

CHAMBERLAIN ASSOCIATES

ATTORNEY AT LAW

225 NORTH 100 EAST

RICHFIELD, UTAH 84701

RICHARD K. CHAMBERLAIN

TELEPHONE 435-896-4461

TELEFAX 435-896-5441

November 13, 2012

Mr. Gregory J. Schafer
Delta City Recorder
76 North 200 West
Delta, Utah 84624

Re: Delta City, Millard County, Utah
Culinary Water Project
Sherwood Water Company Project

Dear Greg:

Please find enclosed original and two copies of the REVISED Parameters Resolution authorizing issuance of the bonds and calling a public hearing to receive input with respect to the issuance of Parity Water Revenue Bonds issued for the purpose of purchasing the Sherwood Water Company infrastructure and construction of a transmission and distribution lines from the City to the Sherwood Water Company service area, which Resolution is for adoption at your November 15, 2012 meeting.

It will be necessary for you to have all copies completely executed as indicated, keep a copy for your files and return the other copies to us for inclusion into the bond transcript.

As you are aware, legislation requires that a 2-week notice be published in the newspaper, that the Notice be published on the Utah Public Notice Website (www.utah.gov.pmn) and a public hearing held not sooner than 14 days following the first publication date. We have inserted December 5, 2012 at 6:45 p.m. for your public hearing. If you want to change this date, please call and let us know so that we make sure that the notice going to the Millard County Chronicle Progress is correct.

I will e-mail the form of Notice to you so that you will not need to retype it.

CHAMBERLAIN ASSOCIATES

November 13, 2012

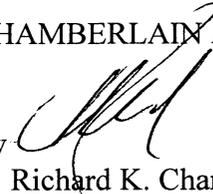
Page 2

If you have any question concerning the enclosed Resolution or any other matter concerning this issue, please call.

Yours very truly,

CHAMBERLAIN ASSOCIATES

By



Richard K. Chamberlain

RKC:sb

Encls.

NOTICE OF PUBLIC HEARING
AND BONDS TO BE ISSUED

PUBLIC NOTICE IS HEREBY GIVEN that on November 15, 2012, the Mayor and City Council of Delta City (the "Issuer"), adopted a resolution (the "Resolution") declaring its intention to issue its Parity Water Revenue Bonds (the "Bonds") pursuant to the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended and to call a public hearing to receive input from the public with respect to the issuance of the Bonds.

TIME, PLACE AND LOCATION OF PUBLIC HEARING

The Issuer shall hold a public hearing on December 6, 2012, at the hour of 6:45 p.m. The location of the public hearing is in the Delta City Hall, 76 North 200 West, Delta, Utah. The purpose of the meeting is to receive input from the public with respect to the issuance of the Bonds and any potential economic impact to the private sector from the construction of the Project to be funded by the Bonds. All members of the public are invited to attend and participate.

PURPOSE FOR ISSUING BONDS

The Issuer intends to issue the Bonds for the purpose of (i) financing all or a portion of the cost of purchasing the infrastructure of Sherwood Water Company and construction of the City's culinary water system, including constructing a transmission line between the City and Sherwood Water Company service area, new distribution line with appropriate valves and appurtenances, together with all related work and improvements; and (ii) paying costs of issuing the Bonds.

PARAMETERS OF THE BONDS

The Issuer intends to issue the Bonds in the principal amount of not to exceed \$800,000, to bear interest at a rate not to exceed 2.5% per annum, to mature in not to more than 35 years from their date or dates, and to be sold at a price not less than 100% of the total principal amount thereof, plus accrued interest to the date of delivery. The Bonds will specify that any installment of principal on the Bonds which shall not be paid when due shall bear interest at the rate of 18% per annum from the due date thereof until paid.

NOTICE IS FURTHER GIVEN that a period of 30 days from and after the last date of publication of this Notice is provided by law during which any person in interest shall have the right to contest the legality of the Resolution or the Bonds, or any provision made for the security and payment of the Bonds, and that after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause whatsoever.

A copy of the Resolution is on file in the office of the City Recorder in Delta, Utah, where it may be examined during regular business hours of the City Recorder from 7:00 a.m. to 6:00 p.m. on Monday through Thursday of each week.

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Notice Added Successfully

Your notice has been created successfully.

Notice Title: Public Hearing Notice

Government Type: Cities

Entity: Delta

Public Body Name: City Council

Notice Subject: Bonds

Notice Type: Notice, Hearing

Street Address: 76 N 200 W

Street Address continued:

City: Delta

Zip: 84624

Start Date: 12/06/12 6:45 PM

End Date: 11/15/12 7:00 PM

Description / Agenda: NOTICE OF PUBLIC HEARING

ADA: AND BONDS TO BE ISSUED

PUBLIC NOTICE IS HEREBY GIVEN that on November 15, 2012, the Mayor and City Council of Delta City (the "Issuer"), adopted a resolution (the "Resolution") declaring its intention to issue its Parity Water Revenue Bonds (the "Bonds") pursuant to the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended and to call a public hearing to receive input from the public with respect to the issuance of the Bonds.

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PURPOSE FOR ISSUING BONDS

The Issuer intends to issue the Bonds for the purpose of (i) financing all or a

portion of the cost of purchasing the infrastructure of Sherwood Water Company and construction of the City's culinary water system, including constructing a transmission line between the City and Sherwood Water Company service area, new distribution line with appropriate valves and appurtenances, together with all related work and improvements; and (ii) paying costs of issuing the Bonds.

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NOTICE IS FURTHER GIVEN that a period of 30 days from and after the last date of publication of this Notice is provided by law during which any person in interest shall have the right to contest the legality of the Resolution or the Bonds, or any provision made for the security and payment of the Bonds, and that after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause whatsoever.

A copy of the Resolution is on file in the office of the City Recorder in Delta, Utah, where it may be examined during regular business hours of the City Recorder from 7:00 a.m. to 6:00 p.m. on Monday through Thursday of each week.

DATED this 15th day of November, 2012.

/s/ Gregory J. Schafer
City Recorder

[Publish once each week for two consecutive weeks.]

Electronic Participation: THE PUBLIC IS ENCOURAGED TO PARTICIPATE IN ALL CITY MEETINGS. Furthermore, in accordance with the Americans with Disabilities Act, the City of Delta will make reasonable accommodations for those needing assistance to participate in our meetings. Requests for meeting assistance can be made by e-mailing the Delta City Recorder, gschafer@delta.utah.gov or calling 435-864-2759 at least 24 hours in advance of the meeting to be attended.

Other: The City Council of the City of Delta, Utah may exercise its right under §52-4-207, Utah Code Annotated (1953), as amended, and Delta City Ordinance Number 10-247, to convene and conduct electronic meetings in accordance with certain procedures and requirements outline therein.

Emergency Notice:

Send copy of notice to: No

Attachments: dean@millardccp.com

There are attachments associated with this notice.

[Back to main page](#)

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Delta, Utah

November 15, 2012

The Mayor and City Council ("Governing Body") of Delta City, Millard County, Utah (the "Issuer"), met in special public session on November 15, 2012, at the City Office in Delta, Utah, at 8:00 o'clock p.m., Utah time, due, legal and timely notice of the meeting having been given to all councilmembers as required by law and the rules of the City Council. The meeting was called to order by the Mayor. On roll call, the following Councilmembers, constituting a quorum, were present:

Gayle K. Bunker	Mayor
Robert W. Banks	Councilmember
John W. Niles	Councilmember
Steven R. Pratt	Councilmember
Thomas N. Stephenson	Councilmember
Betty Jo Western	Councilmember

Also present:

Gregory J. Schafer	City Recorder
--------------------	---------------

Absent:

After the minutes of the preceding meeting had been read and approved, the City Recorder presented to the Council an affidavit evidencing the giving of not less than twenty-four (24) hours public notice of the agenda, date, time and place of the November 15, 2012, meeting of the Council in compliance with the requirements of Section 52-4-202(1), Utah Code Annotated 1953, as amended, by (1) posting written notice of the meeting at the principal office of the City Council, and (2) providing notice to at least one newspaper of general circulation within the geographic jurisdiction of Delta City, Millard County, Utah (the "City") or to a local media correspondent. The affidavit was ordered recorded in the minutes of the meeting and is as follows:

STATE OF UTAH)
 :
COUNTY OF MILLARD)

I, GREGORY J. SCHAFER, the duly qualified and acting City Recorder of Delta, Utah, do hereby certify, according to the records of the Council in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202(1), 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 November 15, 2012, special public meeting held by the Council by:

(a) causing a Notice of Public Meeting to be posted at the principal office of Delta City, 76 North 200 West, Delta, Utah, on November 14, 2012, at least twenty-four (24) hours before the convening of the meeting, in the form attached hereto as Exhibit A; said Notice of Public Meeting having continuously remained so posted and available for public inspection during the regular office hours of the Issuer until the convening of the meeting; and

(b) causing a copy of the Notice of Public Meeting in the form attached hereto as Exhibit A to be provided on November 14, 2012, at least twenty-four (24) hours before the convening of the meeting, to the Millard County Chronicle Progress, a newspaper of general circulation within the geographic jurisdiction of Delta, Utah, and to any other local media correspondent, newspaper, radio station or television station which has requested notification of meetings of the Council.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of Delta, Utah, this 15th day of November, 2012.



