

**HYRUM CITY, UTAH
FINAL BOND RESOLUTION
SEWER REVENUE BONDS, SERIES 2021
NOVEMBER 21, 2019**

RESOLUTION NO. 19-23

A RESOLUTION AUTHORIZING THE \$2,402,000 SEWER REVENUE BONDS, SERIES 2021 FOR SEWER SYSTEM IMPROVEMENTS, AND RELATED IMPROVEMENTS, AND TO REFUND AND RETIRE THE ISSUER'S SEWER REVENUE BOND ANTICIPATION NOTES, SERIES 2019; AND RELATED MATTERS.

WHEREAS, Hyrum City, Cache County, Utah (the "Issuer"), desires to acquire and construct sewer system improvements, and related improvements (the "System") and desires to finance said improvements, in part, by issuing its \$2,402,000 Sewer Revenue Bonds, Series 2021 (the "Series 2021 Bonds") to refund and retire the Issuer's \$2,402,000 Sewer Revenue Bond Anticipation Notes, Series 2019; and

WHEREAS, the Issuer has previously issued its Taxable Sewer Revenue Bonds, Series 2003 in the original principal amount of \$4,220,000 bearing no interest (the "Outstanding Bonds"); and

WHEREAS, the Issuer does not have on hand money to pay the cost thereof, but other than the Issuer's Outstanding Bonds, the revenues to be derived by the Issuer from the operation of its System will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Series 2021 Bonds; and

WHEREAS, the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (collectively, the "Act"), provides that the Issuer may issue nonvoted revenue bonds as long as revenues generated from the revenue producing facilities of the Issuer are sufficient to pay for operation and maintenance of said facilities and debt service on all outstanding obligations secured by the revenues of said facilities; and

WHEREAS, the Issuer has been advised that its System will generate sufficient revenues to pay for operation and maintenance of the System as well as debt service on all proposed and outstanding obligations secured by the revenues of the System, including the Series 2021 Bonds authorized herein; and

WHEREAS, the United States of America acting through its Department of Agriculture, Rural Utilities Service ("USDA") has offered to purchase the Issuer's Series 2021 Bonds in the total principal amount of \$2,402,000 bearing interest at the rate of two and seventy-five hundredths percent (2.75%) per annum on the unpaid principal amount thereof and has authorized a grant to the Issuer in the amount of \$1,569,000; and

WHEREAS, the Issuer desires to accept the offer of the USDA and to confirm the sale of the Series 2021 Bonds to the USDA:

NOW, THEREFORE, Be It Resolved by the City Council of Hyrum City, Cache County, Utah, as follows:

ARTICLE I

DEFINITIONS

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

“Annual Debt Service” means the annual payment of principal, premium or penalty, if any, and interest to be paid by the Issuer during any Sinking Fund Year on the Series 2021 Bonds and all outstanding bonds or other forms of indebtedness issued on a parity with the Series 2021 Bonds and which are secured by the Net Revenues of the System.

“Bondholder” or “Registered Owner” means the registered holder of any Series 2021 Bond, the issuance of which is authorized herein.

“Construction Fund” means the bank fund of the Issuer solely dedicated to receive payments of loan and grant funds from USDA for the construction of the Project, which funds shall not be intermingled with other funds and which bank fund shall not accrue interest.

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

“Fully Registered Bond” means any single Fully Registered Bond in the denomination(s) equal to the aggregate principal amount of the Series 2021 Bonds authorized herein.

“Issuer” means Hyrum City, Cache County, Utah or its successors.

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

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

“Outstanding Bonds” means the Issuer’s outstanding Taxable Sewer Revenue Bonds, Series 2003 issued in the original principal amount of \$4,220,000 bearing no interest.

“Paying Agent” means the person or persons authorized by the Issuer to pay the principal of and interest on the Series 2021 Bonds on behalf of the Issuer. The initial paying agent for the Series 2021 Bonds is the City Recorder of the Issuer.

“Project” means to finance, in part, the acquisition and construction of sewer system improvements, and related improvements to the Issuer’s System, including all equipment and necessary appurtenances thereto.

“Registrar” means the person or persons authorized by the Issuer to maintain the registration books with respect to the Series 2021 Bonds on behalf of the Issuer. The initial Registrar for the Series 2021 Bonds is the City Recorder of the Issuer.

“Revenue Fund” means the fund into which the Issuer deposits the Revenues of the System, all as more fully described herein.

“Revenues” means all gross income and revenues of any kind, from any source whatsoever, derived from the operation of the System, including, without limitation, all fees, rates, connection charges, impact fees that are imposed with respect to the Project and other charges, the gross revenues of all improvements, additions, and extensions of the System hereafter constructed or acquired, and all interest earned by and profits derived from the sale of investments made with the income and Revenues. Balances held in the Revenue Fund on the last day of each Fiscal Year in excess of 25% of the amount of the Operation and Maintenance Expenses for that Fiscal Year, after payment of all Operation and Maintenance Expenses and all deposits requested by Section 3.4(a)-(b) of this Bond Resolution to that date have been made, shall be considered to be Revenues available for the next Fiscal Year.

“Serial Bonds” means the fully registered \$1,000 denomination Sewer Revenue Bonds which may be issued in exchange for the Fully Registered Series 2021 Bonds.

“Series 2021 Bond or Bonds” means the Issuer’s Sewer Revenue Bonds, Series 2021 authorized herein in the principal amount of \$2,402,000 bearing interest at the rate of 2.75% per annum to be purchased by the USDA.

“Series 2019 Note or Notes” means the Issuer’s Sewer Revenue Bond Anticipation Notes, Series 2019 issued in the aggregate principal amount of \$2,402,000 and sold to ZB, N.A. DBA Zions Bank issued in anticipation of the Series 2021 Bonds.

“Sinking Fund Year” means the twelve-month period beginning on July 1 of the calendar year and ending on the next succeeding June 30; provided, however, that the first Sinking Fund Year will begin on the delivery date of the Series 2021 Bonds and will end on the next succeeding June 30.

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

“Total Loan Commitment” means the total amount which USDA is obligated to lend to the Issuer on the terms hereinafter described provided that in no event shall such amount exceed \$2,402,000.

