

Kanab, Utah

September 11, 2012

The Mayor and City Council of Kanab City, Kane County, Utah met in regular session at its regular meeting place in said Municipality at 7:00 p.m. on the 11th day of September, 2012, with the following members of the Governing Body present:

Nina Laycock	Mayor
Cheryl Brown	Councilmember
Kirt Carpenter	Councilmember
Ed Meyer	Councilmember
James Sorenson	Councilmember
Joe B. Wright	Councilmember

Also present:

Duane Huffman	City Recorder
_____	_____

Absent:

<u>Nina Laycock</u>	<u>Mayor</u>
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After the meeting had been duly called to order and after other matters not pertinent to this Bond Resolution had been discussed, the City Recorder presented to the Mayor and City Council a Certificate of Compliance With Open Meeting Law with respect to this September 11, 2012, meeting.

STATE OF UTAH)
): SS.
COUNTY OF KANE)

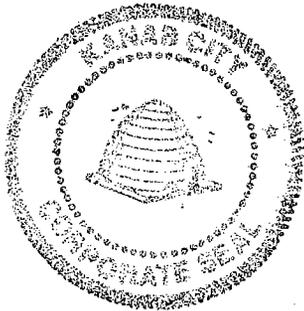
I, DUANE HUFFMAN, the undersigned City Recorder of Kanab City, Kane County, Utah (the "City") do hereby certify according to the records of the City in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated 1953, as amended, I gave not less than twenty-four (24) hours public notice of the agenda, date, time and place of the September 11, 2012, public meeting held by the City as follows:

(a) By causing a Notice, in the form attached hereto as Schedule "A", to be posted at the City's principal offices on September 10, 2012, at least twenty-four (24) hours prior to the convening of the meeting, said Notice having continuously remained so posted and available for public inspection until the completion of the meeting; and

(b) By causing a copy of such notice, in the form attached hereto as Schedule "A", to be delivered to the Southern Utah News, at least twenty four (24) hours prior to the convening of the meeting.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this 11th day of September, 2012.

(SEAL)





City Recorder

NOTICE OF AGENDA OF REGULAR MEETING

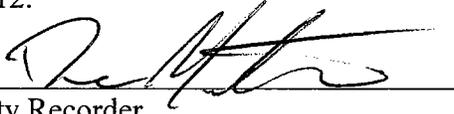
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PLEASE TAKE NOTICE that the Mayor and members of the City Council of Kanab City, Kane County, State of Utah, will hold a Regular Meeting on Tuesday, the 11th day of September, 2012, at its regular meeting place, the Kane County Commission Chambers, 76 North Main Street, Kanab, Utah, at the hour of 7:00 o'clock P.M.

The Agenda for the meeting consists, in part, of the following:

- (1) Consideration for and adoption of a Bond Resolution authorizing the issuance of \$163,000 in Parity Street Improvement Revenue Bonds, Series 2012 of Kanab City, Kane County, Utah; and
- (2) For the transaction of such other business incidental to the foregoing as may come before said meeting.

DATED this 10th day of September, 2012.



City Recorder

Thereupon, after the conduct of other business not pertinent to the following, the following resolution was introduced in written form by the Mayor and, pursuant to motion duly made by Joe B. Wright and seconded by Cheryl Brown, was adopted and approved by the following vote:

Yea: Cheryl Brown
Kirt Carpenter
Ed Meyer
James Sorenson
Joe B. Wright

Nay: None

The Resolution was thereupon signed by the Mayor, was attested and countersigned by the Town Clerk and was ordered recorded in the official records of the Issuer.

The Resolution is as follows:

KANAB CITY, KANE COUNTY, UTAH
RESOLUTION NO. 9-1-12 R

A RESOLUTION AUTHORIZING THE ISSUANCE AND CONFIRMING THE SALE OF A PARITY STREET IMPROVEMENT REVENUE BOND, SERIES 2012, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$163,000 (THE "BOND") OF KANAB CITY, KANE COUNTY, UTAH (THE "ISSUER"), FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE ALL OR PART OF THE COST OF CONSTRUCTING IMPROVEMENTS TO CERTAIN CLASS B AND C ROADS AND RELATED ROAD IMPROVEMENTS WITHIN BOUNDARIES OF THE ISSUER (THE "PROJECT"); PRESCRIBING THE FORM AND OTHER DETAILS OF THE BOND; FIXING THE INTEREST RATES TO BE BORNE THEREBY; PROVIDING FOR THE COLLECTION, HANDLING AND DISPOSITION OF THE REVENUES DERIVED FROM APPORTIONMENT OF FUNDS AVAILABLE FROM THE UTAH STATE DEPARTMENT OF TRANSPORTATION FOR CLASS "B" AND "C" ROADS WITHIN THE BOUNDARIES OF ISSUER; PROVIDING FOR THE ISSUANCE OF THE BOND; PROVIDING FOR THE PAYMENT OF THE BOND; MAKING CERTAIN FINDINGS AND COVENANTS IN CONNECTION THEREWITH; PROVIDING FOR A SYSTEM OF REGISTRATION FOR THE BOND; CONFIRMING THE PUBLICATION OF A "NOTICE OF BONDS TO BE ISSUED"; AND RELATED MATTERS.

WHEREAS the Issuer, Kanab City, considers it desirable and necessary and for the benefit of the Issuer and its inhabitants to construct street improvements, including the installation of storm drainage pipelines, manholes and inlet structures, together with all related work and improvements (the "Project"), but does not have on hand sufficient money to pay for the Project; and

WHEREAS the Issuer desires to issue its Parity Street Improvement Bond, Series 2012, in the amount of \$163,000 (the "Bond"), the payment of which shall be secured as herein provided; and

WHEREAS the revenues to be derived pledge the excise tax funds received by the Issuer (as hereinafter defined) have not been pledged or hypothecated in any manner or for any purpose except to pay principal and interest on Issuer's Street Improvement Bond, Series 2005 in the original principal amount of \$250,000 payable to the Utah Permanent Community Impact Fund Board and its Parity Street Improvement Bond, Series 2011 in the original principal amount of \$200,000 payable to the Utah Permanent Community Impact Fund Board (collectively, the "Prior Lien Bonds") and the Issuer desires to issue its Parity Street Improvement Bonds payable from such revenues in the manner for which provision is hereinafter made in order to pay all or part of the cost of the Project; and

WHEREAS the Utah Local Government Bonding Act, Sections 11-14-101, et seq. Utah Code Annotated, 1953, as amended, and specifically §11-14-307 authorizes the issuance of non-voted revenue bonds payable in whole or in part from taxes levied and collected by the said government entity or levied by the State of Utah and rebated pursuant to law which excise taxes expressly include Class B and C road funds; and

WHEREAS, the State of Utah acting through its Permanent Community Impact Fund Board (the "Community Impact Board") has offered to purchase \$163,000 in Parity Street Improvement Revenue Bond, Series 2012, bearing interest at the rate of 2.50% per annum and on the general and special terms and conditions as set forth herein; and

WHEREAS it is now desired to authorize issuance, and to the extent necessary to make them valid, confirm the sale of the \$163,000 Parity Street Improvement Revenue Bond, Series 2012 (the "Bond") to the Community Impact Board;

NOW, THEREFORE, Be It and It Is Hereby Resolved by the Mayor and City Council of Kanab City, Kane County, Utah, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. As used herein the following terms shall have the following meanings, unless the context otherwise clearly requires.

"Act" means the provisions of the Local Government Bonding Act of the State of Utah, Chapter 14, Title 11, Utah Code Annotated, 1953, as amended and the Registered Public Obligations Act of the State of Utah, Chapter 7, Title 15, Utah Code Annotated, 1953, as amended.

"Annual Debt Service" means the annual payment of principal, interest, and premium or penalty, if any, to be paid by the Issuer on all outstanding bonds or other forms of indebtedness which are secured by the revenues provided in §§72-2-107 and 72-2-108, Utah Code Annotated 1953, as amended.

"Bond" or "Series 2012 Bond" means the bond described in Article II hereof and hereby authorized to be issued by the Issuer, and in Articles III through V, inclusive, also including Future Parity Bonds if bonds on a parity with the Bonds are authorized as therein permitted or provided.

"Bondholder" means the registered holder of any registered bond, the issuance of which is authorized herein.

"City Recorder" means the duly appointed and acting City Recorder of the Issuer.

"Class 'B' and 'C' Road Funds" means all of the funds made available for use upon Class "B" and "C" roads within Kanab City apportioned by the Utah State Department of Transportation as provided in §§72-2-107 and 72-2-108, Utah Code Annotated 1953, as amended.

"Community Impact Board" means the State of Utah, Permanent Community Impact Fund Board, or any other successor agency.

"Delivery Date" means the date the Bond or Bonds are delivered to the initial purchaser and this date to be known on the Bond or Bonds as the issue date.

"Depository" or "Depository Bank" means a Qualified Depository (defined hereinafter).

"Escrow Account" means an account to be held in escrow by the Escrow Agent pursuant to an Escrow Agreement to be entered into between the Issuer and the Community Impact Board on the date of delivery of the Bond, said account to be used for the purpose of depositing the proceeds of the sale of the Bond as well as certain grant monies and supervising said proceeds pursuant to the terms of the Escrow Agreement.