City Recorder

[SEAL]

EXHIBIT A

[Attach Notice of Public Meeting Here]

.....AFFIDAVIT OF PUBLICATION.....

STATE OF UTAH)
)SS
COUNTY OF MILLARD)

SHELLIE R. DUTSON or SUSAN B. DUTSON being duly sworn, deposes and says:

1. I am a native-born citizen of the United States of America, and at all times hereinafter mentioned was over the age of 21 years, and reside at Millard County, State of Utah.

2. That I am the Managing Editor of the Millard County Chronicle Progress that said Millard County Chronicle Progress is a newspaper printed and published weekly at Delta, Millard County, Utah and that said newspaper has been published for more than 52 consecutive weeks prior to the first publication printed Public Hearing hereto attached.

3. The Public Hearing of which the annexed is printed copy, was published in a regular issue of said newspaper and not in any supplement thereof, at least once each week, for TWO (2) weeks in TWO (2) consecutive issues of said newspaper, commencing with the issue dated Nov. 21 2012, and ending with the issue dated Nov. 28 2012.

Public Hearing

NOTICE is hereby given that the City Council of the City of Delta, Utah will hold a Public Hearing on Thursday, December 6, 2012, at the Delta City Building, located at 76 North 200 West, Delta, UT, 84624-9440, which meeting shall begin promptly at 6:45 p.m. The purpose of the hearing is to receive input from the public with respect to the issuance of bonds and any potential impact to the private sector from the construction of the project to be funded by the bonds for the Sherwood Shores Water Project.

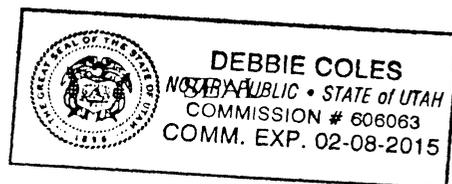
Published in the Millard County Chronicle Progress November 21 and 28, 2012.

Shellie R. Dutson

Subscribed and sworn to before me this 28 day of Nov 2012.

Debbie Coles

Notary Public
Residing at Delta, Utah



NOTICE OF PUBLIC

**Hearing and Bonds
to be Issued**

PUBLIC NOTICE IS HEREBY GIVEN that on November 15, 2012, the Mayor and City Council of Delta City (the "Issuer"), adopted a resolution (the "Resolution") declaring its intention to issue its Parity Water Revenue Bonds (the "Bonds") pursuant to the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended and to call a public hearing to receive input from the public with respect to the issuance of the Bonds.

TIME, PLACE AND LOCATION OF PUBLIC HEARING

The Issuer shall hold a public hearing on December 6, 2012, at the hour of 6:45 p.m. The location of the public hearing is in the Delta City Hall, 76 North 200 West, Delta, Utah. The purpose of the meeting is to receive input from the public with respect to the issuance of the Bonds and any potential economic impact to the private sector from the construction of the Project to be funded by the Bonds. All members of the public are invited to attend and participate.

PURPOSE FOR ISSUING BONDS

The Issuer intends to issue the Bonds for the purpose of (i) financing all or a portion of the cost of purchasing the infrastructure of Sherwood Water Company and construction of the City's culinary water system, including constructing a transmission line between the City and Sherwood Water Company service area, new distribution line with appropriate valves and appurtenances, together with all related work and improvements; and (ii) paying costs of issuing the Bonds.

PARAMETERS OF THE BONDS

The Issuer intends to issue the Bonds in the principal amount of not to exceed \$800,000, to bear interest at a rate not to exceed 2.5% per annum, to mature in not to more than 35 years from their date or dates, and to be sold at a price not less than 100% of the total principal amount thereof, plus accrued interest to the date of delivery. The Bonds will specify that any installment of principal on the Bonds which shall not be paid when due shall bear interest at the rate of 18% per annum from the due date thereof until paid.

NOTICE IS FURTHER GIVEN that a period of 30 days from and after the last date of publication of this Notice is provided by law during which any person in interest shall have the right to contest the legality of the Resolution or the Bonds, or any provision made for the security and payment of the Bonds, and that after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause whatsoever.

A copy of the Resolution is on file in the office of the City Recorder in Delta, Utah, where it may be examined during regular business hours of the City Recorder from 7:00 a.m. to 6:00 p.m. on Monday through Thursday of each week.

.....AFFIDAVIT OF PUBLICATION.....

STATE OF UTAH)
)SS
COUNTY OF MILLARD)

SHELLIE R. DUTSON or SUSAN B. DUTSON being duly sworn, deposes and says:

1. I am a native-born citizen of the United States of America, and at all times hereinafter mentioned was over the age of 21 years, and reside at Millard County, State of Utah.

2. That I am the Managing Editor of the Millard County Chronicle Progress that said Millard County Chronicle Progress is a newspaper printed and published weekly at Delta, Millard County, Utah and that said newspaper has been published for more than 52 consecutive weeks prior to the first publication printed Notice of Public Hearing & Bonds hereto attached.

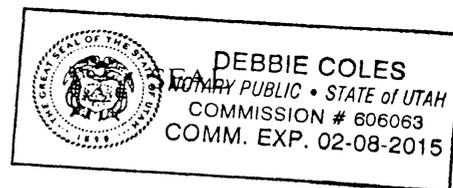
3. The Notice of Public Hearing & Bonds of which the annexed is printed copy, was published in a regular issue of said newspaper and not in any supplement thereof, at least once each week, for TWO (2) weeks in TWO (2) consecutive issues of said newspaper, commencing with the issue dated NOV. 21 2012, and ending with the issue dated NOV. 28 2012.

Shellie R. Dutson

Subscribed and sworn to before me this 28 day of Nov 2012.

Debbie Coles

Notary Public
Residing at Delta, Utah



**NOTICE AND AGENDA OF MEETING OF THE
MAYOR AND CITY COUNCIL OF DELTA CITY
MILLARD COUNTY, STATE OF UTAH**

PUBLIC NOTICE IS HEREBY GIVEN that the Mayor and City Council of Delta City, Millard County, State of Utah, will hold a special meeting at the City Hall, Delta, Utah, on Thursday, the 15th day of November, 2012, at the hour of 8:00 o'clock p.m.

The agenda for the meeting consists, in part and in addition to the matters listed in the special or any other agenda, of the following:

- (1) Consideration for and adoption of a Parameters Resolution authorizing the issuance of not to exceed \$800,000 in Parity Water Revenue Bonds of Delta City, Millard County, Utah and calling of a public hearing to receive input with respect to the issuance of such Bonds and any potential impact to the private sector from the construction of the Project; and
- (2) Any other business that may come before said meeting.

DATED this 14th day of November, 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 ROBERT BANKS and seconded by JOHN NILES, was adopted and approved by the following vote:

Yea: Robert W. Banks
John W. Niles
Steven R. Pratt
Thomas N. Stephenson
Betty Jo Western

Nay: None.