“Total Principal Sum” means the amount of proceeds actually loaned and delivered by the USDA at any given time pursuant to Section 2.3 hereof to the Issuer up to the maximum amount of \$2,402,000, as recorded on the Certificate of Dates of Payment and Amount attached to the Series 2021 Bonds.

“USDA” means the United States of America and its agents, acting through the Department of Agriculture, Rural Utilities Service, sometimes also referred to as Rural Development.

ARTICLE II

ISSUANCE OF SERIES 2021 BONDS

Section 2.1. Principal Amount, Interest Rate, Designation, and Series. The Series 2021 Bonds are hereby authorized to be issued by the Issuer in the principal amount of \$2,402,000 for the purpose of financing, in part, the costs of the Project, and for the purpose of paying costs of issuance of the Series 2021 Bonds.

The Series 2021 Bonds shall be dated as of the date of their delivery, shall be in the maximum aggregate principal amount of \$2,402,000 and shall bear interest on the unpaid principal balance at the rate of interest of two and seventy-five hundredths percent (2.75%) per annum from the issue date until paid as established by the USDA in its letter committing to purchase the Series 2021 Bonds from the Issuer. Both principal and interest on the Series 2021 Bonds shall be payable in lawful money of the United States of America to the registered owner of the Series 2021 Bonds at the address of such owner shown on the registration books of the Issuer.

The Series 2021 Bonds is issued on parity with the Issuer's Outstanding Bonds, such that the Series 2021 Bonds and the Outstanding Bonds are equally and ratably secured by a pledge of and first lien on the Net Revenues of the Issuer's System.

Section 2.2. Date and Maturities. The Series 2021 Bonds shall be dated as of their date of delivery and shall be paid as follows:

Monthly principal and interest installments in an amount determined by the Issuer and USDA at the time of delivery of the Series 2021 Bonds to USDA sufficient to pay the principal amount of said Series 2021 Bonds with interest thereon over a period of not more than 40 years from the delivery date of the Series 2021 Bonds, which is estimated to be \$8,263 per month. The payments due the first two years will consist of interest only. Payments for the remaining 38 years will be equal to \$99,156 per year.

In the event the bid from the lowest responsible bidder on the Project shows that the costs of the Project will exceed the amount of grant and loan commitments the Issuer has already obtained, then, as authorized in Section 11-14-302 of the Utah Local Government Bonding Act, the Issuer hereby authorizes the Mayor and City Recorder, as a pricing committee, to approve a final principal amount and repayment schedule for the Series 2021 Bonds within the parameters set forth in the Notice of Public Hearing and Bonds to Be Issued published once each week for two consecutive weeks with the first publication being at least 14 days before this resolution and also posted on the Utah Public Notice Website at least 14 before this resolution, which parameters are in the aggregate principal amount of not to exceed \$3,000,000, to bear interest at the rate or rates not to exceed four percent (4.0%) per annum, to mature in not more than forty (40) years from their date or dates, and to be sold at a price not less than 98% of the total principal amount thereof, and all other terms of the Series 2021 Bonds, and to approve

and execute all documents related to the issuance of the Series 2021 Bonds. The City Recorder is authorized to attest such signatures and apply the City seal as appropriate.

If the Series 2021 Bonds are not issued in the calendar year 2021, then the denomination of the Bonds shall be changed to correspond to the year of issuance.

Section 2.3. Advances of Proceeds. USDA does not do an advance of funds. USDA does a reimbursement of funds on a monthly basis into a Construction Fund. Upon receipt of evidence of deposit of each advance in the Construction Fund, the City Recorder, or Mayor of the Issuer shall give telephonic authorization followed by written confirmation to USDA to stamp or write the date and amount of such advance made by USDA in the appropriate place on the Certificate of Dates of Payment and Amount appearing on the Fully Registered Bond. Each advance made by USDA on the Fully Registered Bond shall constitute proceeds of the Fully Registered Bond and shall be deemed to constitute the full purchase price and Total Principal Sum of the Fully Registered Bond noted on the Certificate of Dates of Payment and Amount appearing on the Fully Registered Bond.

If less than \$2,402,000 is advanced on the Series 2021 Bonds such that the Total Principal Sum is less than \$2,402,000, the repayment period shall be shortened and the number of monthly principal and interest installments shall be reduced to correspond to the Total Principal Sum of the Series 2021 Bonds as evidenced on the Certificate of Dates of Payment and Amount on the Fully Registered Bond representing the Series 2021 Bonds.

Section 2.4. Optional Redemption and Redemption Prices. The Issuer hereby reserves the right, at its option, to prepay the principal amount outstanding, in whole or, in the manner hereinafter provided, in part, on any regularly scheduled installment payment date.

Prepayments shall be made on the date, at the place and in the manner provided herein for making regularly scheduled installment payments. No partial prepayment shall extend or postpone the due date of any subsequent monthly installment. All prepayments shall be applied to principal last falling due on the Series 2021 Bonds and shall be in the amount of principal being prepaid, together with accrued interest thereon to the date of prepayment, and shall be made without penalty or additional interest or charges.

Notice of any prepayment of principal on the Fully Registered Bonds, or of the call for redemption of any of the Serial Bonds, shall be given as provided in the Series 2021 Bond forms set forth in Exhibits "B" and "C" hereto. Interest on any Series 2021 Bond subject to prepayment or redemption shall cease to accrue as to the amount of principal being prepaid or redeemed after the date fixed for prepayment or redemption if notice has been properly given and funds (or securities in which such funds are invested) equal to the amount of prepayment or redemption price shall have been deposited at the place of payment at that time.

Except as otherwise provided herein, every payment on the Series 2021 Bonds shall be applied first to interest computed to the date of payment and then to principal.

Section 2.5. Execution and Delivery of Series 2021 Bonds. The Mayor is hereby authorized to execute by manual or facsimile signature the Series 2021 Bonds and the City Recorder to countersign by manual or facsimile signature the Series 2021 Bonds and to have imprinted, stamped, or otherwise placed on the Series 2021 Bonds the official seal of the Issuer. The City Recorder is hereby authorized to authenticate and deliver to USDA the Series 2021 Bonds upon payment to the Issuer of the first incremental advance of the proceeds of the Series 2021 Bonds. The City Recorder, Mayor, or his/her designee, is further authorized and directed to certify to the monthly installment payments to be set forth in the Installment Payment Certificate on the Series 2021 Bonds.