"Escrow Agent" means the Utah State Treasurer.

"Excise Taxes" means all excise taxes levied and collected by the State for deposit in the State Transportation Fund and rebated to local governmental entities pursuant to Utah Code Annotated, §§72-2-107 and 72-2-108, as amended.

"Executive Officer" means the Mayor of the Issuer.

"Expense of Maintenance and Operation" means all expenses reasonably and necessarily incurred in connection with the operation and maintenance of the Roads, including the cost of service and repairs (other than capital improvements) necessary to keep the Roads in efficient operating condition, the cost of audits and financial reports hereinafter required, payment of paying agent's fees, depository fees, legal fees, architect's fees, engineering fees, fiscal agent's fees escrow agent's fees, properly allocated charges for insurance, any other expenses described as Expenses of Maintenance and Operation and generally all expenses which under general accounting practices are properly chargeable to maintenance and operation, but excluding depreciation.

"First Payment Date" means a payment of principal on July 1, 2013.

"Fully Registered Bond" means a single Bond registered as to both principal and interest in the denomination equal to the amount of the Bonds authorized herein.

"Future Parity Bonds" means any bonds hereafter issued by the Issuer on a parity with the Bond herein authorized pursuant to the conditions and restrictions set forth in Article V hereof.

"Governing Body" means the Mayor and City Council of the Issuer.

"Installment Amount" means the amount of each annual registered installment of principal and interest on the Bond, as shown in the Repayment Schedule in the Bond.

"Issue Amount" means the principal amount of the Bond authorized to be issued hereunder and is the amount of \$163,000.

"Issuer" means Kanab City, Kane County, Utah.

"Net Revenues" means, for any period, the Revenues during such period less Expenses of Maintenance and Operation during such period.

"Official Newspaper" is the Southern Utah News published in Kanab, Utah and of general circulation in Kanab, Utah.

"Outstanding" or "Outstanding Bonds" means any Bond which has been issued and delivered in accordance with the provisions hereof; but shall not include a Bond in lieu of which another Bond has been issued to replace a mutilated, lost, destroyed or stolen bond.

"Payment Date" means the 1st day of July in each year beginning with the year 2013.

"Payment Years" means the Years in which Installment Amounts come due, described as the years 2013 through 2022 with respect to the Bond.

"Permitted Investments" means those investments specified in Section 51-7-11, Utah Code Annotated, 1953, as amended.

"Pledged Revenues" means 100% of that portion of the Class B and C Road Funds received by the Issuer pursuant to §§72-2-107 and 72-2-108, Utah Code Annotated 1953, as amended, derived from excise taxes, as certified by the Utah State Department of Transportation.

"Project" means the construction and maintenance of certain Class "B" and "C" Roads within the boundaries of the Issuer, including the installation of storm drainage pipelines, manholes and inlet structures, together with all related work and improvements, the acquisition of necessary land and easements and in all other respects to pay the cost of foregoing including engineering and expenses and costs of and issuance of the bonds and to acquire and provide all appurtenant facilities therefor, together with all necessary or related work and improvements.

"Qualified Depository" means a depository institution constituting a "qualified depository" under Chapter 7 of Title 51, Utah Code Annotated 1953, as amended.

"Reserve Fund Installment" for the Bond means a monthly payment in an amount equal to 1/72nd of the Reserve Fund Requirement. Upon the issuance of any Parity Bonds, the Reserve Fund Installment shall be increased as provided in Section 5.07(a) (5) hereof.

"Reserve Fund Requirement" means an amount equal to the maximum Annual Debt Service on the Bond. Upon the issuance of Parity Bonds, the Reserve Fund Requirement shall be increased as provided in Section 5.07(a)(5) hereof.

"Resolution" means this resolution providing for the issuance of a revenue bond payable from the Revenues of the System, as from time to time amended or supplemented in accordance with the provisions hereof.

"Revenues" means all revenues and income of any kind available for the retirement of the Bond authorized hereby including but not necessarily limited to Class "B" and "C" Road Funds and all apportionments and allocations of funds to the Issuer under §§72-2-107 and 72-2-108, Utah Code Annotated 1953, as amended or any successor, counterpart or corresponding provision authorizing disbursement of or allocation of funds to be used in the Issuer's budget for Road construction, repair or maintenance.

"Road" or "Roads" means the total system of streets, roads, alleys or accommodations for vehicles and other transportation accommodations as provided in the corporate limits of the Issuer and may include facilities outside the corporate limits of the Issuer appurtenant or convenient to operation of the street system of the Issuer.

"Serial Bonds" means the registered \$1000 denomination (or multiples of \$1000) Parity Street Improvement Revenue Bond, Series 2012 which may be issued in exchange for the Fully

Registered Bond.

"State of Utah" or "State" means the Permanent Community Impact Fund Board, its assigns, or any successor boards, committees or bodies.

"System" means the entirety of Roads as hereinabove defined and also includes machinery, rolling stock, equipment or any facility or implement used by the Issuer within the meaning of Chapter 6, Title 72 of the Code and where deemed in the interests of the Issuer or to associate them, the System shall include curb, gutter, and sidewalks from property line through the network of roads and public ways as defined in §§72-2-107 and 72-2-108 of the Code.

"Year" means the 12-month period beginning on January 1st of each calendar year and ending on the next succeeding December 31st.

Except where the context otherwise requires, words importing the singular number shall include the plural and vice versa, and words importing the male gender shall include the female gender and vice versa.

ARTICLE II

TERMS AND PROVISIONS OF THE SERIES 2012 BOND

Section 2.01. Purpose and Authority.

(a) The Governing Body hereby finds, determines and declares that the Project to be acquired, constructed, improved and extended with the proceeds of the Bond are necessary for the proper operation of the System and is economically feasible, and the Revenues will be sufficient to retire the Bond.

(b) For the purpose of paying the cost of the Project, including the payment of all fees and expenses incident thereto and to the issuance of the Bond, the Bond shall be issued in the amount or amounts set forth on the Bond. The Bond shall be payable solely from the Revenues to be derived from the operation and ownership of the System, as more specifically provided herein, and, to the extent available, monies remaining in the Construction Fund as described in Section 2.05(c) upon completion of the Project.

Section 2.02. Designation and Terms of the Series 2012 Bond. The Bond shall be designated as provided in Section 2.06, shall be issued in an amount not to exceed \$163,000, shall be dated as of the date of delivery to the Community Impact Board, shall be issued as a single fully-registered bond, without coupons, in the denomination of the amount or amounts set forth on the Bond and shall be numbered R-1, the principal amount of which shall bear interest at the rate of two and one-half (2.5%) per cent per annum, from date and shall be in such amount as set forth in the table and column of Payment Dates and Amounts as set forth in the form of the Bond. Interest shall be

payable on the same day as the due date for a payment of principal.

Any installment of principal and interest which shall not be paid when due shall bear interest, to the extent permitted by law, at the rate of eighteen percent (18%) per annum from the date of maturity of such installment until that installment is paid.

Subject to prepayment of principal as herein provided, principal on the Bond shall be payable in the number of annual registered installments equal to the number of Payment Years, with no provision for any grace period as to the due date of such payments; provided, however, that the last such installment payment shall be in such amount as will pay the remaining principal due on the Bond on the date of such payment each in the amount of the Installment Amount, due on the Payment Date of each of the Payment Years. Each payment shall be first applied to any applicable interest accrued to the date of payment of that installment, then to principal. Principal and interest on the Bond shall be payable in any coin or currency which, on the respective dates of payments, is legal tender for the payment of debts to the United States of America and, except as hereinafter otherwise provided, shall be made by check or draft mailed to the Office of the Community Impact Board in Salt Lake City, Utah, or to its designee or to such other registered owner of the Bond as is shown on the registration books maintained by the Issuer at the close of business on the fifteenth day of the month next preceding each Payment Date at the address of such registered owner as it appears on such registration books or to such other address furnished in writing by such registered owner to the Issuer, and payment shall be endorsed thereon in the payment record attached thereto.

The single, Fully-Registered Bond may be exchanged for Serial Bonds in increments of \$1000 at the option of the holder.

Section 2.03. Parity Designation. The Series 2012 Bond is issued and sold upon a par with the Issuer's Street Improvement Bond, Series 2005 in the original principal amount of \$250,000 payable to the Utah Permanent Community Impact Fund Board and its Parity Street Improvement Bond, Series 2011 in the original principal amount of \$200,000 payable to the Utah Permanent Community Impact Fund Board (the "Prior Lien Bonds"). Neither the Series 2012 Bond nor the Prior Lien Bonds shall be entitled to any priority one over the other in the application of the Net Revenues of the System pledged to the payment of the Series 2012 Bond and the Prior Lien Bonds, regardless of the time or times of their issuance or delivery and there shall be no priority between the Series 2012 Bond or the Prior Lien Bonds in any rights provided in this Resolution for entitlement to payment or provisions made for payment.

Section 2.04. Prepayment Provisions and Provisions Regarding Notation of Payments.

