by Boardmember _____ and seconded by Boardmember _____, adopted by the following vote:

YEA:

NAY:

The resolution was then signed by the Chair in open meeting and recorded by the District Clerk in the official records of the Alpine Cove Water Special Service District, Utah County, Utah.

Other business not pertinent to the foregoing ordinance appears in the minutes of the Meeting. Upon the conclusion of all the business on the agenda and upon motion duly made and seconded, the Meeting was adjourned.

CERTIFICATE OF DISTRICT CLERK

I, _____, the undersigned and duly qualified and acting District Clerk of the Issuer do hereby certify:

The attached Resolution is a true, accurate and complete copy thereof adopted by the Administrative Control Board of the Issuer at a lawful public meeting duly held and conducted by the Administrative Control Board in Alpine, Utah, on April 22, 2014, commencing at the hour of __:00 p.m., or as soon thereafter as feasible (the "Meeting"), as recorded in the regular official book of the proceedings of the Issuer kept in my office. The Meeting was called and noticed as required by law as is evidenced by the following Certificate of Compliance with Open Meeting Law. The persons present and the result of the vote taken at the Meeting are all as shown above. Attached hereto is an affidavit of publication of the foregoing ordinances or a summary thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Issuer, this April 22, 2014.

District Clerk

(S E A L)

CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

I, _____, the undersigned District Clerk of the Issuer do hereby certify, according to the records of the Issuer in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated 1953, as amended, I gave not less than twenty-four (24) hours public notice of the agenda, date, time, and place of the April 22, 2014, public meeting held by the Issuer as follows:

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

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

In addition, I personally provided notice to each and every member of the Administrative Control Board of the Issuer.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this April 22, 2014.

District Clerk

(S E A L)

(Attach Meeting Notice)

EXHIBIT B1

FORM OF SINGLE FULLY REGISTERED BOND

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF UTAH
ALPINE COVE WATER SPECIAL SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2014A
\$50,000

THIS BOND HAS BEEN DESIGNATED BY THE ISSUER FOR PURPOSES OF THE EXCEPTION CONTAINED IN SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, RELATING TO THE DEDUCTIBILITY OF A FINANCIAL INSTITUTION'S INTEREST EXPENSE ALLOCABLE TO TAX-EXEMPT INTEREST

Alpine Cove Water Special Service District, Utah County, Utah (the "Issuer"), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to _____ (the "Purchaser") or registered assigns last noted in the Registration Certificate attached to the end of this Bond (the "Registered Owner"), the principal amount of \$50,000, together with interest accruing on the unpaid principal balance from the date of this Bond at the rate of six percent (6.00%) per annum (calculated on the basis of a year of 360 days consisting of twelve 30-day months), with interest payable annually on February 1 of each year beginning February 1, 2015 and principal shall be payable in registered installments on February 1 of each of the years as set forth in the following Repayment Schedule:

REPAYMENT SCHEDULE

<u>February 1</u>	<u>Principal Maturing</u>	<u>Interest Rate</u>
2015	\$5,000	6.00%
2016	5,000	6.00
2017	5,000	6.00
2018	5,000	6.00
2019	5,000	6.00
2020	5,000	6.00
2021	5,000	6.00
2022	5,000	6.00
2023	5,000	6.00
2024	5,000	6.00

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, and interest, if any, shall be payable upon surrender of this Bond at the offices of the Paying Agent, or of any successor Paying Agent.

As long as the Purchaser is the registered holder of this Bond, installment payments shall be made by check or draft mailed to the Purchaser as the registered holder at the address shown on the registration books maintained by the Registrar.

If any installment payment of Bond principal or interest is not paid when due and payable, the Issuer shall pay interest on the delinquent installment at the rate of six percent (6.00%) per annum from said due date until paid. All payments shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America. All payments shall be applied first to interest, if any, and then to principal.

This Bond is payable solely from a special fund designated “Alpine Cove Water Special Service District, Utah Water Revenue Bond Sinking Fund”, into which fund, to the extent necessary to assure prompt payment of this Bond, shall be pledged 100% of the Net Revenues (as defined in the Bond Resolution herein described) derived and to be derived from the operation of the Issuer's Water system (the “System”), all as more fully described and provided in the Bond Resolution adopted by the governing body of the Issuer on _____, 2014 (the “Bond Resolution”).