The Series 2021 Bonds are issued under the provisions of the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Fully Registered Bond and each of any Serial Bonds issued as hereinafter prescribed shall contain a recital that they are issued under the authority of said Act, and the recitals to such effect contained in the bond forms set forth in Exhibits "B" and "C" hereof are hereby approved. Such recitals shall conclusively impart full compliance with all of the provisions of the Bond Resolution and the Series 2021 Bonds shall be incontestable for any cause whatsoever after their delivery for value. The principal of and interest on the Series 2021 Bonds shall be payable only out of one hundred percent (100%) of the Net Revenues, and in no event shall said Series 2021 Bonds be deemed to constitute an indebtedness of the Issuer within the meaning of any State, constitutional or statutory limitation or a charge against the general credit or taxing power of the Issuer.

Section 2.6. Approval of Sale. The sale of the Series 2021 Bonds to USDA is hereby authorized and approved. USDA has requested, and the Issuer has agreed, that the obligation of the Issuer thereunder shall be represented in the form of a single, fully registered, negotiable revenue bond, without coupons, that the registered owner thereof shall have the right to convert the said Fully Registered Bond to Serial Bonds in registered form, at his own expense.

Section 2.7. Designation of Paying Agent and Registrar. The City Recorder in Hyrum, Utah is hereby designated as Paying Agent and Registrar for the Series 2021 Bonds.

Section 2.8. Exchange for Serial Bonds. The Serial Bonds which may be issued upon conversion of the Fully Registered Bond, as provided in Section 2.6 hereof, shall mature annually on the anniversary of the date of the original Bond of each of the remaining years of the original term of the Series 2021 Bonds, shall be dated as of the date when the conversion is effected, and shall be in \$1,000 denominations as will permit them to mature within the original term of the Fully Registered Bond in substantially the same amount(s) of principal and interest as are required to be paid annually on the Fully Registered Bonds as set forth in the Amortization Schedule referred to therein, during each of the remaining years of the original term of the Fully Registered Bond, except that one bond of the series may be in a different denomination if necessary, and additional

denominations may be used if necessitated by the redemption provisions set forth in the Serial Bonds upon redemption thereof. The Serial Bonds shall be in substantially the form as set forth in Exhibit “C”.

Section 2.9. Defeasance of Series 2021 Bonds. The Series 2021 Bonds shall be deemed paid only upon the payment in full of the principal of and interest on said Series 2021 Bonds in accordance with the terms thereof. The setting aside money exclusively for the payment of the Series 2021 Bonds shall have no application with respect to the Series 2021 Bonds.

Section 2.10. Enforcement of Resolution With Respect to Series 2021 Bonds. So long as USDA is the registered owner of the Series 2021 Bonds, it may deal directly with the Issuer in the servicing and enforcement of said Series 2021 Bonds.

ARTICLE III

REGISTRATION, PAYMENT, AND FLOW OF FUNDS

Section 3.1. Execution of and Registration of Series 2021 Bonds; Persons Treated as Owners. The Series 2021 Bonds shall be signed by the Issuer and the Issuer shall cause books for the registration and for the transfer of the Series 2021 Bonds to be kept by the City Recorder who is hereby appointed the Registrar of the Issuer with respect to the Series 2021 Bonds. Any Series 2021 Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2021 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any Series 2021 Bond duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same maturity and series for a like aggregate principal amount as the Series 2021 Bond surrendered for transfer. Series 2021 Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Series 2021 Bonds of the same series or other authorized denominations and the same maturity. The execution by the Issuer of any Series 2021 Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Registrar shall thereby be authorized to deliver such Series 2021 Bond. The Registrar shall not be required to transfer or exchange any exchange bond at any time following the mailing of notice calling such Series 2021 Bond for redemption.

Series 2021 Bonds surrendered for payment, redemption or exchange, shall be promptly canceled and destroyed by the Issuer.

The Issuer, the Registrar and the Paying Agent may treat and consider the person in whose name each Series 2021 Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and for all other purposes whatsoever, and neither the Issuer, nor the Registrar nor the Paying Agent shall be affected by any notice to the contrary. Payment of any Series 2021 Bond shall be made only to or upon order of the Registered Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2021 Bond to the extent of the sum or sums so paid.

The Issuer may require the payment by the Registered Owner requesting exchange or transfer of Series 2021 Bonds of any tax or other governmental charge and any service charge which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Series 2021 Bond shall be delivered.

Section 3.2. Deposit of Bond Proceeds. The proceeds from the sale of the Series 2021 Bonds shall be deposited upon delivery in the Construction Fund. All moneys deposited in the Construction Fund shall be used solely for the purpose of defraying all or a portion of the costs of the Project including the payment of costs of issuance of the Series 2021 Bonds. Moneys deposited in the Construction Fund shall be used in the following order: Moneys contributed by the Issuer shall be used first, then the proceeds of the Series 2021 Bonds shall be used, and any grant moneys shall be used last. Any unexpended balance remaining in the Construction Fund after completion of the Project shall be transferred as soon as practicable (a) first to each party or entity, other than the Issuer, that contributed funds to the Construction Fund in the form of grant money, if any, in proportion to the amount of grant money originally deposited into the Construction Fund, (b) then to the entity or party, other than the Issuer, that contributed funds to the Construction Fund in the form of loan proceeds, if any, in proportion to the amount of loan proceeds originally deposited into the Construction Fund, and (b) lastly to the Issuer in an amount not to exceed the Issuer's original contribution to the Construction Fund if the Issuer contributed moneys to the Construction Fund. Any remaining balance shall be transferred to the "Sinking Fund" established hereunder, and shall be used only for the prepayment of the Series 2021 Bonds in inverse order of maturity. Following the repayment and/or transfer of unexpended funds from the Construction Fund to the Sinking Fund, the Construction Fund will be closed. The Mayor is hereby authorized to approve the disbursal of funds from the Construction Fund. Each authorization shall be signed by the Mayor and countersigned by the City Recorder. The Construction Fund shall not accrue interest.

Section 3.3. The Series 2021 Bonds Constitute Special Limited Obligations. Notwithstanding anything in this Bond Resolution elsewhere contained, the principal and interest, if any, on the Series 2021 Bonds shall be payable out of 100% of the Net Revenues, and in no event shall the Series 2021 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 or from proceeds of the Series 2021 Bonds.