(a) The Bond shall be subject to prepayment at the option of the Issuer at any time in whole or in part in multiples of \$1000 as to each bond plus accrued interest, if any, to the date of prepayment, and without premium. In the event of a partial prepayment, each installment payment due on the Payment Date of each Payment Year after such partial prepayment shall remain in the Installment Amount regardless of any such partial prepayment; provided that any such partial

prepayment shall reduce the principal due on the Bond in inverse order of installment maturities; and provided further that the final payment on the Bond shall be fully sufficient to pay all principal and interest, if any, remaining due thereon. With the exception of prepayments described in Section 2.06(c), each prepayment on the Bond shall be applied to any interest then due on the Bond and then to principal. Notice of any call for prepayment shall be given by registered mail not less than 30 days prior to the prepayment date to the State or to its designee, or to such other registered owner of the Bond as is shown on the registration books at the close of business on the fifteenth day next preceding the mailing of such prepayment notice at the registered owner's address as shown on such registration books or at such other address furnished in writing by such registered owner to the Issuer.

(b) In the event of a partial prepayment, such prepayment shall be made in the manner provided for herein for the payment of Installment Amounts (except that prepayments need not be made on Payment Dates) and endorsed on the Bond on the prepayment record attached thereto.

(c) If notice of prepayment shall have been given as aforesaid, the Bond or the portion thereof specified in said notice shall become due and payable at the prepayment price and on the prepayment date therein designated and if, on the prepayment date, money for the payment of the prepayment price of the Bond or the portion thereof to be prepaid shall be available for such prepayment on said date, then from and after the prepayment date, interest, if any, on the Bond or the portion thereof so called for prepayment shall cease to accrue and become payable.

(d) The registered owner of the Bond shall endorse any payment or prepayment of principal on the Bond upon the payment record or prepayment record attached to the Bond.

Section 2.05. Execution of Series 2012 Bond and Representations Relating to the Resolution. The Bond shall be executed on behalf of the Issuer by the manual signature of the Executive Officer and attested and countersigned by the manual signature of the City Recorder. The City Recorder shall impress or imprint the official seal of the Issuer on the Bond. The Treasurer is authorized and directed to complete the Certificate of Dates of Payment and Amount on the Bond. All of the covenants, promises, statements, recitals, representations and agreements contained in the Bond and this Resolution are hereby considered and understood, and it is hereby ordered and declared that the covenants, promises, statements, recitals, representations and agreements therein and herein are covenants, promises, statements, recitals, representations and agreements of the Issuer.

Section 2.06. Sale of Series 2012 Bond; Construction Fund.

(a) The sale of the Bond to the Community Impact Board at a price equal to the Issue Amount is hereby approved, ratified and confirmed. The Bond shall be delivered to the Community Impact Board as soon as may be conveniently done hereafter. The purchase price for the Bond will be deposited with the Escrow Agent, to be held by the Escrow Agent in accordance with the provisions of this Resolution and the Escrow Agreement.

(b) Proceeds of the sale of the Bond shall be paid into and disbursed from a special fund held by the Escrow Agent in the Escrow Account heretofore established and confirmed and to be known as the Construction Fund. Money in the Construction Fund shall be held, used and paid out solely for the purpose set out in Section 2.01 hereof or to prepay the Bond as hereinafter provided, pursuant to the provisions of the Constitution and laws of the State of Utah and the provisions of the Escrow Agreement, which provisions shall include a requirement that each disbursement of monies from the Construction Fund shall be made only upon the written authorization of the State and the Issuer in the manner provided in the Escrow Agreement. Monies held in the Construction Fund shall be invested as provided in the Escrow Agreement.

(c) Upon completion of the Project, the Issuer shall immediately notify the State in writing of such completion and shall immediately transfer, or cause the Escrow Agent to immediately transfer, in the manner set forth in the Escrow Agreement, any funds remaining in the Construction Fund to the Bond Fund. Such funds shall be used to the fullest extent possible and as soon as possible hereunder, to prepay principal installments on the Bond in the manner set forth in this Resolution by applying such amounts against principal installments in inverse order of maturity.

Section 2.07. Form of Series 2012 Bond: The Bond is designated the "Kanab City, Kane County, Utah, Parity Street Improvement Revenue Bond, Series 2012", shall be in such form as to authorize the maximum amount to be loaned in incremental advances and the Bond shall provide at the end thereof a Certificate of Dates of Payment and Amount which shall reflect the amount and date of each advance and to be certified by the Treasurer of the Issuer. The Bond shall be in substantially the following form:

**UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF KANE
KANAB CITY**

R-1

PARITY STREET IMPROVEMENT REVENUE BOND, SERIES 2012

<u>Principal Sum</u>	<u>Interest Amount</u>	<u>Original Issue Date</u>
\$163,000.00	2.50%	_____, 2012

Kanab City, Kane County, Utah (the "Issuer") for value received, promises to pay from the special fund hereinafter described and in the manner hereinafter set forth, and not otherwise, to the order of the registered owner hereof, the Total Principal Sum set forth above, bearing no interest and payable annually on July 1 of each year, with principal installments beginning July 1, 2013, as set forth in the following Repayment Schedule:

<u>Maturity Date</u> <u>July 1st</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u> <u>Payment</u>
2013	\$15,000.00	\$4,075.00	\$19,075.00
2014	15,000.00	3,700.00	18,700.00
2015	15,000.00	3,325.00	18,325.00
2016	16,000.00	2,950.00	18,950.00
2017	16,000.00	2,550.00	18,550.00
2018	16,000.00	2,150.00	18,150.00
2019	17,000.00	1,750.00	18,750.00
2020	17,000.00	1,325.00	18,325.00
2021	18,000.00	900.00	18,900.00
2022	18,000.00	450.00	18,450.00

To each installment of principal there shall be added interest, at the rate of Two and one-half (2.50%) per cent per annum, accruing from the Original Issue Date, on the entire balance remaining due under this Bond. Interest shall be payable on the same day as the due date for a payment of principal.

Any installment which shall not be paid when due shall bear interest, to the extent permitted by law, at the rate of eighteen percent (18%) per annum from the date of maturity of such installment until that installment is paid.

This Bond is also issued and sold upon a par with the Issuer's Street Improvement Bond, Series 2005 in the original principal amount of \$250,000 payable to the Utah Permanent Community Impact Fund Board and its Parity Street Improvement Bond, Series 2011 in the original principal amount of \$200,000 payable to the Utah Permanent Community Impact Fund Board (collectively, the "Prior Lien Bonds"). This Bond and the Prior Lien Bonds shall not be entitled to any priority one over the other in the application of the Net Revenues of the System pledged to the payment of this Bond and the Prior Lien Bonds regardless of the time or times of their issuance or delivery and there shall be no priority between this Bond or among this Bond and the Prior Lien Bonds in any rights provided in the Resolution authorizing the same for entitlement to payment or provisions made for payment.

Principal and interest on this Bond are payable solely from a Special Fund designated "Kanab City, Kane County, Utah Parity Street Improvement Revenue Bond, Series 2012 Bond Fund" into which fund and into a reserve therefor, to the extent necessary to assure prompt payment of principal and interest, if any, on said Bond, shall be pledged 100% of the Revenues derived and to be derived from the apportionment of funds available from the Utah State Department of Transportation for Class "B" and "C" Roads within the boundaries of the Issuer pledged therefor, all as more fully described and provided in the Bond Resolution adopted by the governing body of said Issuer on the 11th day of September, 2012 (the "Bond Resolution").

Both principal and interest, if any, on this Bond shall be payable in lawful money of the United States of America, to the registered owner hereof at the address of such owner shown on the registration books of the Issuer. Any holder of this Bond subsequent to its original holder is hereby placed on notice of all payments of both principal and interest, if any, on this Bond prior to its transfer to it and all subsequent holders hereof hereby acknowledge that they have ascertained the actual unpaid principal amount of this Bond as of the date of transfer to it and hereby release the Issuer from all obligation as to all principal and interest, if any, paid by the Issuer prior to such date.

The Issuer hereby reserves the right, at its option, to prepay the principal amount outstanding, in whole or, in the manner hereinafter provided, in part, at any time.

Prepayments shall be made on the date, at the place and in the manner provided herein for making regularly scheduled Installment payments. Any prepayments shall be in the amount of principal being prepaid, together with interest, if any, thereon to the date of prepayment, and shall be made without penalty or additional charges.

All prepayments, after application to accrued interest, if any, shall be applied to the reduction of the principal portion of each installment payment due on the Bond in inverse order of installment maturities.

Notice of any prepayment of all or part of any Installment shall be mailed by the Issuer, postage prepaid, not less than thirty (30) days prior to the prepayment date by mailing a copy of such Notice by registered or certified mail to the registered holder of this Bond at its address shown on the registration books. Failure to give such notice or any defect therein or in the mailing thereof shall not affect the effectiveness of the call for the redemption or prepayment by the Issuer.