The resolution is as follows:

DELTA CITY, MILLARD COUNTY, UTAH
RESOLUTION NO. 12-352

A RESOLUTION AUTHORIZING THE ISSUANCE AND CONFIRMING THE SALE OF PARITY WATER REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$800,000 (THE "BONDS") OF DELTA CITY, MILLARD COUNTY, UTAH (THE "ISSUER"), CALLING A PUBLIC HEARING AND ESTABLISHING A TIME, PLACE AND LOCATION FOR SAID PUBLIC HEARING TO RECEIVE INPUT FROM THE PUBLIC WITH RESPECT TO THE ISSUANCE OF BONDS AND ANY POTENTIAL ECONOMIC IMPACT TO THE PRIVATE SECTOR FROM THE CONSTRUCTION OF THE PROJECT TO BE FUNDED BY THE BONDS; PROVIDING FOR A PLEDGE OF WATER REVENUES FOR THE PAYMENT OF THE BONDS; FIXING THE MAXIMUM PRINCIPAL AMOUNT OF THE BONDS; THE MAXIMUM NUMBER OF YEARS OVER WHICH THE BONDS MAY MATURE, THE MAXIMUM INTEREST RATE WHICH THE BONDS MAY BEAR, AND THE MAXIMUM DISCOUNT FROM PAR AT WHICH THE BONDS MAY BE SOLD; PROVIDING FOR THE RUNNING OF A CONTEST PERIOD; AND RELATED MATTERS.

WHEREAS subject to the limitations set forth herein, Delta City, Millard County, State of Utah (the "Issuer"), desires to issue its Parity Water Revenue Bonds (the "Bonds") to (a) purchase the infrastructure of Sherwood Water Company and the construction of culinary water system improvements, including constructing a transmission line between the City and Sherwood Water Company service area, new distribution line with appropriate valves and appurtenances, together with all related work and improvements thereof, to acquire necessary land, rights of way and other appurtenances and facilities (the "Project"), and (b) pay costs of issuance of the Bonds, pursuant to this Resolution and a Master Resolution (the "Master Resolution"), in substantially the form

presented at the meeting at which this Resolution was adopted and which is attached hereto as Exhibit "B"; and

WHEREAS in order to allow for flexibility in setting the financial terms of the Bonds once costs of the Project are finally determined and to optimize debt service costs to the Issuer, the Governing Body of the Issuer desires to grant to the Mayor, in accordance with state law, the authority to approve the interest rates, principal amounts, terms, maturities, redemption features and purchase price at which the Bonds shall be sold and any changes with respect thereto from those terms which were before the Governing Body at the time of adoption of this Resolution, provided that such terms do not exceed the parameters set forth for such terms in Section 1 of this Resolution (the "Parameters"); and

WHEREAS the Issuer, Delta City, considers it desirable and necessary and for the benefit of the Issuer to construct the Project (as hereinafter defined) to be owned and operated by the Issuer, but does not have on hand money sufficient to pay for the Project; and

WHEREAS the revenues to be derived by the Issuer from the operation of the System (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 Water Revenue Bond, Series 2007 in the original principal amount of \$3,073,000 payable to the Utah Permanent Community Impact Fund Board (the "Prior Lien Bond") and the Issuer desires to issue its Parity Water Revenue 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, provides that, prior to issuing bonds an issuing entity must (i) give notice of its intent to issue such bonds and (ii) hold a public hearing to receive input from the public with respect to the issuance of such bonds and any potential economic impact to the private sector from the construction of the Project to be funded by the Bonds; and

WHEREAS the Issuer desires to call a public hearing for this purpose and to publish a notice of such hearing, including a notice of bonds to be issued, in compliance with the Act with respect to the Bonds; and

WHEREAS the State of Utah acting through its Drinking Water Board ("Drinking Water Board") has offered to purchase the Parity Water Revenue Bonds and on the general terms and conditions as set forth herein;

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

Section 1. The Mayor and City Council (the "Governing Body") of Delta, Millard County, Utah (the "Issuer"), hereby finds and determines that it is in the best interests of the residents within

Delta City for the Issuer to issue its Parity Water Revenue Bonds (the "Bonds") in the principal amount of not to exceed \$800,000 at an interest rate not to exceed 2.5% per annum, to mature in not more than thirty-five (35) years from its date or dates, pursuant to a resolution to be adopted by the Governing Body authorizing and confirming the issuance and sale of the Bonds. Therefore, the Issuer hereby declares its intention to issue the Bonds according to the provisions of this Section. The Bonds are to be issued for the purpose of paying all or part of the cost of purchasing the infrastructure of Sherwood Water Company and construction of culinary water system improvements, including constructing a transmission line between the City and Sherwood Water Company service area, new distribution line with appropriate valves and appurtenances, together with all related work and improvements (the "Project") of the Issuer.

The Issuer hereby declares its intention to issue the Bonds according to the provisions of this section; provided, however, that the Bonds shall only be issued by the Issuer after adoption of a Master Resolution by the Governing Body of the Issuer (the "Master Resolution") setting forth the specific terms of the Bonds within the maximum terms herein provided.

The form of Master Resolution attached hereto as Exhibit "B" is in all respects hereby authorized and approved, and the Mayor and City Recorder of the Issuer are hereby authorized and directed to execute and deliver the same on behalf of the Issuer.

Section 2. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption and number shall be as set forth in the Master Resolution. The Mayor and City Recorder of the Issuer are hereby authorized and directed to execute and seal the Bonds.

Section 3. The appropriate officials of the Issuer are authorized to make any alterations, changes or additions to the Master Resolution and the Bonds or any other document herein authorized and approved which may be necessary to conform the same to the final terms of the Bonds (within the Parameters set by this Resolution), to correct errors or omissions therein, to complete the same, to remove ambiguities therefrom, or to conform the same to other provisions of said instruments, to the provisions of this Resolution or any resolution adopted by the Governing Body or the provisions of the laws of the State of Utah or the United States.

Section 4. The Issuer shall hold a public hearing on December 6, 2012, to receive input from the public with respect to the issuance of the Bonds and any potential impact to the private sector from the construction of the Project to be funded by the Bonds, which hearing date shall be not less than fourteen (14) days after notice of the public hearing is (A) first published once a week for two consecutive weeks in the Millard County Chronicle Progress, a newspaper of general circulation in the Issuer and (B) published on the Utah Public Notice Website created under Section 63F-1-701, Utah Code Annotated 1953, as amended. The Issuer directs its officers and staff to publish a Notice of Public Hearing and Bonds to be Issued in substantially the following form:

NOTICE OF PUBLIC HEARING
AND BONDS TO BE ISSUED

PUBLIC NOTICE IS HEREBY GIVEN that on November 15, 2012, the Mayor and City Council of Delta City (the "Issuer"), adopted a resolution (the "Resolution") declaring its intention to issue its Parity Water Revenue Bonds (the "Bonds") pursuant to the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended and to call a public hearing to receive input from the public with respect to the issuance of the Bonds.

TIME, PLACE AND LOCATION OF PUBLIC HEARING

The Issuer shall hold a public hearing on December 6, 2012, at the hour of 6:45 p.m. The location of the public hearing is in the Delta City Hall, 76 North 200 West, Delta, Utah. The purpose of the meeting is to receive input from the public with respect to the issuance of the Bonds and any potential economic impact to the private sector from the construction of the Project to be funded by the Bonds. All members of the public are invited to attend and participate.

PURPOSE FOR ISSUING BONDS

The Issuer intends to issue the Bonds for the purpose of (i) financing all or a portion of the cost of purchasing the infrastructure of Sherwood Water Company and construction of the City's culinary water system, including constructing a transmission line between the City and Sherwood Water Company service area, new distribution line with appropriate valves and appurtenances, together with all related work and improvements; and (ii) paying costs of issuing the Bonds.

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The Issuer intends to issue the Bonds in the principal amount of not to exceed \$800,000, to bear interest at a rate not to exceed 2.5% per annum, to mature in not to more than 35 years from their date or dates, and to be sold at a price not less than 100% of the total principal amount thereof, plus accrued interest to the date of delivery. The Bonds will specify that any installment of principal on the Bonds which shall not be paid when due shall bear interest at the rate of 18% per annum from the due date thereof until paid.

NOTICE IS FURTHER GIVEN that a period of 30 days from and after the last date of publication of this Notice is provided by law during which any person in interest shall have the right to contest the legality of the Resolution or the Bonds, or any provision made for the security and payment of the Bonds, and that after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause whatsoever.

A copy of the Resolution is on file in the office of the City Recorder in Delta, Utah, where it may be examined during regular business hours of the City Recorder from 7:00 a.m. to 6:00 p.m. on Monday through Thursday of each week.

DATED this 15th day of November, 2012.

/s/ Gregory J. Schafer
City Recorder

[Publish once each week for two consecutive weeks.]