The Issuer may, in its sole discretion, but without obligation and subject to the Constitution, laws, and budgetary requirements of the State of Utah, make available properly budgeted and legally available funds to defray any insufficiency of Revenues to pay the Series 2021 Bonds; provided however, the Issuer has not covenanted and cannot covenant to make said funds available and has not pledged any of such funds for such purpose.

Section 3.4. Flow of Funds. From and after the earlier of the delivery date of the Series 2021 Bonds, and until all the Series 2021 Bonds have been fully paid, the Revenues shall be set aside into Hyrum City, Cache County, Utah Sewer Revenue Fund referred to herein as "Revenue Fund", established hereunder. The Issuer will thereafter make monthly accounting allocations of the funds deposited in said Revenue Fund for the following purposes and in the following priority:

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

(b) All amounts in the Revenue Fund not allocated to the Expense Account (the "Net Revenues") shall be allocated to the Sinking Fund hereby established:

(i) Of the amounts allocated to the Sinking Fund there shall be allocated the following amounts to a subaccount established on the books of the Issuer known as the "Bond Account" such amounts as will assure, to the extent of the availability of Net Revenues from the System, the prompt payment of the principal and interest, if any, on the Series 2021 Bonds as shall become due and all bonds or obligations issued in parity therewith, including the Outstanding Bonds. The amount to be so set aside with respect to the Series 2021 Bonds shall, as nearly as may be practicable, be set aside and allocated to the Bond Account monthly, on or before the fifth day of each month, beginning the month following the initial delivery of the Series 2021 Bonds and shall equal the monthly principal and/or interest installment determined under Section 2.2 hereof, to the end that there will be sufficient funds allocated to the Bond Account to pay the principal and/or interest on the Series 2021 Bonds as and when the same become due. Amounts allocated to the Bond Account shall be used solely for the purpose of paying principal and interest, if any, on the Series 2021 Bonds and shall not be reallocated, transferred or paid out for any other purpose. (In the event insufficient moneys are available to make prompt payment of the full principal and interest on the Series 2021 Bonds as shall become due and all bonds and obligations issued in parity therewith, including the Outstanding Bonds, such moneys shall be allocated pro rata based on the amount of principal coming due over the next 12 months for each such parity bond, if any.)

(ii) Of the amounts allocated to the Sinking Fund after there shall have been allocated the amounts required to be allocated under (i) above, there shall be allocated monthly to a subaccount established on the books of the Issuer known as the "Reserve Account - Series 2021" such amounts as will assure to the extent of available Net Revenues from the

System, the full accumulation within the Reserve Account of amounts to be accumulated with respect to the Series 2021 Bonds. On or before the fifth day of each month, beginning the month following delivery of the Series 2021 Bonds to the Reserve Account - Series 2021 to be known as "Reserve Account - Series 2021" established on the books of the Issuer the sum of \$826.30, plus such additional amount as may be required to meet any monthly installment to the Reserve Account - Series 2021 not theretofore made in whole or in part, such allocation shall continue until there shall have been accumulated an amount equal to \$99,156.00. Amounts allocated to the Reserve Account - Series 2021 shall be used to pay the principal and interest, if any, falling due on the Series 2021 Bonds at any time when there are not sufficient funds in the Bond Account to pay the same, but pending such use may be invested as hereafter provided. When the Reserve Account - Series 2021 has been accumulated as in this paragraph provided, no further allocations to the Reserve Account - Series 2021 need be made unless payments from the Reserve Account - Series 2021 have reduced the same below the amounts required by this paragraph, in which event allocations shall be resumed until such deficiency has been remedied (in the event insufficient moneys are available to make prompt payment into the Reserve Account - Series 2021 as shall become due and all reserve accounts, if any, with respect to all bonds and obligations issued on a parity with the Series 2021 Bonds, including the Outstanding Bonds, such moneys shall be allocated pro rata based on the amount of principal coming due over the next 12 months for each such parity bond); and

(iii) All remaining funds, if any, in the Sinking Fund after all of the payments required to be made into the Bond Account and Reserve Account - Series 2021 have been made, may be used by the Issuer (a) to prepay or redeem the Series 2021 Bonds in whole or in part, (b) to make extensions, improvements, additions, repairs, and replacements to the System, or (c) to be applied to any other lawful purpose as determined by the Issuer.

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

Section 3.5. Investment of Funds. Any funds allocated to the Bond Account and Reserve Account - Series 2021 may, at the discretion of the Issuer, be invested in accordance with the State Money Management Act. All income derived from the investment of the funds of the Bond Account shall be maintained in said funds and disbursed along with the other moneys on deposit therein as herein provided. All income derived from the investment of the Reserve Account - Series 2021 shall at the end of each

Sinking Fund Year be transferred by the Issuer to the Bond Account so long as the Reserve Account - Series 2021, after said transfer, has funds equaling \$99,156.00. Should said Reserve Account - Series 2021 have less than \$99,156.00, then said income shall be maintained in said Reserve Account - Series 2021 until total deposits in said Reserve Account - Series 2021 equals \$99,156.00. There shall not be required to be in the Bond Account and the Reserve Account - Series 2021 at any time more than the total amount required to pay the total principal outstanding of the Series 2021 Bonds. Whenever the money in the Bond Account and said Reserve Account - Series 2021 equals the total principal amount of the Series 2021 Bonds outstanding, the money in said Accounts shall be used to prepay all of the Series 2021 Bonds.

ARTICLE IV

COVENANTS

Section 4.1. Covenants of Issuer. The Issuer hereby covenants and agrees with each and every holder of the Series 2021 Bonds the following:

(a) The rates for all Sewer service supplied by the System to the Issuer and its inhabitants and to all customers within or without the boundaries of the Issuer shall be sufficient for the retirement and/or redemption of the Series 2021 Bonds, provided such rates must be reasonable rates for the type, kind, and character of the service rendered. There shall be no free service and there shall be charged against all users of the System, including the Issuer, such rates and amounts as shall be adequate to meet the debt service payments on the Series 2021 Bonds and any Parity Bonds (as defined in Section 4.2) when due. The rates charged for Sewer service provided by the System shall be sufficient to produce Net Revenues that are equal to 125% of Annual Debt Service. All Net Revenues, including those received from the Issuer, shall be subject to distribution for the payment of the Operation and Maintenance Expenses of the System and the payment of the Series 2021 Bonds and any Parity Bonds, as provided herein. Balances held in the Revenue Fund on the last day of each Fiscal Year in excess of 25% of the amount of the Operation and Maintenance Expenses for that Fiscal Year, after payment of all Operation and Maintenance Expenses and all deposits required by Section 3.4(a)-(b) of this Bond Resolution to that date have been made, shall be considered to be Revenues available for the next Fiscal Year.