This Bond is issued for the purpose of paying part of the cost of constructing improvements to certain Class B and C roads within the boundaries of the Issuer (the "System"), including the installation of storm drainage pipelines, manholes and inlet structures, together with all related work and improvements and such legal, engineering and fiscal agent expenses reasonably incurred, under the authority of the Utah Local Government Bonding Act, Section 11-14-101, et. seq., Utah Code Annotated, 1953, as amended, and under and by virtue of and in full conformity with the Constitution and laws of the State of Utah and a Resolution duly adopted by the Issuer on September 11, 2012.

This Bond does not now and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation nor a charge against the general credit or taxing powers of the Issuer.

This Bond shall be registered as to principal in the name of the initial purchaser and any subsequent purchasers in an appropriate book in the office of the City Recorder of the Issuer, who shall be the Registrar, each registration to be noted hereon by said Registrar. This Bond is transferable only by appropriate 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, a new bond in the same form as this Bond shall be issued to the registered owner in the name of the transferee.

The Issuer hereby represents that the principal amount of this Bond anticipated to be paid from Revenues shall not, at any one time, exceed an amount for which the average annual installments of principal and interest, if any, will exceed 80% of the Pledged Revenues to be derived from the collection or rebate of Excise Taxes (as defined in the Bond Resolution) at the rate established at the time of the adoption of the Bond Resolution authorizing the issuance of this Bond.

The Issuer hereby covenants with the registered owner of this Bond to keep and perform all covenants and agreements contained in the Resolution of the Issuer authorizing the issuance of this Bond, and the Issuer will cause to be collected and accounted for sufficient Net Revenues as defined in the Bond Resolution as will at all time be sufficient to pay the principal and interest, if any, payment on this Bond according to the payment terms set forth in this Bond and pursuant to the resolution authorizing this Bond.

In accordance with Section 265 of the 1986 Internal Revenue Code, the Issuer designates this Bond as an issue qualifying for the exception to the rule denying banks and other financial institutions the deduction for interest expenses allocable to tax-exempt interest. The Issuer reasonably anticipates that the total amount of qualified tax-exempt obligations (other than private activity bonds as defined in Section 141 of the 1986 Internal Revenue Code) which will be issued by the Issuer and by any aggregated issuer during the current calendar year will not exceed \$10,000,000. The total amount of obligations designated by the Issuer and all aggregated issuers for the current calendar year does not exceed \$10,000,000.

It is hereby certified, recited and declared that all conditions, acts and things essential to the validity of this Bond do exist, have happened and have been done and that every requirement of law affecting the issue thereof has been duly complied with; that this Bond does not exceed any limitation prescribed by the Constitution and laws of the State of Utah; that One Hundred (100%) per cent of the Net Revenues to be derived from the operation of the System, including any future improvements, additions and extensions thereto, have been and are hereby pledged and will be set aside into said Special Fund by the Issuer to be used for the payment of the principal of and interest, if any, on this Bond authorized and issued pursuant to the Resolution aforementioned.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor and countersigned by its City Recorder under the corporate seal of said Issuer this ____ day of _____, 2012.

KANAB CITY

(FORM ONLY - DO NOT SIGN)

By _____
Mayor

Countersigned:

(FORM ONLY - DO NOT SIGN)

City Recorder

(SEAL)

REGISTRATION CERTIFICATE

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

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

PREPAYMENT RECORD

I, the undersigned registered owner or authorized officer of the registered owner of the bond to which this Payment Record is attached (the "Owner"), hereby certify that the Owner has received from Kanab City, Kane County, Utah, the amounts indicated below on the dates set forth opposite such amounts in repayment of the loan of \$163,000 to Kanab City, Kane County, Utah, as referenced by the bond to which this Prepayment Record is attached and have placed my signature in the space provided opposite such amounts to evidence receipt of same.

As long as the State of Utah, Permanent Community Impact Fund Board, is the registered owner of the Bond to which this Prepayment Record is attached, the Chairman of said Board shall sign below as the owner of such Bond.

Principal Due

<u>Date</u>	<u>Amount</u>	<u>Payment</u>	<u>Principal Balance</u>	<u>Date Paid</u>	<u>Name, Title and Signature of Owner or Authorized Officer Thereof</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM- as tenants in common
TEN ENT- as tenants by the entireties

JT TEN- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT- _____ Custodian _____
(Cust) (Minor)

Additional abbreviations may also be used though not in the list above.

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

Insert Social Security or Other
Identifying Number of Assignee

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of Kanab City, Utah, and does hereby irrevocably constitute and appoint _____ attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signature: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

Section 2.08. Exchange of the Series 2012 Parity Street Improvement Revenue Bond for Serial (Exchange) Bonds. It is recognized that the State may sell or otherwise transfer the Bond pursuant to the provisions of the State Financing Consolidation Act, Title 63, Chapter 65, Utah Code Annotated, 1953, as amended, or otherwise. The Bond, may be exchanged at the office of the Issuer for a like aggregate principal amount of Serial Bonds in accordance with the provisions of this Section 2.08. Serial Bonds shall be substantially in the form set forth in Section 2.09 hereof and shall be in increments of \$1000. Each Principal Installment on the 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 Bond for Serial Bonds and the Issuer shall pay or cause to be paid all costs and other charges incident to such exchange.

Section 2.09. Form of Serial Bond. The Serial Bond shall be in substantially the following form:

REGISTERED

REGISTERED

No. R-__

\$ _____

**UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF KANE
KANAB CITY**

PARITY STREET IMPROVEMENT REVENUE BOND, SERIES 2012

[SEE REVERSE SIDE FOR ADDITIONAL PROVISIONS]	INTEREST RATE 2.50%	MATURITY DATE July 1, ____	DATED DATE _____, 20__
---	-------------------------------	--------------------------------------	----------------------------------

Registered Owner:

Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS that the City of Kanab City, Kane County, Utah (the "Issuer"), a duly organized and existing political subdivision of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the registered owner identified above, or registered

assigns, on the maturity date specified above, upon presentation and surrender hereof, the principal amount identified above, bearing interest at the rate of Two and one-half (2.50 %) percent per annum. If the principal amount of this Bond and any installment of interest is not paid when due, said principal and/or interest shall bear interest at the rate of eighteen (18%) per annum from said due date until paid. Principal of, premium, if any, and interest on this Bond shall be payable at the office of the registered owner. The principal of, premium, if any, and interest on this Bond shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. Payments received on this Bond shall be applied first to the payment of interest payable and then to principal.

THE ISSUER IS OBLIGATED TO PAY PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST, IF ANY, ON THIS BOND SOLELY FROM THE REVENUES (THE "REVENUES") DERIVED FROM APPORTIONMENT OF FUNDS AVAILABLE FROM THE UTAH STATE DEPARTMENT OF TRANSPORTATION FOR CLASS "B" AND "C" ROADS WITHIN THE BOUNDARIES OF ISSUER (THE "SYSTEM") UNDER THE TERMS OF THE RESOLUTION (AS HEREINAFTER DEFINED). THIS BOND IS NOT A DEBT OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON INDEBTEDNESS. PURSUANT TO THE RESOLUTION, REVENUES FROM THE SYSTEM HAVE BEEN PLEDGED AND WILL BE SET ASIDE INTO SPECIAL FUNDS BY THE ISSUER TO PROVIDE FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST, IF ANY, ON THIS BOND AND ALL BONDS OF THE SERIES OF WHICH IT IS A PART.

This Bond is also issued and sold upon a par with the Issuer's Street Improvement Bond, Series 2005 in the original principal amount of \$250,000 payable to the Utah Permanent Community Impact Fund Board and its Parity Street Improvement Bond, Series 2011 in the original principal amount of \$200,000 payable to the Utah Permanent Community Impact Fund Board (collectively, the "Prior Lien Bonds"). This Bond and the Prior Lien Bonds shall not be entitled to any priority one over the other in the application of the Net Revenues of the System pledged to the payment of this Bond and the Prior Lien Bonds regardless of the time or times of their issuance or delivery and there shall be no priority between this Bond or among this Bond and the Prior Lien Bonds in any rights provided in the Resolution authorizing the same for entitlement to payment or provisions made for payment.

This Bond and the issue of Bonds of which it is a part are issued in conformity with and after full compliance with the Constitution of the State of Utah and pursuant to the provisions of the Utah Local Government Bonding Act, Sections 11-14-101, et. seq., Utah Code Annotated, 1953, as amended (the "Act") and all other laws applicable thereto.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE OR AT THE END HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL

FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

In accordance with Section 265 of the 1986 Internal Revenue Code, the Issuer designates this Bond as an issue qualifying for the exception to the rule denying banks and other financial institutions the deduction for interest expenses allocable to tax-exempt interest. The Issuer reasonably anticipates that the total amount of qualified tax-exempt obligations (other than private activity bonds as defined in Section 141 of the 1986 Internal Revenue Code) which will be issued by the Issuer and by any aggregated issuer during the current calendar year will not exceed \$10,000,000. The total amount of obligations designated by the Issuer and all aggregated issuers for the current calendar year does not exceed \$10,000,000.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Utah or by the Act or the Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed and that the issue of the series of Bonds of which this Bond is a part, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said Constitution and statutes.

This Bond shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Issuer.