* * * * *

Section 5. For a period of thirty (30) days from and after publication of the Notice of Bonds to be Issued, any person in interest shall have the right to contest the legality of this Resolution or the Bond hereby authorized. After such time, no one shall have any cause of action to contest the regularity, formality or legality of this Resolution or the Bonds for any cause whatsoever.

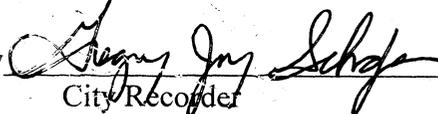
Section 6. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this Resolution shall be in full force and effect immediately upon its approval and adoption.

PASSED AND APPROVED this 15th day of November, 2012.

DELTA 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.

DELTA CITY

By *Steve Bunker*
Mayor

ATTEST:

By *Mary Jay Lutz*
City Recorder

[SEAL]

STATE OF UTAH)
 : ss.
COUNTY OF MILLARD)

I, GREGORY J SCHAFER, hereby certify that I am the duly appointed, qualified and acting City Recorder of Delta City, Millard County, Utah;

I further certify that the above and foregoing instrument constitutes a true and correct copy of the minutes of a Special Meeting of the Governing Body of said Issuer, including a Resolution adopted at said meeting held on November 15, 2012, as said minutes and Resolution are officially of record in my possession, and that a copy of the said Resolution was deposited in my office on November 15, 2012;

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said Delta, Millard County, Utah, this 15th day of November, 2012.


City Recorder

(SEAL)

MASTER RESOLUTION
OF
DELTA CITY, MILLARD COUNTY, UTAH
AS ISSUER
DATED AS OF JANUARY *, 2013

MASTER RESOLUTION

WHEREAS, the City desires to finance the cost of purchasing the infrastructure of Sherwood Water Company and constructing a transmission line between the City and Sherwood Water Company service area, new distribution line with appropriate valves and appurtenances, together with related work and improvements (the "Project") through the issuance of its Parity Water Revenue Bonds, Series 2013 (the "Series 2013 Bonds"); and

WHEREAS, pursuant to the provisions of a Resolution adopted on November 15, 2012 (the "Authorizing Resolution"), the Governing Board of the City (the "Governing Board") has authorized and approved certain actions to be taken by the City in connection with the financing of the Project, including the adoption this Master Resolution and the issuance of the Series 2013 Bonds hereunder; and

WHEREAS, it has been determined by the City that the estimated amount necessary to finance the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of the Series 2013 Bonds in the total principal amount of \$624,000 as hereinafter provided; and

WHEREAS, the City has determined that the Series 2013 Bonds shall be secured as provided herein and has ascertained and determined that the provisions herein contained for protecting and enforcing the rights and remedies of the registered owners of such Series 2013 Bonds are reasonable, proper and in accordance with law, and that this Master Resolution is necessary to the performance of its duties and the execution of its powers under law, and does deem and determine all of the provisions herein contained to be reasonable and proper for the security of the registered owners of the Series 2013 Bonds; and

WHEREAS, all acts and things required by law to make this Master Resolution a valid and binding instrument for the security of all Bonds duly issued hereunder have been done and performed, and the execution and delivery of this Master Resolution have been in all respects duly authorized; and

WHEREAS, the Series 2013 Bonds in registered form are to be in substantially the appropriate form set forth in Section 2.6 and if issued as Exchange Bonds are to be in substantially the appropriate form set forth in Section 2.7, with appropriate variations, omissions and insertions as permitted or required by this Master Resolution; and

WHEREAS, all things necessary to make the Series 2013 Bonds when authenticated by the City and issued as in this Master Resolution provided, the valid, binding and legal obligations of the City according to the import thereof, and to constitute this Master Resolution a valid assignment and

pledge of the amounts pledged to the payment of the principal on the Series 2013 Bonds, and to constitute this Master Resolution a valid assignment of the rights of the City with respect to the Project have been done and performed and the creation, execution and delivery of this Master Resolution, and the creation, execution and issuance of the Series 2013 Bonds, subject to the terms hereof, have in all respects been duly authorized:

NOW THEREFORE, be it resolved by the Governing Board of Delta City, Wayne County, Utah as follows:

ARTICLE I

DEFINITIONS

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

"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 Bond Service Requirements" means the maximum amount required to be paid into the Bond Fund for payment of principal on the Bond in any given Bond Fund Year.

"Annual Net Revenues" means the Net Revenues for any 12 consecutive calendar months.

"Bond" or "Bonds" means collectively the Series 2013 Bonds, and any Additional Bonds and Refunding Bonds issued hereunder.

"Bond Documents" means this Master Resolution.

"Bond Fund" means the bond fund established under Section 4.2 herein.

"Bondholder" means the person or persons in whose name or names a Bond shall be registered on the books of the City kept for that purpose in accordance with provisions of this Master Resolution.

"Capital Facilities Replacement Fund" means an account into which shall be placed annual deposits representing 5% of the annual operating budget of the System, inclusive of debt service and depreciation.

"City" means Delta City, Wayne County, Utah.

"Code" means the Internal Revenue Code of 1986, as amended.

"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).

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

"Escrow Account" means the escrow account created and administered under the Escrow Agreement by the Escrow Agent.

"Escrow Agent" means the Treasurer for the State of Utah, or its successors and assigns.

"Escrow Agreement" means the Escrow Agreement by and among the City, the DWB, and the Escrow Agent.

"Exchange Bonds" means the fully registered Series 2013 Bonds issued in substantially the appropriate form set forth in Section 2.8, in exchange for the State Bond representing the Series 2013 Bonds or in exchange for other Exchange Bonds, in the denomination of \$1000 or any integral multiple thereof.

"Executive Officer" means the Mayor of the Issuer.

"First Payment Date" means a payment of principal on January 1, 2014 with regard to the Parity Water Revenue Bond, Series 2013.

"Fully Registered Bond" means a single Fully Registered Bond in the denomination equal to the aggregate amount of the Bond 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 VI hereof.

"Installment Amount" means the amount of each annual registered installment of principal 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 which is the sum of \$624,000.

"Issuer" means Delta City, Wayne County, Utah.

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

“Original Issue Date” means the initial delivery date of the Series 2013 Bonds.

"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.

“Paying Agent” with respect to the Series 2013 Bonds means the Treasurer of the City, and his/her successors.

“Payment Date” means each January 1 commencing January 1, 2014.

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

"Pledged Revenues" means 100% of the Net Revenues hereinafter pledged to the payment of the Revenue Bonds.

“Prior Lien Bond” means Issuer’s Water Revenue Bond, Series 2007 in the original principal amount of \$3,073,000 payable to the Utah Permanent Community Impact Fund Board.

"Project" means the purchase of the infrastructure of Sherwood Water Company and construction of culinary water system improvements, including constructing a transmission line between the City and Sherwood Water Company service area, new distribution line with appropriate valves and appurtenances, together with all related work and improvements and paying costs of issuing the Bonds.

"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" means an annual payment in an amount equal to 1/10th of the Reserve Fund Requirement as to the Series 2013 Bond.

"Reserve Fund Requirement" means the amount equal to the maximum annual installment of principal of the Bond.

"Revenues" means all income and revenue of any kind derived from the operation of the System including the proceeds of all connection charges not applied directly to the payment of the cost of improving or extending the system or of making connections thereto and all interest earned by and profits derived from the sale of investments made with the Revenues.

"Serial Bonds" means the registered \$1000 denomination parity water revenue bonds which may be issued in exchange for the Fully Registered Bond.

"System" means the complete water system of the Issuer, as such system now exists, together with the Project, and any other properties now or hereafter owned or operated by the Issuer relating to said system and as may hereafter be improved and extended, including specifically all properties of every nature owned by the Issuer and used or useful in the operation of said system, including real estate, personal and intangible properties, contracts, franchises, leases and choses in action, whether lying within or without the boundaries of the Issuer.

"Year" means the twelve-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

THE SERIES 2013 BOND

Section 2.1. Purpose and Authority.

(a) The Governing Board hereby finds, determines and declares that the Project to be acquired, constructed, improved and extended with the proceeds of the Series 2013 Bond is necessary for the proper operation of the System and is economically feasible, and the Revenues will be sufficient to retire the Series 2013 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 Series 2013 Bond, the Series 2013 Bond shall be issued in the amount or amounts set forth in the Treasurer's Certificate of Dates of Payment and Amounts at the end of the Series 2013 Bond. The Series 2013 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 4.2 upon completion of the Project.