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

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

(d) So long as any Series 2021 Bonds remain outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each Bondholder or any duly authorized agent or agents of such holder shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System and all properties constituting the System. Except as otherwise provided herein, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Sinking Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the System, and that such audit will be available for inspection by each Bondholder; provided, however, during such periods of time

as the USDA is the Registered Owner of the Series 2021 Bonds, each such audit will be supplied to the USDA, as soon as completed without prior request therefor by the USDA. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

(i) A statement in detail of the income and expenditures of the System for such Sinking Fund Year;

(ii) A balance sheet as of the end of such Sinking Fund Year;

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

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

(v) The number of parcels of property connected to the System at the end of the Sinking Fund Year;

(vi) An analysis of all funds and accounts created in this Bond Resolution, setting out all deposits and disbursements made during the Sinking Fund Year and the amount in each fund or account at the end of the Sinking Fund Year;

(vii) The number of Sewer connections within the boundaries of the Issuer, and applications for Sewer service on hand at the end of the Sinking Fund Year;

(viii) The total billings for such Sinking Fund Year;

(ix) All schedules of rates and charges imposed for Sewer service during the Sinking Fund Year.

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

All expenses incurred in compiling the information required by this section shall be regarded and paid as an Operation and Maintenance Expense. If a Bondholder is other than the USDA, the Issuer agrees to furnish a copy of such information to such Bondholder at its request after the close of each Sinking Fund Year. Any Bondholder shall have the right to discuss with the accountant

compiling such information the contents thereof and to ask for such additional information as it may reasonably require.

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

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

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

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

(j) Every officer, agent or employee of the Issuer having custody or control of any of the Revenues or of the proceeds of the Series 2021 Bonds shall be bonded by a responsible corporate surety in an amount not less than the annual debt service of the Series 2021 Bonds. The premiums on such surety bonds shall not be an Operation and Maintenance Expense of the System.

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

(l) The Issuer will from time to time duly pay and discharge or cause to be paid all taxes, assessments and other governmental charges, if any, lawfully imposed upon the System or any part thereof or upon the Revenues, as well as any lawful claims for labor, materials or supplies which if unpaid might by law become a lien or charge upon the System or the Revenues or any part thereof or which might impair the security of the Bonds, except when the Issuer in good faith contests its liability to pay the same.

(m) The Issuer will not grant a franchise for the operation of any competing Sewer system within the Issuer's limits, as long as any Series 2021 Bonds authorized herein remain outstanding.

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

(o) All payments falling due on the Series 2021 Bonds shall be made to the Bondholder thereof at par and all charges made by the Depository Bank for its services shall be paid by the Issuer.

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

(q) The Issuer will service any applicant within the service area of the System who desires Sewer service from the System who can be feasibly and legally served, and will obtain the concurrence of USDA prior to refusing service to such applicant.

(r) The Issuer will file or cause to be filed with the Internal Revenue Service Center, Ogden, Utah 84201, on or before the fifteenth day of the second calendar month after the close of the calendar quarter in which the Series 2021 Bonds are issued, a Form 8038-G, Information Return for Tax-Exempt Governmental Bond Issues, with respect to the Series 2021 Bonds.

(s) The Mayor and City Recorder of the Issuer are hereby authorized and directed to execute such certificates as shall be necessary to establish that the Series 2021 Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations promulgated or proposed in relation thereto. The Issuer covenants and certifies to and for the benefit of the Registered Owners of

the Series 2021 Bonds that no use will be made of the proceeds from the issue and sale of the Series 2021 Bonds, or any funds or accounts of the Issuer which may be deemed to be gross proceeds of the Series 2021 Bonds, pursuant to Section 148 of the Code and applicable regulations (proposed or promulgated) which use, if it had been reasonably expected on the date of issuance of the Series 2021 Bonds, would have caused the Series 2021 Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. Pursuant to this covenant, the Issuer obligates itself to comply throughout the term of the Series 2021 Bonds with the requirements of Section 148 of the Code and the regulations proposed or promulgated with respect thereto.

(t) The Issuer further covenants and agrees to and for the benefit of the Registered Owners of the Series 2021 Bonds that the Issuer (i) will not take any action that would cause interest on the Series 2021 Bonds to become includible in gross income for purposes of federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Series 2021 Bonds to become includible in gross income for purposes of federal income taxation and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Series 2021 Bonds in order to preserve the exclusion from gross income for purposes of federal income taxation of interest on such Series 2021 Bonds.

Section 4.2. Additional Indebtedness. No additional indebtedness, bonds or notes of the Issuer payable on a priority superior to the Series 2021 Bonds out of the Net Revenues from the System shall be created or incurred by the Issuer without the prior written consent of all holders of the Series 2021 Bonds. Furthermore, the Series 2021 Bonds shall not be entitled to any priority one over the other in application of the Net Revenues of the System, regardless of the time or times of their issuance, it being the intention of the Issuer that there shall be no priority among the Series 2021 Bonds authorized to be issued pursuant to this Bond Resolution regardless of the fact that they may be actually issued and delivered at different times. It is expressly agreed and covenanted that the Issuer will not hereafter issue any bonds or obligations payable from the Net Revenues of the System, or any part thereof, or which constitutes a lien on such Net Revenues or on the System until all Series 2021 Bonds have been paid in full unless such additional bonds are issued in such manner that they are in all respects subordinate to the Series 2021 Bonds.

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

(1) The Series 2021 Bonds or any part thereof may be refunded. The refunding bonds so issued shall enjoy a lien on the Net Revenues on a parity with the Series 2021 Bonds except that if fewer than all of the Series 2021 Bonds outstanding at the time are so refunded, no refunding bonds shall bear interest at a rate higher or mature at a date earlier than the corresponding Bond refunded thereby without the consent of the owners and holders of all of the corresponding unrefunded Series 2021 Bonds. In all other respects, refunding bonds may be

secured in such manner and may be payable from such sources and be subject to other terms and provisions that may be provided in the resolution authorizing their issuance. Refunding bonds may be exchanged with the consent of the Bondholder for not less than a like principal amount of the Series 2021 Bonds authorized to be refunded, may be sold or may be exchanged in part or sold in part. If sold, the proceeds of the sale not required for the payment of expenses shall be used to refund that portion of the Series 2021 Bonds refunded.