IN WITNESS WHEREOF, Kanab City, Kane County, Utah, has caused this Bond to be signed in its name and on its behalf by its Mayor and [a facsimile of] its corporate seal to be [imprinted] [impressed] hereon and attested and countersigned by its City Recorder [(the signatures of said Mayor and City Recorder being by facsimile), and said officials by the execution hereof do adopt as for their own proper signatures their facsimile signatures appearing on each of the Bonds], all as of the Issue Date specified above.

KANAB CITY

(FORM ONLY-DO NOT SIGN)

By _____
Mayor

ATTEST AND COUNTERSIGN:
(FORM ONLY-DO NOT SIGN)

By _____
City Recorder

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Resolution and is one of the Parity Street Improvement Revenue Bond, Series 2012, of Kanab City, Kane County, Utah.

KANAB CITY
as Bond Registrar

By _____
City Recorder

Date of Registration and Authentication:

Bond Registrar and Paying Agent:
Kanab City, Kane County, Utah

[FORM OF REVERSE SIDE OF OR TO BE APPENDED TO THE BONDS]

This Bond is a special obligation of the Issuer and is one of an issue of a total series of fully-registered Parity Street Improvement Revenue Bonds, Series 2012, designated as "Parity Street Improvement Revenue Bond, Series 2012", in the aggregate principal amount of \$163,000 dated as of the date set forth below, issued under, by virtue of, in full conformity with and after full compliance with the Constitution and laws of the State of Utah, including particularly the Utah Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended, the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code Annotated 1953, as amended, and a resolution duly adopted by the City Council of the Issuer (the "Governing Body") on September 11, 2012, authorizing this Bond (the "Resolution"), for the purpose of paying all or part of the cost of constructing improvements to certain Class B and C roads within the boundaries of the Issuer, including the installation of storm drainage pipelines, manholes and inlet structures, together with all related work and improvements, including, without limitation, all fees and expenses reasonably incurred in connection therewith and with the issuance of such Bonds as may be properly payable from the proceeds thereof. Principal of, premium, if any, and interest, if any, on this Bond is payable solely from the revenues, funds and other monies pledged or provided therefor under the terms of the Resolution.

The Issuer hereby represents that the principal amount of this Bond anticipated to be paid from Revenues shall not, at any one time, exceed an amount for which the average annual installments of principal and interest, if any, will exceed 80% of the Pledged Revenues to be derived from the collection or rebate of Excise Taxes (as defined in the Bond Resolution) at the rate

established at the time of the adoption of the Bond Resolution authorizing the issuance of this Bond.

To the extent and in the respects permitted by the Resolution, the 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 Resolution. The holder or owner of this Bond shall have no right to enforce the provisions of the 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 Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

The Bonds are dated as of _____, 2012 and are duly issued under and by virtue of the Act and under and pursuant to the Resolution. A copy of the Resolution is on file at the office of the City Recorder of the Issuer in Kanab City, Kane County, Utah, and reference to the Resolution and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the terms and conditions upon which the Bonds are issued and a statement of the rights, duties, immunities and obligations of the Issuer. Such pledge and other obligations of the Issuer under the Resolution may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

This Bond is transferrable, as provided in the Resolution, only upon the books of the Issuer kept for that purpose at the office of the City Recorder of the Issuer, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in a form approved by the Issuer, duly executed by the registered owner or his duly authorized attorney, and thereupon the Issuer shall issue in the name of the transferee a new registered Bond or Bonds of the same aggregate principal amount, series designation and maturity as the surrendered Bond, all as provided in the Resolution and upon the payment of the charges therein prescribed. The Issuer and any Paying agent may treat and consider the person in whose name this Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest, if any, payable hereon and for all other purposes whatsoever.

Subject to the provisions of the Resolution, the Bonds are issuable in fully registered form, without coupons, in the denomination of \$1000 and any integral multiple thereof.

The Bonds are subject to redemption at any time at the option of the Issuer in whole or in part (if in part, in integral multiples of \$1000) in inverse order of maturity upon notice given as hereinafter set forth, at a redemption price equal to the principal amount of each Bond or portion thereof to be so redeemed, and without premium.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds to be redeemed shall be selected as provided in the Resolution; provided, however, that subject to other applicable provisions of the Resolution, the portion of any Bond to be redeemed shall be in a

principal amount equal to a denomination in which the Bond was authorized to be issued, and that in selecting Bonds for redemption, the Issuer shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$1000. If part but not all of a Bond in a denomination in excess of \$1000 is to be redeemed, the registered owner thereof shall present and surrender such Bond to the Issuer, and the Issuer shall execute and authenticate and deliver to the registered owner thereof, without charge therefor, a Bond or Bonds of the same maturity for unredeemed balance of the principal amount of such Bond, all as more fully set forth in the Resolution.

Notice of redemption shall be given by the Issuer by registered mail, not less than 30 days nor more than 45 days prior to the redemption date, to the registered owner of this Bond, at his address as it appears on the bond registration books of the Issuer, or at such address as he may have filed with the Issuer for that purpose. Each notice of redemption shall state the redemption date and the principal amount and, if less than all of the Bonds are to be redeemed, the distinctive numbers of the Bonds to be redeemed.

If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated.

Except as otherwise provided herein and unless the context clearly indicates otherwise, words and phrases used herein shall have the same meanings as such words and phrases in the Resolution.

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM- as tenants in common

TEN ENT- as tenants by the entireties

JT TEN- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT- _____ Custodian _____
(Cust) (Minor)

Under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used though not in the list above.

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

Insert Social Security or Other
Identifying Number of Assignee

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of Kanab City, Kane County, Utah and does hereby irrevocably constitute and appoint _____ attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signature: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of The New York Stock Exchange or a commercial bank or trust company.

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

ARTICLE III

SALE OF BONDS; SYSTEM OF REGISTRATION

Section 3.01. Registration and Exchange of Bonds.

(a) This Article shall constitute a system of registration within the meaning and for the purpose of Chapter 7 of Title 15, Utah Code Annotated, 1953, as amended. The Issuer shall cause books for the registration and for the transfer of the Bonds to be kept at the office of its City Recorder.

(b) Upon surrender for transfer of any of the Bonds at the office of the Issuer, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Issuer and duly executed by the registered owner or his attorney duly authorized in writing, the City Recorder or other duly authorized official of the Issuer shall note the name of the transferee or transferees and the date of the transfer in the place provided on the back of the Bonds and shall affix his or her official signature thereon. The City Recorder shall thereupon deliver the Bond or Bonds to the transferee and shall enter in the registration books of the Issuer the name and address of the transferee.

(c) The Issuer shall not be required to transfer any of the Bonds during the period from the fifteenth day of the month next proceeding any Payment Date on the Bonds to and including such Payment Date, nor to transfer the Bonds during a period of 15 days next preceding mailing of a notice of prepayment of any installment, or portion thereof, on the Bonds.

(d) The person in whose name the Bonds shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and the Issuer shall not be affected by any notice to the contrary. Payment of the principal of and interest, if any, on the Bonds shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bonds to the extent of the sum or sums so paid.

(e) No service charge shall be made by the Issuer for any transfer of the Bonds but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer of the Bonds.

(f) Prior to making any transfer of the Bonds as provided in this Section, the City Recorder shall verify that the payment record and prepayment record attached to the Bonds have been accurately completed as of the date of such transfer and, if necessary, conform such payment record and prepayment record to accurately reflect all payments of principal on the Bonds, based on the records and information with respect to such Bonds maintained by the Issuer and the registered owner surrendering such Bonds.

Section 3.02. Mutilated, Lost, Destroyed or Stolen Bond. If any of the Bonds shall become mutilated, the Issuer, at the expense of the registered owner thereof, shall execute and deliver a new Bond of like tenor in exchange for the Bond so mutilated, but only upon surrender to the Treasurer of the Bond so mutilated, which Bond shall thereupon be canceled by the Issuer. If the Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Issuer and if such evidence be satisfactory and given, the Issuer, at the expense of the registered owner thereof, shall execute and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if the entire principal amount of the Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same without surrender thereof). Any Bond issued under the provisions of this Section in lieu of a 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 this Resolution. The Issuer shall not be required to treat both the original Bond and the duplicate Bond as being Outstanding for the purpose of determining the principal amount of the Bond and Parity Bonds which may be issued under this Resolution or for the purpose of determining any percentage of the Bond or Parity Bonds Outstanding under this Resolution, but both the original and duplicate Bond shall be conformed by the City Recorder to accurately reflect all payments of principal on the lost, destroyed or stolen Bond, based on the records and information with respect to such lost, destroyed or stolen Bond maintained by the Issuer and the registered owner of the Bond.

ARTICLE IV

FLOW OF FUNDS

Section 4.01. Pledge Effected by the Resolution.

(a) The Bond is a special obligation of the Issuer payable from and secured by the Revenues. There is hereby pledged for the payment of the principal of, prepayment premium, if any, and interest, if any, on the Bond in accordance with their terms and the provisions of this Resolution, subject only to the provisions of this Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Resolution, (i) the proceeds of sale of the Bond, (ii) the Revenues, and (iii) all funds established hereunder, including the investments, if any, thereof. Except as otherwise provided in this Section, the Bond herein authorized shall enjoy complete priority of lien on the Revenues.