Section 2.2. Parity Designation. The Bond is issued and sold upon a par with the Issuer's Water Revenue Bond, Series 2007 in the original principal amount of \$3,073,000 payable to the Utah Permanent Community Impact Fund Board (the "Prior Lien Bond"). Neither the Series 2013 Bond nor the Prior Lien Bond 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 2013 Bond and the Prior Lien Bond, regardless of the time or times of their issuance or delivery and there shall be no priority between the Series 2013 Bond and the Prior Lien Bond in any rights provided in this Resolution for entitlement to payment or provisions made for payment.

Section 2.3. Designation and Terms of the Series 2013 Bond. The Series 2013 Bond shall

be designated as the "Parity Water Revenue Bond, Series 2013," shall be dated as of the date of delivery to the Drinking Water Board, shall be issued as a single fully-registered bond, without coupons, in the denomination of the amount or amounts set forth in the Treasurer's Certificate of Dates of Payment of Amounts at the end of the Series 2013 Bond and shall be numbered R-1, the principal amount of which shall bear no interest 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 Series 2013 Bond.

Any installment of principal 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 Series 2013 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 Series 2013 Bond on the date of such payment. 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, if any, on the Series 2013 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 Drinking Water Board in Salt Lake City, Utah, or to its designee or to such other registered owner of the Series 2013 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 2.4. Prepayment Provisions and Provisions Regarding Notation of Payments - Series 2013 Bond.

(a) The Series 2013 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 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 Series 2013 Bond in inverse order of installment maturities; and provided further that the final payment on the Series 2013 Bond shall be fully sufficient to pay all principal and interest, if any, remaining due thereon. With the exception of prepayments described in Section 3.1, each prepayment on the Series 2013 Bond shall be applied to any interest then due on the Series 2013 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 Series 2013 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 Series 2013 Bond on the prepayment record attached thereto.

(c) If notice of prepayment shall have been given as aforesaid, the Series 2013 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 Series 2013 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 Series 2013 Bond or the portion thereof so called for prepayment shall cease to accrue and become payable.

(d) The registered owner of the Series 2013 Bond shall endorse any payment or prepayment of principal on the Series 2013 Bond upon the payment record or prepayment record attached to the Bond.

Section 2.5. Execution of Series 2013 Bond and Representations Relating to the Master Resolution. The Series 2013 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 Series 2013 Bond. The Treasurer is authorized and directed to complete the Certificate of Dates of Payment and Amount on the Series 2013 Bond. All of the covenants, promises, statements, recitals, representations and agreements contained in the Series 2013 Bond and this Master 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 2.6. Form of Series 2013 Bond: The Series 2013 Bond shall be in such form as to authorize the maximum amount to be loaned in incremental advances and the Series 2013 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 Series 2013 Bond shall be in substantially the following form:

**UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF MILLARD
DELTA CITY**

R-1

PARITY WATER REVENUE BOND, SERIES 2013

Delta City, Wayne 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 in the Certificate of Dates of Payment and Amount (hereinafter "Principal Certificate") set forth at the end of this Bond, but in no event more than a Maximum Principal Amount of _____ THOUSAND DOLLARS (\$____,000.00) bearing no interest and payable annually on January 1 of each year, with principal installments beginning January 1, 2014, as set forth in the following Repayment Schedule:

<u>Maturity Date</u> <u>January 1st</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>January 1st</u>	<u>Principal</u> <u>Amount</u>
2014	\$21,000.00	2029	\$21,000.00
2015	21,000.00	2030	21,000.00
2016	21,000.00	2031	21,000.00
2017	21,000.00	2032	21,000.00
2018	21,000.00	2033	20,000.00
2019	21,000.00	2034	21,000.00
2020	21,000.00	2035	20,000.00
2021	21,000.00	2036	21,000.00
2022	21,000.00	2037	20,000.00
2023	21,000.00	2038	21,000.00
2024	21,000.00	2039	20,000.00
2025	21,000.00	2040	21,000.00
2026	21,000.00	2041	20,000.00
2027	21,000.00	2042	21,000.00
2028	21,000.00	2043	20,000.00

If less than the Maximum Principal Amount is advanced, the principal amount payable on the due date shall be the total unpaid principal sum set forth in the "Treasurer's Certificate of Dates of Payment and Amount". The Issuer shall pay the Installment Amounts on each Payment Date thereafter and liability of Issuer shall continue until the Total Principal Sum shall be paid in full, irrespective of the initial amount advanced by the Purchaser.

Any installment of principal hereof which shall not be paid when due shall bear interest at

the rate of eighteen (18%) per cent per annum from the date of maturity of such installment until paid. This Bond is payable in lawful money of the United States of America by check or draft of the Issuer mailed to the State of Utah Department of Environmental Quality, Drinking Water Board, Salt Lake City, Utah, or its designee, or to such other registered owner hereof, as such registered owner 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 installment payment date at the address of such registered owner as it appears on such registration books or to such other address as is furnished in writing by such registered owner to the Issuer. The registered owner of this Bond, by acceptance hereof, agrees that such registered owner shall endorse each payment received on the Payment Record attached hereto. 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 THE ISSUER'S CULINARY WATER SYSTEM ("SYSTEM") AND OTHER FUNDS OF THE ISSUER PLEDGED THEREFOR UNDER THE TERMS OF THE MASTER 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 MASTER 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.

This Bond is issued in conformity with and after full compliance with the Constitution of the State of Utah and pursuant to the provisions of the Act (as hereinafter defined) and all other laws applicable thereto.

This Bond is also issued and sold upon a par with the Issuer's Water Revenue Bond, Series 2007 in the original principal amount of \$3,073,000 payable to the Utah Permanent Community Impact Fund Board (the "Prior Lien Bond"). This Bond and the Prior Lien Bond shall not be entitled to any priority one over the other in the application of the Net Revenues of the System (as defined in the Resolution described below) pledged to the payment of this Bond and the Prior Lien Bond, 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 Bond in any rights provided in the Resolution authorizing the same for entitlement to payment or provisions made for payment.

This Bond is a special obligation of the Issuer and is the only one of an issue of a total series of fully-registered Parity Water Revenue Bond, designated as "Parity Water Revenue Bond, Series 2013", in the aggregate principal amount of \$____,000, dated as of the date set forth below and is 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, (collectively the "Act") and is issued under, secured by and entitled to the protection of the Master Resolution dated as of January *, 2013, by the City (which Master Resolution, as from time to time amended and supplemented, is hereinafter referred to as the "Master Resolution") and duly adopted by the City, for the purpose of paying all or part of the cost of purchasing the infrastructure of Sherwood Water Company and construction of culinary water system improvements, including constructing a transmission line between the City and Sherwood Water Company service area, new distribution line with appropriate valves and appurtenances, together with all related work and improvements (the "Project") 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 and interest on this Bond is payable solely from the revenues, funds and other monies pledged or provided therefor under the terms of the Master Resolution.

This Bond is dated as of date of delivery and is duly issued under and by virtue of the Act and under and pursuant to the Master Resolution. A copy of the Master Resolution is on file at the office of the City Recorder of the Issuer in Delta, Utah, and reference to the Master Resolution and to the Act is made for a description of the pledge and covenants securing the Series 2013 Bond, the nature, manner and extent of enforcement of such pledge and covenants, the terms and conditions upon which the Bond is issued and a statement of the rights, duties, immunities and obligations of the Issuer. Such pledge and other obligations of the Issuer under the Master Resolution may be discharged at or prior to the maturity or redemption of the Series 2013 Bond upon the making of provision for the payment thereof on the terms and conditions set forth in the Master Resolution.

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

This Bond is transferable, as provided in the Master 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. The Issuer may treat and consider the person in whose name this Series 2013 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 Master Resolution, the Series 2013 Bond is issuable in fully registered form, without coupons, in a denomination equal to the aggregate principal amount of the Series 2013 Bond or, upon exchange, in the denomination of \$1000 and any integral multiple thereof.

This Bond is 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 the due date of the principal installments hereon, upon notice given as hereinafter set forth, at a redemption price equal to the principal amount to be so redeemed, and without premium. The registered owner of this Series 2013 Bond, by acceptance hereof, agrees to endorse each such redemption on the Prepayment Record attached hereto.

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 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 Master Resolution.

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 Master 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.