(2) Additional bonds may be issued on a parity with the Series 2021 Bonds herein authorized if all of the following conditions are met at the time of the issuance of such additional bonds (herein referred to as "Parity Bonds"):

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

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

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

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

Section 4.3. Bank Designation. For purposes of and in accordance with Section 265 of the Code, the Issuer hereby designates the Series 2021 Bonds as an issue qualifying for the exception for certain qualified tax-exempt obligations to the rule denying banks and other financial institutions 100% of the deduction for interest expenses which is allocable to tax-exempt interest. The Issuer reasonably anticipates that

the total amount of tax-exempt obligations (other than obligations described in Section 265(b)(3)(C)(ii) of the Code) which will be issued by the Issuer and by any aggregated issuer during calendar year 2021 will not exceed \$10,000,000. For purposes of this Section, “aggregated issuer” means any entity which, (i) issues obligations on behalf of the Issuer, (ii) derives its issuing authority from the Issuer, or (iii) is directly or indirectly controlled by the Issuer within the meaning of Treasury Regulation Section 1.150-1(e). The Issuer hereby represents that (a) it has not created and does not intend to create and does not expect to benefit from any entity formed or availed of to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and (b) the total amount of obligations so designated by the Issuer and all aggregated issuers for the calendar year 2021, does not exceed \$10,000,000.

Section 4.4. Arbitrage Rebate Exemption for Small Issuer. The Issuer hereby certifies for the purpose of qualifying for the exception contained in Section 148(f)(4)(D) of the Code from the requirement to rebate arbitrage earnings from investment of proceeds of the Series 2021 Bonds (the “Rebate Exemption”) as follows:

(a) The Series 2021 Bonds are issued by the Issuer which has general taxing powers.

(b) Neither the Series 2021 Bonds nor the Series 2019 Note nor any portion thereof is a private activity bond as defined in Section 141 of the Code (“Private Activity Bond”).

(c) Ninety-five percent (95%) or more of the net proceeds of the Series 2021 Bonds and Series 2019 Note are to be used for local government activities of the Issuer (or of a governmental unit, the jurisdiction of which is entirely within the jurisdiction of the Issuer).

(d) Neither the Issuer nor any aggregated issuer has issued or is reasonably expected to issue any tax-exempt bonds other than Private Activity Bonds (as those terms are used in Section 148(f)(4)(D) of the Code) during calendar year 2019 or 2021, which in the aggregate would exceed \$5,000,000.

For purposes of this Section 4.4, “aggregated issuer” means any entity which (a) issues obligations on behalf of the Issuer, (b) derives its issuing authority from the Issuer, or (c) is subject to substantial control by the Issuer.

The Issuer hereby represents that it has not created, does not intend to create, and does not expect to benefit from any entity formed or availed of to avoid the purposes of Section 148(f)(4)(D)(IV) of the Code.

Accordingly, the Issuer will qualify for the Rebate Exemption granted to small governmental units under Section 148(f)(4)(D) of the Code, and the Issuer shall be treated as meeting the requirements of Paragraphs (2) and (3) of Section 148(f) of the Code relating to the required rebate of arbitrage earnings to the United States with respect to the Series 2021 Bonds.

ARTICLE V

MISCELLANEOUS

Section 5.1. Default and Remedies. Failure of the Issuer to perform any covenant or requirement of the Issuer under this Bond Resolution within thirty (30) days after having been notified in writing by a Bondholder of such failure, shall constitute an event of default hereunder and shall allow each Bondholder to take the following enforcement remedies. The Bondholder may appoint a trustee bank to act as a receiver of the Revenues of the System for purposes of applying said Revenues toward the Revenue allocations required in Section 3.4 herein and in general, protecting and enforcing each Bondholder's rights thereto, in which case, all administrative costs of the trustee bank in performing said function shall be paid by the Issuer.

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

Section 5.2. Amendments to Bond Resolution. Provisions of this Bond Resolution shall constitute a contract between the Issuer and the Bondholder; and after the issuance of the Series 2021 Bonds, no change, variation or alteration of any kind in the provisions of this Bond Resolution shall be made in any manner until such time as all of the Series 2021 Bonds have been paid in full except as hereinafter provided.

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

Whenever the Issuer shall propose to amend or modify this Bond Resolution under the provisions of this section, it shall cause notice of the proposed amendment to be sent to all Bondholders of all Series 2021 Bonds then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the City Recorder for public inspection. Should a Bondholder consent to the proposed amendment to this Bond Resolution, it shall submit to the Issuer a written instrument which shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof. Upon receipt of Bondholder consents representing at least 75% of the principal of Series 2021 Bonds outstanding, the governing body of the Issuer may adopt said amendatory resolution, and it shall become effective, provided, however, that nothing in this Section 5.2 shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on delinquent payments, without

the consent of the Bondholder of such Series 2021 Bonds, or (b) a reduction in the amount or extension of the time of any payment required by any Fund or account established hereunder without the consent of the Bondholders of all the Series 2021 Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Series 2021 Bonds, the Bondholders of which are required to consent to any such waiver or a mandatory resolution, or (d) affect the rights of the Bondholders of less than all Series 2021 Bonds then outstanding, without the consent of the Bondholders of all the Series 2021 Bonds at the time outstanding which would be affected by the action to be taken.

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

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

Section 5.3. USDA Forms. The Mayor and City Recorder are hereby authorized and directed to execute for and on behalf of the Issuer Form RD 400-1, "Equal Opportunity Agreement", to which is attached and made a part thereof an "Equal Opportunity Clause", and also to execute for and on behalf of the Issuer Form RD 400-4, "Assurance Agreement".