(b) In no event shall the Bond 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.

Section 4.02. Establishment of Funds. The following funds are hereby established and confirmed:

- (1) Construction Fund, to be held by the Escrow Agent;

- (2) Revenue Fund, to be held by the Issuer;
- (3) Bond Fund, to be held by the Issuer; and
- (4) Reserve Fund, to be held by the Issuer.

Section 4.03. Revenue Fund.

(a) There shall be deposited into the Revenue Fund, as received, the Revenues of the System. The Revenue Fund shall be deposited with the Depository and the monies credited to said Revenue Fund shall be expended only in the manner herein specified.

(b) Expenses of Maintenance and Operation shall be paid by the Issuer from time to time as they become due and payable and shall be a first charge on the Revenue Fund.

Section 4.04. Flow of Funds.

(a) As soon as practicable in each month after the deposit of Revenues in the Revenue Fund, and after payment of unpaid Expenses of Maintenance and Operation then due, but in any case, prior to the end of such month, the Issuer shall transfer, or cause the Depository to transfer, to the extent of monies available in the Revenue Fund, to the following funds in the following order the amounts set forth below:

(1) In the Bond Fund, in each month so long as the Bond is outstanding, (i) one-twelfth of the sum of the amount of principal, and interest, if any, falling due on the Series 2012 Bond on the next Payment Date, plus (ii) all required payments on the Prior Lien Bonds; and

(2) All monthly installments to the reserve fund or other similar funds created pursuant to the issuance of the Prior Lien Bonds and to the Reserve Fund created herein, beginning the month next following the month in which the first Bond is issued hereunder, a sum equal to the Reserve Fund Installments so as to cause to be on deposit in the Reserve Fund an amount equal to the Reserve Fund Requirement not later than 72 months with respect to the Series 2012 Bond following the commencement of such monthly transfers; provided, however, that if monies shall ever be paid out of the Reserve Fund, monies shall be deposited, in addition to other deposits required by this paragraph (3), into the Reserve Fund from available Revenues (after making all other payments of Expenses of Maintenance and Operation and deposits into the Bond Fund heretofore provided in this Section) to the extent necessary to cause the amount paid out to be replaced.

If available Revenues in the Revenue Fund (after payment of Expenses of Maintenance and Operation and deposits into the Bond Fund) are not sufficient to allow the deposit of the full amount of the applicable Reserve Fund Installments to the Reserve Fund created herein, the Reserve Fund

for the Prior Lien Bonds as set forth above, then those available revenues shall be allocated among the Reserve Funds on a pro rata basis, based upon the relative Reserve Fund Installments for each such Reserve Fund. In addition, if amounts are subsequently withdrawn from the Reserve Fund as provided in Section 4.06, the Issuer shall thereafter make deposits from first available Revenues to the Reserve Fund created herein, the Reserve Funds created under the resolution authorizing the Prior Lien Bonds, in such amounts as is necessary to restore the amounts withdrawn; provided, however, that such deposits shall be made on a pro rata basis among said Reserve Funds until the amounts withdrawn have been fully restored.

(b) Amounts remaining in the Revenue Fund on the final day of each month in each year after payment of the amounts required by paragraph (a) of this Section and not required to meet Expenses of Maintenance and Operation or used for remedying any deficiencies in the payments previously made to the funds herein established, may be used, at the option of the Issuer and to the extent permitted by law, (1) to purchase or prepay any Bond in accordance with the provisions hereof governing prepayment of Bonds authorized hereunder in advance of maturity or, in the case of Future Parity Bonds, in accordance with the provisions of the resolution authorizing such Future Parity Bonds governing prepayment of such Future Parity Bonds in advance of maturity, including payment of expenses in connection with such purchase or prepayment; (2) to pay the principal or prepayment price of and interest, if any, on any bonds, including general obligation or junior lien revenue bonds of the Issuer issued to acquire, construct, improve or extend the System; (3) to pay the costs of capital improvements to the System; and (4) for any other lawful purpose, including, without limitation, payment of other obligations of the Issuer.

Section 4.05. Bond Fund. Monies in the Bond Fund shall be used for the purpose of paying principal, prepayment premium, if any, and any applicable interest when due on the Bond. The Bond Fund shall be kept on deposit with the Depository.

Section 4.06. Reserve Fund. In the event that the money on deposit in the Bond Fund on the final day of any month is less than the amount required to be in the Bond Fund pursuant to Section 4.04(a)(1) hereof, then the Issuer shall cause any funds on deposit in the Reserve Fund to be immediately transferred by the Depository to the Bond Fund in the amount required to eliminate the deficiency in the Bond Fund. Monies in the Reserve Fund may, if not required to be transferred to the Bond Fund as provided in this section, be used for the purpose of making emergency repairs or replacements to the System as shall be necessary to insure the continued operation thereof and the capacity of the System to earn Revenues. The Reserve Fund shall be kept on deposit with the Depository.

Section 4.07. Investment of Funds. All money maintained on deposit with the Depository shall be held as special and not as general deposits, the beneficial interest in which shall be in the registered owners from time to time of the Bond. All money so maintained on deposit with the Depository shall be secured to the fullest extent required or permitted by the laws of the State of Utah pertaining to the securing of public deposits. All or part of the money in the Bond Fund and in the Reserve Fund shall be invested by the Depository, at the direction of the Issuer, in Permitted

Investments, but any such investments so made shall always be such that the obligations mature or become optional for redemption in amounts and at times so as to assure the availability of the proceeds thereof when needed for the purpose for which such funds were created. Interest received on all such investments permitted hereunder shall be deposited in the Revenue Fund, except that at any time less than the required amount is on deposit in either the Bond Fund or the Reserve Fund, then interest attributable to such fund, respectively, shall be deposited into such fund. Whenever any money so invested from the Bond Fund or the Reserve Fund is needed for the purpose for which such fund was created, such investments, to the amount necessary, shall be liquidated by the Depository at the direction of the Issuer, and the proceeds thereof applied to the required purpose.

Section 4.08. Use of Funds When Reserves Sufficient to Pay Outstanding Bonds. Provided all principal and interest on the Prior Lien Bonds have been paid in full and whenever there is sufficient available money in the Bond Fund and in the Reserve Fund to pay in full all principal and interest under this Bond and all Bonds in accordance with their terms and the terms of this Resolution or, in the case of Future Parity Bonds, the resolution authorizing the issuance of such Future Parity Bonds, the money in such funds shall be used for such purpose and no other purpose but no additional payments need to be made into either fund unless necessary to replace monies lost or otherwise dissipated therefrom. If all payments of principal and interest under the Bond authorized by this Resolution are fully paid before the Prior Lien Bonds are fully paid, all payments required under the Resolution authorizing the Prior Lien Bonds shall be paid into the Bond and Reserve Funds until the Prior Lien Bonds are satisfied in full or defeased.

ARTICLE V

COVENANTS AND UNDERTAKINGS

Section 5.01. Covenant of Issuer. The Issuer hereby covenants and agrees with each and every holder of the Bonds the following:

(a) While any of the Bonds remain outstanding and unpaid, any resolution or other enactment of the Issuer, applying the Pledged Revenues for the payment of the Bonds shall be irrevocable until the Bonds have been paid in full as to both principal and interest, if any, and shall not be subject to amendment or modification in any manner which would impair the rights of the holders of the Bonds or which would in any way jeopardize the timely payment of principal or interest, if any, when due.

(b) So long as any 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 receipt and use of Pledged Revenues. 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. Except as otherwise provided herein, the Issuer further agrees that it will within one hundred fifty (150) days following the close of each fiscal year (the term "fiscal year" as used in this subsection meaning whatever

twelve-month period the Issuer may from time to time be using for general financial accounting purposes) 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 Pledged Revenues, and that such audit will be available for inspection by each Bondholder; provided, however, during such periods of time as the Community Impact Board is the Registered Owner of the Bond, each such audit will be supplied to the Community Impact Board as soon as completed without prior request therefor by the Community Impact Board. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

(i) A statement in detail of the receipt and expenditure of Pledged Revenues for such fiscal year;

(ii) A balance sheet as of the end of such fiscal year;

(iii) The accountant's comments regarding the manner in which the Issuer has carried out the requirements of this Bond Resolution, and the accountant's recommendations for any change or improvement;

(iv) A list of the insurance policies in force at the end of the fiscal year, setting out as to each policy, the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy; and

(v) An analysis of all funds created in this Bond Resolution, setting out all deposits and disbursements made during the fiscal year and the amount in each fund at the end of the fiscal year.

The Community Impact Board may, upon written request from the Issuer setting forth the reasons why a certified audit is not necessary or is impractical, waive the audit requirements for any particular fiscal year set forth in this Subsection 5.01(b), provided, however, that such waiver shall not apply to the reporting requirements of the Issuer set forth in Subsection 5.01(c) herein.

(c) In addition to the reporting requirements set forth in Subsection 5.01(b) above, the Issuer shall submit to the Community Impact Board within one hundred fifty (150) days following the close of the Issuer's fiscal year, a summary report substantially in the form as provided by the Community Impact Board to the Issuer upon purchase of the Bonds.