IN WITNESS WHEREOF, Delta City, Wayne County, Utah, has caused this Bond to be signed by its Mayor and attested and countersigned by its City Recorder and the official seal of Delta City, Wayne County, Utah, to be impressed or imprinted hereon, all as of the ____ day of _____, 2012.

DELTA CITY

(DO NOT SIGN-FORM ONLY)

By _____
Mayor

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

By _____
City Recorder

(SEAL)

CERTIFICATE OF DATES OF PAYMENT AND AMOUNT

I, the undersigned duly authorized representative of the Utah Drinking Water Board, hereby certify that the Utah Drinking Water Board has delivered to the Issuer the amount or amounts indicated below on the date or dates set forth opposite such amount(s); that the amount last inserted under the column "Total Principal Sum" is the total amount delivered to the Issuer as principal indebtedness under this Bond. I further certify that I have received written authorization from the Issuer to enter said amounts on this certificate.

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

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>
_____	State of Utah, Dept of Environmental Quality, Drinking Water Board	_____
_____	_____	_____
_____	_____	_____

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 Delta City, Wayne County, Utah, the amounts indicated below on the dates set forth opposite such amounts in repayment of the loan of \$___,000 to Delta City, Wayne 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, Department of Environmental Quality, Drinking Water 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>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

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 Delta City, Wayne 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.

Section 2.7. Exchange of the Series 2013 Parity Water Revenue Bond for Serial (Exchange) Bonds. It is recognized that the Drinking Water Board may sell or otherwise transfer the Series 2013 Bond pursuant to the provisions of the State Financing Consolidation Act, Title 63, Chapter 65, Utah Code Annotated, 1953, as amended, or otherwise. The Series 2013 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 2.7. Serial Bonds shall be substantially in the form set forth in Section 2.8 hereof and shall be in increments of \$1000. Each Principal Installment on the Series 2013 Bond not previously paid or cancelled 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 Series 2013 Bond for Serial Bonds and the Issuer shall pay or cause to be paid all costs and other charges incident to such exchange.

Section 2.8. 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 MILLARD
DELTA CITY**

PARITY WATER REVENUE BOND, SERIES 2013

**[SEE REVERSE SIDE
FOR ADDITIONAL
PROVISIONS]**

**MATURITY
DATE**

**DATED
DATE**

_____ 1, ____

_____, 20__

Registered Owner:

Principal Amount: _____ **DOLLARS**

KNOW ALL MEN BY THESE PRESENTS that Delta City, Wayne County, Utah (the "Issuer"), 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 no interest. If the principal amount of this Bond is not paid when due, said principal shall bear interest at the rate of eighteen (18%) per

annum from said due date until paid. Principal of and interest, if any, on this Bond shall be payable at the office of the registered owner. The principal of and interest, if any, 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, if any, 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 THE ISSUER'S CULINARY WATER SYSTEM ("SYSTEM") AND OTHER FUNDS OF THE ISSUER PLEDGED THEREFOR UNDER THE TERMS OF THE MASTER 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 MASTER 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 Water Revenue Bond, Series 2007 in the original principal amount of \$3,073,000 payable to the Utah Permanent Community Impact Fund Board (the "Prior Lien Bond"). This Bond and the Prior Lien Bond shall not be entitled to any priority one over the other in the application of the Net Revenues of the System (as defined in the Resolution described below) pledged to the payment of this Bond and the Prior Lien Bond, 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 Bond 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 Act (as hereinafter defined) 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.

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 Master 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, Delta City, Wayne 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.

DELTA 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 Master Resolution and is one of the Parity Water Revenue Bond, Series 2013, of Delta City, Wayne County, Utah.

DELTA CITY
as Bond Registrar

By _____
City Recorder

Date of Registration and Authentication:

Bond Registrar and Paying Agent:

Delta City, Wayne 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 Water Revenue Bonds, designated as "Parity Water Revenue Bonds, Series 2013", in the aggregate principal amount of \$____,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 Master Resolution duly adopted by the Mayor and City Recorder of the Issuer (the "Governing Board") on January *, 2013, authorizing this Bond (the "Master Resolution"), for the purpose of paying all or part of the cost of purchasing the infrastructure of Sherwood Water Company and construction of culinary water system improvements, including constructing a transmission line between the City and Sherwood Water Company service area, new distribution line with appropriate valves and appurtenances, together with all related work and improvements (the "Project") 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, and interest on this Bond is payable solely from the revenues, funds and other monies pledged or provided therefor under the terms of the Master Resolution.

To the extent and in the respects permitted by the Master Resolution, the Master 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 Master Resolution. The holder or owner of this Bond shall have no right to enforce the provisions of the Master 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 Master Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Master 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 Master Resolution. A copy of the Master Resolution is on file at the office of the City Recorder of the Issuer in Delta, Utah, and reference to the Master 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 Master 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 Master Resolution.

This Bond is transferrable, as provided in the Master 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 Master Resolution and upon the payment of the charges therein prescribed. The Issuer, the Trustee, 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 Master 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 Master Resolution; provided, however, that subject to other applicable provisions of the Master 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 Master 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 Master Resolution.

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 Delta City, Wayne 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.

* * * * *

Section 2.9. Provisions for the registration of the Bonds set forth in Article IV shall be applicable to the Series 2013 Bond.

Section 2.10. The Issuer agrees, in accepting the proceeds of the Series 2013 Bond, to comply with all applicable state and federal regulations related to the Utah State Revolving Fund administered by the Drinking Water Board. These requirements include, but are not limited to, Title XIV of the Safe Drinking Water Act of 1996, OMB Circular A-133, the Utah Federal State Revolving Fund (SRF) Program (R309-351 of the Utah Administrative Code), the Utah Local Government Bonding Act, the Utah Money Management Act, the Utah Procurement Code and the State of Utah Legal Compliance Audit Guide.

ARTICLE III

SALE OF BONDS; SYSTEM OF REGISTRATION

Section 3.1 Sale of Bonds. The proceeds of the sale of the Series 2013 Bond shall be deposited at the time of sale in the Escrow Account as defined in Article I herein to be administered by the Escrow Agent. All monies so deposited in said fund shall be used solely for the purpose of acquiring the necessary property and constructing improvements, additions and extensions to the System, including any architectural, engineering, legal, fiscal agent and other expenses incidental thereto.

Any unexpended bond proceeds remaining in said Escrow Account after completion of the Project shall be paid immediately into the "Delta City, Wayne County, Utah Series 2013 Parity Water Revenue Bond Fund" hereafter described. The said unexpended proceeds shall be used only for the prepayment of amounts of principal due or to become due on the Bonds in inverse order of maturities or for redemption of any Serial Bonds at a price (exclusive of accrued interest) not exceeding the face amount thereof and as provided in the Escrow Agreement. Redemptions made under this condition shall be made pro-rata, in direct proportion to the respective amounts then remaining unpaid under the Bonds. Any bonds so redeemed shall be cancelled and shall not be reissued. Following the transfer of unexpended funds from the Escrow Account to the said Revenue Fund, the Escrow Account will be closed.

Section 3.2. 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 3.3. 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 cancelled 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 Master 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 Master Resolution or for the purpose of determining any percentage of the Bond or Parity Bonds Outstanding under this Master 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 4.1. Pledge Effected by the Master Resolution.

(a) The Bonds are special obligations 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 Bonds in accordance with their terms and the provisions of this Master Resolution, subject only to the provisions of this Master Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Master Resolution, (i) the proceeds of sale of the Bonds, (ii) the Revenues, and (iii) all funds established hereunder, including the investments, if any, thereof. Except as otherwise provided in this Section, the Bonds herein authorized shall enjoy complete priority of lien on the Revenues.

(b) In no event shall the Bonds be deemed or construed to be a general indebtedness of the Issuer or payable from any funds of the Issuer other than those derived from the operation of the System.

Section 4.2. 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;
- (4) Reserve Fund, to be held by the Issuer; and
- (5) Capital Facilities Replacement Fund, to be held by the Issuer.

Section 4.3. 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 4.4. Flow of Funds.

(a) As soon as practicable in each year 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 year, 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, monthly so long as the Bond is outstanding, one-twelfth of the sum of (i) the amount of principal and interest falling due on the Bond on the next Payment Date, plus (ii) the total amount of principal and interest falling due on the Prior Lien Bond during that year.