This Bond is issued pursuant to a Parameters Resolution adopted by the Utah County Board of County Commissioners acting as the governing body of the Issuer on May 21, 2013, and the Bond Resolution, and the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, for the purpose of financing the cost of acquiring water rights and other related improvements to the Issuer's System, including all equipment and necessary appurtenances thereof. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the Bond Resolution) of the System and does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Revenues of the System.

This Bond is issued on a parity with the issuer's Water Revenue Bonds, Series 2014B, such that this Bond the Series 2014B Bonds are entitled to an equal lien pledge of the Net Revenues of the Issuer's System without priority.

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

made therein, except as otherwise expressly provided or permitted in or pursuant to the Bond Resolution.

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

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

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

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

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

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

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

satisfactory to the Issuer, duly executed by the registered owner or his attorney duly authorized in writing; thereupon, this Bond shall be delivered to and registered in the name of the transferee.

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

REGISTRATION CERTIFICATE

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

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

ASSIGNMENT

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

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

DATED: _____

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

Signature Guaranteed:

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

EXHIBIT B2

FORM OF SINGLE FULLY REGISTERED BOND

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF UTAH
ALPINE COVE WATER SPECIAL SERVICE DISTRICT
WATER REVENUE BOND
SERIES 2014B
\$25,000

THIS BOND HAS BEEN DESIGNATED BY THE ISSUER FOR PURPOSES OF THE EXCEPTION CONTAINED IN SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, RELATING TO THE DEDUCTIBILITY OF A FINANCIAL INSTITUTION'S INTEREST EXPENSE ALLOCABLE TO TAX-EXEMPT INTEREST

Alpine Cove Water Special Service District, Utah County, Utah (the "Issuer"), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to _____ (the "Purchaser") or registered assigns last noted in the Registration Certificate attached to the end of this Bond (the "Registered Owner"), the principal amount of \$25,000, together with interest accruing on the unpaid principal balance from the date of this Bond at the rate of six percent (6.00%) per annum (calculated on the basis of a year of 360 days consisting of twelve 30-day months), with interest payable annually on February 1 of each year beginning February 1, 2015 and principal shall be payable in registered installments on February 1 of each of the years as set forth in the following Repayment Schedule:

REPAYMENT SCHEDULE

<u>February 1</u>	<u>Principal Maturing</u>	<u>Interest Rate</u>
2015	\$2,500	6.00%
2016	2,500	6.00
2017	2,500	6.00
2018	2,500	6.00
2019	2,500	6.00
2020	2,500	6.00
2021	2,500	6.00
2022	2,500	6.00
2023	2,500	6.00
2024	2,500	6.00

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, and interest, if any, shall be payable upon surrender of this Bond at the offices of the Paying Agent, or of any successor Paying Agent.

As long as the Purchaser is the registered holder of this Bond, installment payments shall be made by check or draft mailed to the Purchaser as the registered holder at the address shown on the registration books maintained by the Registrar.

If any installment payment of Bond principal or interest is not paid when due and payable, the Issuer shall pay interest on the delinquent installment at the rate of six percent (6.00%) per annum from said due date until paid. All payments shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America. All payments shall be applied first to interest, if any, and then to principal.

This Bond is payable solely from a special fund designated "Alpine Cove Water Special Service District, Utah Water Revenue Bond Sinking Fund", into which fund, to the extent necessary to assure prompt payment of this Bond, shall be pledged 100% of the Net Revenues (as defined in the Bond Resolution herein described) derived and to be derived from the operation of the Issuer's Water system (the "System"), all as more fully described and provided in the Bond Resolution adopted by the governing body of the Issuer on _____, 2014 (the "Bond Resolution").

This Bond is issued pursuant to a Parameters Resolution adopted by the Utah County Board of County Commissioners acting as the governing body of the Issuer on May 21, 2013, and the Bond Resolution, and the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, for the purpose of financing the cost of acquiring water and other related improvements to the Issuer's System, including all equipment and necessary appurtenances thereof. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the Bond Resolution) of the System and does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Revenues of the System.

This Bond is issued on a parity with the issuer's Water Revenue Bonds, Series 2014A, such that this Bond the Series 2014A Bonds are entitled to an equal lien pledge of the Net Revenues of the Issuer's System without priority

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

made therein, except as otherwise expressly provided or permitted in or pursuant to the Bond Resolution.

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

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

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

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

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

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

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

satisfactory to the Issuer, duly executed by the registered owner or his attorney duly authorized in writing; thereupon, this Bond shall be delivered to and registered in the name of the transferee.

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

REGISTRATION CERTIFICATE

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

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

ASSIGNMENT

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

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

DATED: _____

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

Signature Guaranteed:

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