Section 5.4. Certification with Respect to Series 2021 Bonds. The Issuer hereby finds, determines and certifies with respect to the Series 2021 Bonds that it is unable to obtain sufficient credit, except from USDA, at reasonable rates and terms, taking into consideration prevailing and private cooperative rates and terms in or near it for similar purposes and periods of time. The Issuer hereby covenants and agrees with USDA that if at any time while the Series 2021 Bonds are held by USDA, it shall appear to USDA that the Issuer may be able to obtain credit from other sources at reasonable rates and terms for loans of similar purposes and periods of time, the Issuer, within the limitation of its then existing legal powers, and at USDA's request, will make an effort in good faith to pay in full all principal and accrued interest remaining on the Series 2021 Bonds then held by USDA by issuing refunding bonds or otherwise.

Section 5.5. Maintenance of Proceedings. A certified copy of this Bond Resolution and every amendatory or supplemental ordinance or resolution shall be kept on file in the office of the City Recorder where it shall be made available for inspection by any Bondholder or his agent. Upon payment of the reasonable cost of preparing the same, a certified copy of this Bond Resolution, any amendatory or supplemental

ordinance or resolution will be furnished to any Bondholder. The Bondholders may, by suit, action, mandamus, injunction or other proceedings, either at law or in equity, enforce or compel performance of all duties and obligations required by this Bond Resolution to be done or performed by the Issuer. Nothing contained herein, however, shall be construed as imposing on the Issuer any duty or obligation to levy any tax either to pay the principal of or interest, if any, on the Series 2021 Bonds authorized herein or to meet any obligation contained herein concerning the Series 2021 Bonds.

Section 5.6. Sale of Series 2021 Bonds Approved. The sale of the Series 2021 Bonds to the USDA, at par, is hereby ratified, confirmed and approved.

Section 5.7. Bondholders not Responsible. The Bondholders shall not be responsible for any liabilities incurred by the Issuer in the acquisition or construction of the Project or for the failure of the System to function successfully after completion of the Project.

Section 5.8. Refunding of Series 2019 Notes. The Issuer hereby authorizes the refunding and retirement of the Series 2019 Notes with the proceeds of the Series 2021 Bonds at such time as the Issuer is prepared to seek reimbursement for all construction expenses paid for with the Series 2019 Notes.

Section 5.9. Additional Certificates, Documents, and Other Papers. The appropriate officials of the Issuer, and each of them, are hereby authorized and directed to execute and deliver for and on behalf of the Issuer any or all additional certificates, documents, and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Bond Resolution and the documents authorized and approved herein.

Section 5.10. Severability. If any section, paragraph, clause or provision of this Bond Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Resolution.

Section 5.11. Statutory Authority for the Series 2021 Bonds. The Series 2021 Bonds are issued under the authority of the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, and each Series 2021 Bond certificate shall so recite. By the adoption of this Bond Resolution, it is the intention of the Issuer to comply in all respects with the applicable provisions of the Act and the Series 2021 Bonds issued hereby shall be incontestable for any reason whatsoever after their delivery for value.

Section 5.12. Record of Proceedings. The City Recorder of the Issuer is hereby directed to complete and execute the Record of proceedings attached hereto to officially record the proceedings at which this Bond Resolution was considered for adoption.

Section 5.13. Resolutions in Conflict. All resolutions or parts thereof in conflict with the provisions of this Bond Resolution are, to the extent of such conflict, hereby

repealed. This Bond Resolution is approved in substantially final form subject to the monthly payment amount being identified by USDA which will result in the annual payment and reserve amount to be accumulated and subject to comment by the office of general counsel for USDA.

APPROVED AND ADOPTED this November 21, 2019.

Mayor

ATTEST:

City Recorder

(S E A L)

EXHIBIT "A"

RECORD OF PROCEEDINGS

The City Council (the "City Council") of the Issuer, met in public session at the regular meeting place of the City Council in Hyrum, Utah, on November 21, 2019 (the "Meeting"), at the hour of 6:00 p.m., or as soon thereafter as feasible, with the following members of the City Council being present:

City Council being present:

Stephanie Miller	Mayor
Kathy Bingham	Councilmember
Jared Clawson	Councilmember
Paul James	Councilmember
Craig Rasmussen	Councilmember
Steve Adams	Councilmember

Also present:

Stephanie Fricke	City Recorder
Ron Salvesson	City Administrator

Absent:

which constituted all the members thereof.

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

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

Those voting YEA:

Those voting NAY:

Those Abstaining:

Other business not pertinent to the Resolution appears in the minutes of the Meeting. Upon the conclusion of all business on the Agenda and motion duly made and carried, the Meeting was adjourned.

CERTIFICATE OF CITY RECORDER

I, Stephanie Fricke, the duly appointed and qualified City Recorder of the Issuer, do hereby certify that the attached Resolution is a true, accurate and complete copy thereof as adopted by the City Council at a public meeting duly held on November 21, 2019 (the "Meeting"). The persons present and the result of the vote taken at the Meeting are all as shown above. The Resolution, with all exhibits attached, was deposited in my office on November 21, 2019 and is officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my signature and impressed hereon the official seal of the Issuer, this November 21, 2019.

(S E A L)

City Recorder

CERTIFICATE OF COMPLIANCE WITH
OPEN MEETING LAW

I, Stephanie Fricke, the undersigned City Recorder of the Issuer do hereby certify, according to the records of the Issuer in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated, 1953, as amended, I gave not less than twenty-four (24) hours public notice of the agenda, date, time and place of the November 21, 2019, public meeting held by the governing body of the Issuer as follows:

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

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

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

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

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this November 21, 2019.

City Recorder

(SEAL)

(Attach Meeting Notice including proof of posting thereof on the Utah Public Notice Website)

EXHIBIT "B"

FORM OF SERIES 2021 BOND

REGISTERED

REGISTERED

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF CACHE
HYRUM CITY
SEWER REVENUE BOND, SERIES 2021

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

Hyrum City, Cache 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 United States of America Acting through the Department of Agriculture, Rural Utilities Service or the registered owner hereof or registered assigns, the Total Principal Sum set forth at the end of this Bond in the "Certificate of Dates of Payment and Amounts," but in no event more than the maximum principal amount of \$2,402,000, together with interest from the date of delivery at the rate of two and seventy-five hundredths percent (2.75%) per annum. Payments of principal and interest shall be made by the Issuer as follows:

The payments due the first two years will consist of interest only payments. Thirty days following the date of delivery of this Bond to the purchaser thereof, and on the same day of each month thereafter, until the Total Principal Sum with interest thereon as aforesaid has been fully paid, the Issuer shall pay consecutive monthly Installments in the amount or amounts entered in the "Installment Payment Certificate" at the end of this Bond, which amount or amounts shall be sufficient to fully pay the principal amount and interest thereon within forty (40) years from the date of this Bond. At such time, the purchaser hereof shall deliver to the Issuer a schedule showing the amounts of the monthly Installment payments and the portions thereof allocable to principal and interest each month during the term of this Bond (hereinafter referred to as the "Amortization Schedule"). If any monthly Installment is not paid when due, then, in addition to Installments thereafter becoming due, the Issuer shall pay interest on the unpaid balance of the Total Principal Sum from the due date of the delinquent Installment until paid in full.