(2) In the Reserve Fund created pursuant to Section 4.2(2) of this Resolution, and in the reserve funds created with respect to the Prior Lien Bond (collectively, with the Reserve Fund described in Section 4.2(2), the "Reserve Funds"), on a parity basis, the following amounts:

(A) In the Reserve Fund for the Prior Lien Bond, on a monthly or annual basis, as applicable, such amounts as are required to satisfy the reserve fund requirements with respect to the Prior Lien Bond, and

(B) In the Reserve Fund for the Series 2013 Bond, on an annual basis, a sum equal to the Reserve Fund Installment for the Series 2013 Bond so as to cause to be on deposit in the Series 2013 Bond Reserve Fund an amount equal to the Reserve Fund Requirement for the Series 2011 Bond not later than 10 years following the commencement of such annual transfers.

If monies shall ever be paid out of the Reserve Fund, monies shall be deposited, in addition to other deposits required by this paragraph (2), into the Reserve Fund from available Revenues (after making all other payments of Expenses of Maintenance and Operation and deposits into the Reserve Funds heretofore provided in this Section) to the extent necessary to cause the amount paid out to be replaced; and

(3) In the Capital Facilities Replacement Fund for the Series 2013 Bond, an annual deposit equal to 5% of the total operating budget of the System. The first installment shall be payable on the anniversary date of the issuance of the Series 2013 Bond hereunder and shall continue until the Series 2013 Bond is redeemed. For purposes of this provision, annual operating budget shall include debt service and depreciation.

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 Funds created herein, 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 Funds as provided in Section 4.6, the Issuer shall thereafter make deposits from first available Revenues to the Reserve Funds created herein, 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 after payment of the amounts required by paragraphs (1) through (3) subsection (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 the Bond 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 4.5. 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 Bonds. The Bond Fund shall be kept on deposit with the Depository.

Section 4.6. Reserve Fund. In the event that the money on deposit in the 2012 Bond Fund on the final day of any month is less than the amount required to be in such Fund pursuant to Section 4.4(a)(1) hereof, then the Issuer shall cause any funds on deposit in the respective Reserve Fund to be immediately transferred by the Depository to such corresponding Bond Fund in the amount required to eliminate the deficiency in such Bond Fund(s). The Reserve Fund shall be kept on deposit with the Depository.

Section 4.7. Capital Facilities Replacement Fund. For so long as the Series 2013 Bond is outstanding, the amounts in the Capital Facilities Replacement Fund shall be kept on deposit with the Depository and may be applied from time to time by the Issuer solely for the purpose of paying costs and expenses relating to the construction and acquisition of additions, improvements and extensions to the System or to replace portions of the System which have become obsolete or no longer function properly or efficiently. The Capital Facilities Replacement Fund shall not serve as security for the payment of either principal, premium or interest, if any, on the Series 2013 Bond, and the Issuer shall not be obligated to obtain consent of any registered owner of the Series 2013 Bond to make disbursements from the Capital Facilities Replacement Fund for the purposes described in this Section 4.7; provided, however, that for so long as the Drinking Water Board is registered owner of the Series 2013 Bond, the Issuer shall make no disbursements from the Capital

Facilities Replacement Fund unless and until the Issuer has given prior written notice to the Drinking Water Board setting forth the nature, purpose and amount of the proposed disbursement. Upon payment in full of the Series 2013 Bond, any amount remaining in the Capital Facilities Replacement Fund may be withdrawn by the Issuer and used for any lawful purpose of the Issuer.

Section 4.8. 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 Bonds. 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, in the Reserve Fund and in the Capital Facilities Replacement 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, the Reserve Fund or the Capital Facilities Replacement Fund, then interest attributable to such fund, respectively, shall be deposited into such fund. Whenever any money so invested from the Bond Fund, the Reserve Fund or the Capital Facilities Replacement 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 4.9. Use of Funds When Reserves Sufficient to Pay Outstanding Bonds. Whenever there is sufficient available money in the Bond Funds and in the respective Reserve Fund to pay in full all principal and interest, if any, under these Bonds and all Bonds in accordance with their terms and the terms of this Master Resolution or, in the case of Future Parity Bonds, the resolutions 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.

ARTICLE V

COVENANTS AND UNDERTAKINGS

Section 5.1. Punctual Payment. The Issuer will punctually pay or cause to be paid the principal, the prepayment premium, if any, and any applicable interest when due on the Bonds, in strict conformity with the terms of the Bonds and of this Master Resolution or, in the case of Future Parity Bonds, the resolutions authorizing the issuance of such Future Parity Bonds, according to the true intent and meaning thereof. The Issuer agrees that there shall be no grace period as to the date of any payment required to be made pursuant to the terms of the Bond and of this Master Resolution or, in the case of Future Parity Bonds, the resolutions authorizing the issuance of such Future Parity Bonds.

Section 5.2. Operation and Maintenance. The Issuer will cause the System to be operated continuously for the furnishing of System services to the inhabitants of the Issuer, to the extent practicable under conditions as they may from time to time exist, in an efficient and economical manner, and will at all times cause to be maintained, preserved and kept, the System, including all parts thereof and appurtenances thereto, in good repair, working order and condition, and in such manner that the operating efficiency thereof will be of high character. The Issuer will from time to time cause to be made all necessary and proper repairs and replacements so that the rights and security of the registered owners of the Bonds may be fully protected and preserved, and will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Utah, including the making and collecting of sufficient rates, fees and charges as appropriate, for all services supplied by the System and the segregation and application of the Revenues of the System in the manner provided in this Master Resolution.

Section 5.3. Compliance with Contracts and Agreements; Maintenance of Revenues.

(a) The Issuer will comply with all terms, covenants and provisions, express or implied, of all contracts and agreements entered into by it for System use and services and all other contracts or agreements affecting or involving the System or the business of the Issuer with respect thereto, and will fix and collect rates, fees and charges, as appropriate for all services supplied by the System fully sufficient, after making due allowance for delinquencies in collection, to provide for the payment of the Expenses of Maintenance and Operation, to provide for the payment of all obligations payable from the Revenues of the System, including the Bonds, as and when the same become due and payable, and to establish the Bond Fund, the Reserve Fund and the Capital Facilities Replacement Fund and to make the deposits into the Bond Fund, the Reserve Fund and the Capital Facilities Replacement Fund as hereinabove required.

(b) In order to assure full and continuous performance of the covenants contained by sub-section (a) of this Section with a margin for contingencies and temporary unanticipated reduction in Revenues, the Issuer hereby covenants and agrees that it will, at all times while any of the Bonds shall be outstanding, continue in effect and establish, fix, prescribe and collect rates and charges for the sale or use of System services furnished by the Issuer which, together with any other income, are reasonably expected to yield Net Revenues equal to at least 1.25 times the aggregate annual debt service on all Bonds issued hereunder, the Prior Lien Bond and Future Parity Bonds which will be outstanding in the forthcoming year.

(c) If at any time the Revenues arising from such rates, fees and charges, as appropriate, shall not be sufficient to make all such payments promptly as herein required, the Issuer shall revise the rates, fees and charges, as appropriate, to the users of System services so that such deficiency will be remedied before the end of the next ensuing Year. If the Issuer shall fail to revise such charges as herein required, the registered owners of not less than ten percent (10%) in aggregate principal amount of the Outstanding Bonds, whether or not any of the Bonds shall then be in default, shall have authority, to the extent permitted by law, to bring an appropriate action in any court of competent jurisdiction to compel the Governing Board to carry out the provisions of this Section.

Section 5.4. Delinquencies; Single Billing.

(a) If any delinquent charge for System services, with applicable penalty and interest, is not paid in full within 60 days from the date on which the charge has become delinquent, the Issuer will, when appropriate and necessary to effect collection, cause all System services to be discontinued to the delinquent customers or premises, or forbid further use of such services by such customers or premises, to the extent permitted by law, until such delinquency, with penalties and interest has been paid in full. The Issuer further agrees in addition to the foregoing that it will do all things and exercise all remedies legally available to assure the prompt payment of all charges made for System services.

(b) The Issuer further covenants and agrees, to the extent permitted by law, that the Issuer will bill each customer receiving System services in a single bill, will refuse to accept payment for any of such services unless payment for the other services is also made, and if payment for any of such services is permitted to become delinquent and remain so for a period of 60 days, will treat such delinquency as provided in subsection (a) of this Section.