All expenses incurred in compiling the information required by this section shall be regarded and paid as an operation and maintenance expense of the Project. If a Bondholder is other than the Community Impact Board, the Issuer agrees to furnish a copy of such information to such Bondholder at its request after the close of each fiscal year. Any Bondholder shall have the right to discuss with the accountant compiling such information the contents thereof and to ask for such additional information as it may reasonably require.

(d) Each Bondholder shall have the right at all reasonable times to inspect the Project, 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 Project as it may from time to time reasonably require.

(e) Every officer, agent or employee of the Issuer having custody or control of any of the Revenues or of the proceeds of the Bonds shall be bonded by a responsible corporate surety in an amount not less than the greatest amount reasonably anticipated to be within the custody or control of such officer, agent or employee at one time. The premiums on such surety bonds shall not be an operation and maintenance expense of the Project.

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

(g) 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 Project 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 Revenues or any part thereof or which might impair the security of the Bond, except when the Issuer in good faith contests its liability to pay the same.

(h) All payments falling due on the 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.

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

Section 5.02. Covenant of State of Utah. In accordance with Section 11-14-307, Utah Code Annotated 1953, as amended, the State of Utah hereby pledges and agrees with the holders of the Bonds, that it will not alter, impair or limit the excise taxes in a manner that reduces the amounts to be rebated to the Issuer which are devoted or pledged herein until the Bonds, together with applicable interest, are fully met and discharged; provided, however, that nothing shall preclude such alteration, impairment, or limitation if and when adequate provision shall be made by law for the protection of the holders of the Bonds.

Section 5.03. Observance of Laws and Regulations; Permits, Licenses and Claims.

(a) The Issuer will well and truly keep, observe and perform all valid and lawful obligations or orders or regulations now and 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 over the Issuer or the System or both, 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.

(b) The Issuer shall at all times undertake reasonable efforts to perfect, and protect and maintain rights of any kind, all purchase contracts of any kind, and all permits, licenses and claims, necessary for the operation of the System.

Section 5.04. Insurance and Fidelity Bonds.

(a) The Issuer agrees to procure and maintain, or cause to be procured and maintained, insurance on the System and public liability insurance in such amounts and against such risks as are usually insurable in connection with similar systems and as is usually carried by municipalities operating similar systems.

(b) The Issuer further agrees to procure and maintain, or cause to be procured and maintained, adequate fidelity insurance or bonds on the positions of Executive Officer, City Recorder, City Treasurer and on any other person or persons handling or responsible for funds of the Issuer related to the System.

(c) The provisions of this Section relating to the procurement and maintenance of insurance are subject to the condition that insurance of the type described herein is obtainable at reasonable rates and upon reasonable terms and conditions.

Section 5.05. Against Sale or Other Disposition of System Property Except Under Conditions. The Issuer will not sell, lease, encumber, alienate or in any manner dispose of the System or any substantial part thereof until all of the Bonds have been paid in full; provided, however, that nothing herein contained shall be construed to prevent disposal by the Issuer, upon prior written notice to the registered owners of the Bonds, of property which it deems has become inexpedient to use in connection with the System, when other property of equal value is substituted therefor.

Section 5.06. Against Competition with System Services. The Issuer, so far as it legally may, covenants and agrees that it will not operate or grant a franchise for the operation of any system competing with the System within the boundaries of the Issuer as long as any of the Bonds are Outstanding.

Section 5.07. Future Parity Bonds.

(a) The Issuer will issue no other bonds or obligations of any kind or nature payable

from or enjoying a lien on the Revenues, unless such other bonds or obligations together with all then Outstanding Bonds payable from the Revenues do not exceed an amount for which the average annual installment of principal and interest, if any, exceeds 80% of the total excise tax revenues received by the Issuer from the collection or rebate of the excise tax revenues during the fiscal year of the Issuer immediately preceding the year in which the resolution authorizing the issuance of Future Parity Bonds is adopted and Issuer otherwise complies with the provisions of Section 11-14-307, Utah Code Annotated, as amended; provided that at any time Future Parity Bonds may be authorized by resolution of the Governing Body the following conditions shall be met:

(1) If the Future Parity Bonds are to be issued solely for the purpose of refunding a portion of the Bonds then outstanding then, for the purpose of making the calculation required under the foregoing paragraph, the maximum annual debt service on the Outstanding Bonds in any future Year shall take into consideration only Bonds that will remain outstanding after the issuance of such Future Parity Bonds, provided that if before the issuance and delivery of such Future Parity Bonds all of the Bonds theretofore issued will have been retired, nothing herein contained shall limit or restrict the issuance of any such Future Parity Bonds;

(2) Future Parity Bonds may be issued only for the purpose of acquiring, constructing, improving or extending the System, or for the purpose of refunding any outstanding Bonds, or for any combination of such purposes;

(3) The resolution authorizing the issuance of such Future Parity Bonds shall provide that the last maturity date of the Future Parity Bonds shall not be earlier than the last maturity date of any Bonds theretofore issued and then outstanding and shall provide for fixed serial maturities or mandatory minimum sinking fund payments, of any combination thereof, in such amounts as will be sufficient to provide for the payment or retirement of all such Future Parity Bonds on or before their respective maturity dates;

(4) The payments required to be made into the various funds provided in Article IV hereof must be current at the time of the issuance of such Future Parity Bonds; and

(5) Any proceedings authorizing issuance of Future Parity Bonds must provide that the Reserve Fund therein is to be accumulated to an amount not less than the maximum annual debt service within 36 months from the date of delivery of such Future Parity Bonds, in 36 approximately equal monthly installments. The Reserve Fund requirement for Future Parity Bonds will be in addition to the requirement that the reserves of all outstanding bonds, both Prior Lien Bonds and Parity Bonds, shall (without contradictory redundancy) be raised and maintained to an amount which is the greater of the reserve fund requirement established in each respective resolution authorizing the issuance of any then outstanding Bonds or the maximum annual debt service on each Bond.

(b) A certificate evidencing compliance with the foregoing requirements of this

Section signed by the Executive Officer and attested and countersigned by the City Recorder shall be delivered to the State so long as it is the registered owner of any of the Bonds and to any other registered owner of any of the Bonds requesting a copy thereof, prior to the issuance of any Future Parity Bonds.

Section 5.08. Rights and Remedies of Bondholders.

(a) The registered owner of any outstanding Bonds from time to time shall be permitted the exercise of all rights and powers to which such registered owner is entitled under the Constitution and laws of the State of Utah.

(b) In addition to all other rights afforded by the Constitution and laws of the State of Utah, to the extent permitted by law, the Issuer agrees that the registered owner of any outstanding Bonds shall have the right (i) to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the officials of the Issuer to charge and collect rates for services supplied by the System sufficient to meet all requirements of this Resolution, and (ii) if any of the Bonds shall be permitted to default as to payment of principal, prepayment premium, if any, and interest, if any, thereon to apply to a court of competent jurisdiction to appoint a receiver for the System.

(c) Further, in the event of default the bondholder has the remedy to impose interest on the total outstanding principal balance of the Bonds at the rate of 18% per annum until the default is cured.

Section 5.10. Resolution to Constitute Contract Between the Issuer and the Holders of the Bond. The provisions of this Resolution shall constitute a contract between the Issuer and the registered owners from time to time of the Bond. After the issuance of any such Bond, no change, variation or alteration in the provisions of this Resolution may be made, except as provided in Article V hereof. The provisions of such contract shall be enforceable by appropriate proceedings to be taken by any of such registered owners either at law or in equity, to the extent permitted by law.

Section 5.11. Compliance with Resolution. The Issuer will not issue, or permit to be issued, any bonds or other obligations in any manner other than in accordance with the provisions of this Resolution and will not suffer or permit any default to occur under this Resolution, but will faithfully observe and perform all of 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 this Resolution and for the better assuring and confirming to the registered owners of the Bonds of the rights, benefits and security provided in this Resolution. The Issuer for itself, its successors and assigns represents, covenants and agrees with the registered owners of the Bonds, as a material inducement to the purchase of the Bonds, that so long as any of the Bonds shall remain outstanding and the principal thereof, prepayment premium, if any, or interest, if any, thereon shall be unpaid or unprovided for, it will faithfully perform all of the covenants and agreements contained in this

Resolution and the Bonds.

Section 5.12. Power to Issue Bond and Pledge Revenues and Funds; Power to Own the System and Collect Rates and Fees; Ownership of Project. The Issuer is duly authorized under all applicable laws to create and issue the Bond and to adopt this Resolution and to pledge the Revenues purported to be pledged by Resolution in the manner and to the extent provided herein. The Bond and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Issuer in accordance with the terms of the Bond and the terms of this Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues under this Resolution and all the rights of the registered owners of the Bond under this Resolution against all claims and demands of all persons whomsoever. The Issuer has, and will have so long as any Bonds are outstanding, good, right and lawful power to acquire, construct, improve, extend and own the Project and the System and to fix and collect rates, fees and charges, as appropriate, in connection with the System. The Issuer will, so long as any Bonds are Outstanding, own and operate the Project.