(c) If any customer or user of System services shall become delinquent for more than six months in the payment of his charges for such services, the Issuer agrees that, in addition to all of the remedies for which provision is made in this Master Resolution, the Issuer will proceed immediately, and it is hereby authorized to proceed, with a suit at law or in equity against such customer or user to recover the amount of any such delinquent charges, together with penalties and interest to the extent permitted by law.

Section 5.5. Consideration Required for Services. The Issuer will not permit System services to be supplied to any person, firm or corporation, public or private, or to any public agency or instrumentality including the Issuer without due consideration to be received in exchange therefor.

Section 5.6. 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 5.7. Payment of Taxes and Claims. The Issuer will, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon any of the properties of the System or upon the Revenues when the same shall become due, and will duly observe and conform to all valid requirements of any governmental authority relative to any such properties. The Issuer will keep the System and all parts thereof free from judgments, mechanics' and materialmen's liens (other than those arising by mere operation of law from the construction of the Project and other improvements to the System which are promptly discharged in due course) and free from all other liens, claims, demands and encumbrances of whatsoever prior nature or character, to the end that the priority of the lien of this Master Resolution on the Revenues may at all times be maintained and preserved, and free from any claim or liability which might embarrass or hamper the Issuer in conducting its business.

Section 5.8. Accounts and Reports.

(a) The Issuer will maintain and keep proper books of record and accounts separate and apart from all other records and accounts of the Issuer, in which there shall be made full and correct entries of all transactions relating to the System and the Revenues. Not later than 90 days after the close of each fiscal year, the Issuer will cause an audit of such books and accounts to be made by an independent public accountant, or state auditing official, if appropriate, showing the receipts of and disbursements made for the account of the System. Each such audit, in addition to whatever matter may be thought proper by the accountant to be included therein, shall include the following:

- (1) A statement in detail of the income and expenditures of the System for such fiscal year;
- (2) A balance sheet as of the end of such fiscal year;
- (3) The accountant's comments regarding the manner in which the Issuer has carried out the requirements of this Master Resolution, and the accountant's recommendations for any change or improvements in the operation of the System;
- (4) A list of the insurance policies and fidelity bonds in force at the end of such fiscal year, setting out as to each policy and bond that amount of the policy, the risks covered, the name of the insurer and the expiration date;
- (5) The number and type or class, if applicable, of customers of the System, and the number of connections, if applicable, to the System;
- (6) The amount of money in each of the funds created in Article V hereof at the end of such fiscal year and the amount of money paid into and expended from each of said funds

during such fiscal year;

(7) To the extent applicable, a statement of all schedules of rates in effect at the close of the fiscal year and the aggregate dollar amount billed for the System services during such fiscal year and the Revenues received from charges for System services by types or classes of customers, if applicable;

(8) A list of the official titles of the Executive Officer and the City Recorder and members of the Governing Board, and the name of each person occupying said positions; and

(9) A general statement concerning any events or circumstances which might affect the financial status of the System.

All expenses incurred in the making of the audits required herein shall be regarded and paid as Expense of Maintenance and Operation. The Issuer further agrees to furnish a copy of each such audit to each Bondholder who shall request the same in writing. Any registered owner of any of the Bonds shall have the right to discuss with the accountant making the audit the contents of the audit and to ask for such additional information as he may reasonably require in connection with such audit. The Issuer agrees that said books of record and account herein referenced, and any and all other books, records and accounts of the Issuer relating to the System, shall at all reasonable times be open to inspection by any registered owner of any of the Bonds or their representatives duly authorized in writing, during normal business hours.

(b) The Issuer shall send a copy of each annual audit to the Drinking Water Board and the United States of America without prior request or any notice to do so by the State or Government.

Section 5.9. 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 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 5.10. 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 5.11. 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 5.12. 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 are made subordinate to the Bonds herein authorized; provided that at any time Future Parity Bonds may be authorized by resolution of the Governing Board if all the following conditions are met:

(1) The Issuer is in full compliance with all of the covenants and undertakings in connection with all Bonds of the Issuer then Outstanding and payable from the Revenues of the System;

(2) The Annual Net Revenues of the System for the 12 consecutive months ending with the calendar month next preceding the adoption by the Governing Board of the resolution authorizing the issuance and confirming the sale of the Future Parity Bonds, as shown by an audit rendered by an independent public accountant employed by the Issuer, when added to the estimated amount of the increase in such Annual Net Revenues for the first full twelve-month period in which the improvements, extensions, additions or betterments to the System to be acquired with the proceeds of the Future Parity Bonds will be in operation (such estimated amount to be evidenced by a certificate of an independent consulting engineer approved by the Governing Board of recognized skill and experience in the field of engineering matters related to the construction and maintenance of systems similar to the System), are equal to at least 1.25 times the maximum annual debt service on (i) all Series 2013 Bonds, Prior Lien Bond, and Future Parity Bonds then outstanding plus (ii) the Future Parity Bonds then proposed to be issued;

(3) 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;

(4) 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;

(5) 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; and

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

(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 5.13. 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 Master 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 Series 2013 Bond at the rate of 18% per annum until the default is cured.

Section 5.14. Master Resolution to Constitute Contract Between the Issuer and the Holders of the Bond. The provisions of this Master 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 Master Resolution may be made, except as provided in Article VII 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 5.15. Compliance with Master 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 Master Resolution and will not suffer or permit any default to occur under this Master 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 Master Resolution and for the better assuring and confirming to the registered owners of the Bonds of the rights, benefits and security provided in this Master 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 Master Resolution and the Bonds.

Section 5.16. Power to Issue Bonds 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 Bonds and to adopt this Master Resolution and to pledge the Revenues purported to be pledged by the Master Resolution in the manner and to the extent provided herein. The Bonds and the provisions of this Master Resolution are and will be the valid and legally enforceable obligations of the Issuer in accordance with the terms of the Bonds and the terms of this Master Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues under this Master Resolution and all the rights of the registered owners of the Bonds under this Master 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 MASTER RESOLUTION

Section 6.1. 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 Board of any amendment to this Master Resolution which may be deemed necessary or desirable by the Governing Board; provided, however, that nothing herein contained shall permit or be construed to permit the modification of the terms and conditions in this Master 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, if any, 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 6.2. Notice of Proposed Amendment; Consent of Bondholders.

(a) If at any time the Governing Board 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 Board in form satisfactory to the Governing Board 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 Board may nevertheless in its discretion require further proof in cases where it deems further proof desirable.

ARTICLE VII

COVENANT AGAINST ARBITRAGE

Section 7.1. The Issuer covenants and agrees that, so long as the Bonds are outstanding, it will not take or omit to be taken, or permit to be taken or omitted to be taken, any action which will cause the interest on the bonds to be subject to federal income taxation. Without limiting the generality of the foregoing sentence, the Issuer in furtherance of the foregoing, covenants and agrees that it will not use or invest or cause to be used or invested any of the proceeds of the Bond in any manner which will cause the Bond to be an "arbitrage bond" within the meaning of Code Section 103 of the Internal Revenue Code as amended, and applicable regulations, including without limitations contained in an "Arbitrage Certificate" or other certificates of the Issuer delivered to the purchaser at the time of and in connection with the issuance and delivery of the Bond.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Discharge of Indebtedness. Any Bond and Future Parity Bonds shall not be deemed Outstanding when:

- (1) It is cancelled 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 8.2. Execution of Escrow Agreement. The Executive Officer and the City Recorder are hereby authorized and directed to execute and deliver an 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 8.3. 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 8.4. Resolution Not to be Construed to Make the Bond an Indebtedness of the Issuer. Nothing in this Master 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 Master Resolution are invalid or that the enforcement of the provisions of this Master Resolution would make the Bond invalid or unenforceable, said provisions of this Master Resolution shall be considered to be null and void.

Section 8.5. Partial Invalidity. If any one or more articles, sections, paragraphs, clauses or provisions of this Master 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 Master 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 Master Resolution are declared to be severable.

Section 8.6. 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 Master 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 Master Resolution.

Section 8.7. 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 Millard County Chronicle Progress, a newspaper having general circulation in Delta, Utah, which is hereby confirmed and ratified.

Section 8.8. Conflicting Resolutions. All resolutions and parts thereof in conflict herewith and hereby repealed to the extent of such conflict.

Section 8.9. Effective Date. Immediately after its adoption, this Master 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.

ADOPTED as of January *, 2013.

DELTA CITY

By _____
Mayor

ATTEST AND COUNTERSIGN:

By _____
City Recorder

[SEAL]