ARTICLE VI

MODIFICATION OR AMENDMENT OF RESOLUTION

Section 6.01. Amendments Permitted. The registered owners of seventy-five percent (75%) in principal amount of the outstanding Bonds (not including any Bonds which may then be held or owned by or for the account of the Issuer), shall have the right from time to time to approve the adoption by the Governing Body of any amendment to this Resolution which may be deemed necessary or desirable by the Governing Body; provided, however, that nothing herein contained shall permit or be construed to permit the modification of the terms and conditions in this Resolution or in the Bonds so as to:

- (1) Make any change in the maturity of the Bonds;
 - (2) Reduce the rate of interest borne by any of the Bonds;
 - (3) Reduce the amount of the principal payable on the Bonds;
 - (4) Modify the terms of payment of principal of, prepayment premium, if any, or interest on the Bonds or impose any conditions with respect to such payment;
 - (5) Affect the rights of the registered owners of less than all of the Bonds then Outstanding;
- and
- (6) Make any change in the provisions of this Article.

Section 6.02. Notice of Proposed Amendment; Consent of Bondholders.

(a) If at any time the Governing Body shall have proposed an amendatory resolution, it shall cause the notice of the proposed adoption of such resolution to be sent by registered mail to the registered owners of the Bonds then Outstanding. No notice by publication shall be required.

(b) Whenever at any time within one year from the date of the mailing of said notice, there is filed in the office of the City Recorder an instrument or instruments executed by the registered owners of at least seventy-five percent (75%) in principal amount of the Bonds then Outstanding, specifically consenting to and approving the adoption of the amendatory resolution; thereupon, but not otherwise, said resolution shall become effective and the provisions thereof binding upon the registered owners of all of the Bonds then outstanding and no registered owners of any Bond then outstanding, whether or not he shall have consented to or shall have revoked any consent as in this Article provided, subject to the limitations of the subsequent paragraph, shall have any right to object to the adoption of such amendatory resolution or to the operation of any of the terms and provisions thereof.

(c) Any consent given by the registered owners of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of six months from the date of the mailing of the notice aforesaid and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of mailing of such notice by the registered owners who gave such consent, or by a successor in title, by filing notice with the Governing Body in form satisfactory to the Governing Body of such revocation of consent, but such revocation shall not be effective if the registered owners of seventy-five percent (75%) in principal amount of the Bonds then Outstanding have prior to the attempted revocation consented to and approved the amendatory resolution.

(d) Proof of the execution of any such instrument of consent or the ownership by any person of such Bonds shall be conclusive, if made in the manner provided in this Article. The fact and date of the execution by any person of any such instrument of consent may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgment of deeds, certifying that the person signing such instrument of consent acknowledged to him/her the execution thereof.

(e) The amount and number of Bonds owned by any person executing any such instrument of consent and the date of his holding the same may be proved by a certificate executed by any bank, trust company or member of the New York Stock Exchange, showing that on the date therein mentioned such person had on deposit with or exhibited under the claim of ownership to such bank, trust company or member of the New York Stock Exchange the Bonds therein described. The Governing Body may nevertheless in its discretion require further proof in cases where it deems further proof desirable.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Discharge of Indebtedness. Any Bond or Parity Bond shall not be deemed Outstanding when:

(1) It is canceled because of payment or prepayment prior to maturity; or

(2) Cash funds for the payment or prepayment of such Bond or Parity Bond shall have been theretofore deposited with the Depository for such Bond or Parity Bond, respectively (whether upon or prior to maturity of or the prepayment date established for such Bond or Parity Bond); provided that if the Bond or Parity Bond is to be prepaid prior to maturity, notice of such prepayment shall have been given or waiver of such notice shall have been filed with the Issuer by the registered owner of the Bond or Parity Bond, respectively, to be prepaid and there shall have been deposited irrevocably and arrangements shall have been made with the Depository to assure payment of all fees and expenses of the Depository to become due on and prior to the maturity or prepayment date, with no monies to be invested in any investments but direct obligations of or obligations guaranteed by the United States of America, maturing and bearing interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal when due.

Section 7.02. Execution of Escrow Agreement. The Escrow Agreement, in substantially the form presented at the meeting at which this Resolution is adopted, is hereby approved and the Executive Officer and the City Recorder are hereby authorized and directed to execute and deliver the Escrow Agreement to the parties thereto, with such changes, if any, as the Executive Officer may direct prior to such execution and delivery. Said execution of the Escrow Agreement shall constitute conclusive evidence of the approval thereof by the Executive Officer.

Section 7.03. Depository. The Depository hereunder shall be a Qualified Depository. If at any time the Depository hereunder shall cease to be a Qualified Depository, the Issuer shall, as soon as reasonably practicable, select a successor thereto who shall be a Qualified Depository.

Section 7.04. Resolution Not to be Construed to Make the Bond an Indebtedness of the Issuer. Nothing in this Resolution shall be construed in such a manner as to result in making the Bond 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 Resolution are invalid or that the enforcement of the provisions of this Resolution would make the Bond invalid or unenforceable, said provisions of this Resolution shall be considered to be null and void.

Section 7.05. Partial Invalidity. If any one or more articles, sections, paragraphs, clauses or provisions of this Resolution or the application thereof to any person or circumstances are held to be invalid by final decision in any court of competent jurisdiction, such invalidity shall not affect the other articles, sections, paragraphs, clauses and provisions of this Resolution which can be given

effect without the article, section, paragraph, clause or provision so held to be invalid or the application of which is held to be invalid and shall not affect the application of such article, section, paragraph, clause or provision to other persons or circumstances and to this end the provisions of this Resolution are declared to be severable.

Section 7.06. Article and Section Headings. All references herein to "Articles", "Sections" and subdivisions are to the corresponding articles, sections or words of similar import refer to this 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 or reference and shall not affect the meaning, construction or effect of this Resolution.

Section 7.07. Publication of Notice of Bonds to Be Issued. In accordance with the provisions of Section 11-14-316, Utah Code Annotated, 1953, as amended, the Secretary has heretofore caused "Notice of Bonds to be Issued" to be published one (1) time in the Southern Utah News, a newspaper having general circulation in Kanab, Utah, which is hereby confirmed and ratified.

Section 7.08. Conflicting Resolutions. All resolutions and parts thereof in conflict herewith and hereby repealed to the extent of such conflict.

Section 7.09. Effective Date. Immediately after its adoption, this Resolution shall be signed by the Mayor and the City Recorder shall have the official seal of the Issuer impressed or imprinted hereon, shall be recorded in a book kept for that purpose and shall take immediate effect.

PASSED AND APPROVED this 11th day of September, 2012

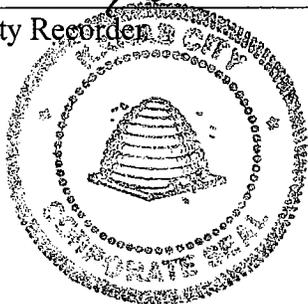
KANAB CITY

By 
Mayor

ATTEST AND COUNTERSIGN:

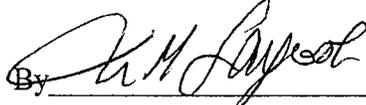
By 
City Recorder

[SEAL]



After the conduct of other business not pertinent to the foregoing, it was moved and carried that the Mayor and City Council adjourn.

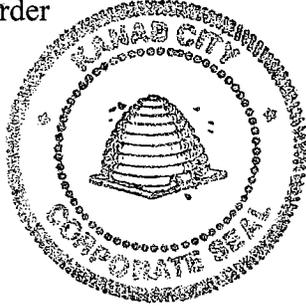
KANAB CITY

By 
Mayor

ATTEST:

By 
City Recorder

[SEAL]



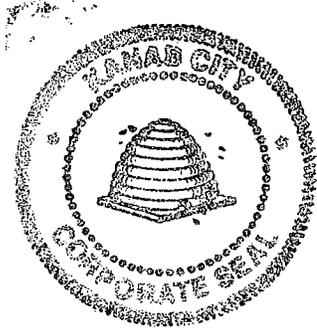
STATE OF UTAH)
 : ss.
COUNTY OF KANE)

I, DUANE HUFFMAN, the undersigned, do hereby certify that I am the duly qualified and acting City Recorder of Kanab City, Kane County, Utah (the "Issuer"). I further certify that the above and foregoing constitutes a true and correct copy of the minutes of a regular public meeting of the Mayor and City Council of the Issuer, held on September 11, 2012, including a Resolution adopted at such meeting, together with exhibits and appendices attached thereto, as said minutes, resolution and appendices are recorded in the regular official book of minutes of the proceedings of the Governing Body kept in the office of the City Recorder that said proceedings were duly had and taken as therein shown, that the meeting thereon shown was in all respects called, held and conducted in accordance with law, and that the persons therein named were present at said meeting, as therein shown.

I further certify and I caused a true and correct copy of the above-referenced resolution (including all exhibits and appendices attached thereto) to be filed in the office of the City Recorder for examination by any interested person during the regular business hours of the office of the City Recorder.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of the Issuer, this 11th day of September, 2012.

[SEAL]





City Recorder