Except as otherwise provided herein, every payment on this Bond shall be applied first to interest computed to the date of payment and then to principal.

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

The Issuer hereby reserves the right, at its option, to prepay the principal amount outstanding, in whole or, in the manner hereinafter provided, in part, on any regularly scheduled installment payment date while this Bond is held by USDA (as defined in the Bond Resolution referenced below).

Prepayments shall be made on the date, at the place and in the manner provided herein for making regularly scheduled Installment payments. No partial prepayment shall extend or postpone the due date of any subsequent monthly Installment. All prepayments shall be applied to principal last falling due on the Bonds and shall be in the amount of principal being prepaid, together with accrued interest thereon to the date of prepayment, and shall be made without penalty or additional interest or charges.

Notice of any prepayment will be given not less than thirty (30) days prior to the prepayment date by mailing a copy thereof by registered or certified mail at least thirty (30) days prior to the prepayment date to the registered holder of this Bond at his address shown on the registered books.

This Bond is issued for the purpose to finance, in part, Sewer system improvements, and related improvements (the "Project") and to refund and retire the Issuer's \$2,402,000 Sewer Revenue Bond Anticipation Notes, Series 2019 under the authority of the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, and under and by virtue of and in full conformity with the Constitution and laws of the State of Utah and Resolutions duly adopted by the Issuer on October 17, 2019, and November 21, 2019 (collectively, the "Bond Resolution").

This Bond is issued on parity with the Issuer's Outstanding Bonds (as defined in the Bond Resolution), such that this Bond and the Outstanding Bonds are equally and ratably secured by a pledge of and first lien on the Net Revenues of the Issuer's System.

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

his attorney duly authorized in writing; thereupon, a new bond in the same form as this Bond shall be issued to and registered in the name of the transferee.

This Bond, upon the surrender thereof at the office of the City Recorder, with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, may, at the option of the registered owner, and at his expense, be exchanged for Serial Bonds in fully registered form, in the aggregate principal amount then remaining unpaid, bearing the same interest rate, maturing annually on the anniversary of the date of this Bond of each of the remaining years of the original term of this Bond and dated as of the year during which the surrender and exchange is effected. Interest on the Serial Bonds shall be payable on the anniversary of the date of this Bond of each year thereafter to the date of maturity of the principal amount of the applicable Serial Bond. Serial Bonds so issued shall be redeemable according to the provisions of the aforementioned Bond Resolution of the Issuer pursuant to which this Bond is issued.

This Bond is a limited obligation of the Issuer and is payable solely from a special fund designated the "Hyrum City, Cache County, Utah Sewer Revenue Bonds Sinking Fund", into which special fund shall be deposited one hundred percent (100%) of the Net Revenues (as defined in the Bond Resolution) to be derived from the Issuer's Sewer system (the "System"), including any future improvements, additions and extensions thereto. For a more particular description of said Fund, the Net Revenues to be deposited therein and the nature and extent of the security afforded thereby, reference is made to the provisions of the aforementioned Bond Resolution pursuant to which this Bond is issued and such Fund has been established and will be maintained. This Bond shall constitute a lien upon all moneys which from time to time are in the Sinking Fund herein pledged. This Bond does not now and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provisions or statutory limitation nor a charge against the general credit or taxing powers of the Issuer.

The Issuer hereby covenants with the registered owner of this Bond to keep and perform all covenants and agreements contained in the Bond Resolution of the Issuer authorizing the issuance of this Bond, and the Issuer will fix, establish, maintain and collect rates, fees or charges for service furnished by or through the System, including all extensions and improvements thereto hereafter constructed or acquired by the Issuer, sufficient to pay the principal and interest on this Bond and the principal and interest on all bonds and notes issued on a priority to or parity with this Bond, if any, as they fall due, provided said rates must be reasonable rates for the type, kind and character of the service rendered, and will collect and account for the Revenues to be received for such service, and will set aside one hundred percent (100%) of the Net Revenues (as defined in the Bond Resolution) to be derived from the System to pay the principal of and interest on this Bond according to the payment terms hereinabove set forth.

It is hereby certified, recited and declared that all conditions, acts and things essential to the validity of this Bond do exist, have happened and have been done and that every requirement of law affecting the issue hereof has been duly complied with; that this Bond does not exceed any limitation prescribed by the Constitution and laws of the State of Utah; that one hundred percent (100%) of the Net Revenues (as defined in the Bond

Resolution) to be derived from the operation of the System, including any future improvements, additions and extensions thereto, have been and are hereby pledged and will be set aside into said Sinking Fund by the Issuer to be used for the payment of the principal of and interest on this Bond, and that said Net Revenues of the System are not pledged, hypothecated or anticipated in any way other than the payment of this Bond and bonds issued on a parity herewith, if any.

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

HYRUM CITY, CACHE COUNTY, UTAH

By _____ (Do Not Sign)
Mayor

COUNTERSIGNED:

(Do Not Sign)
City Recorder

(S E A L)

REGISTRATION CERTIFICATE

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

This Bond shall be payable only to the order of the registered owner or his legal representative.

Date of
Registration

Name of Registered Owner

Signature of
Bond Registrar

INSTALLMENT PAYMENT CERTIFICATE

The undersigned, Acting City Recorder of the Issuer and duly authorized representative of the holder of this Bond, hereby certify that the amount(s) shown below are the monthly installment payments to be made on this Bond by the Issuer and that the Issuer will fully pay the Total Principal Sum and interest thereon within forty (40) years from the date of this Bond. The payments due the first and second year after the dated date of this Bond will consist of interest only payments. The Amount of Monthly Installment for the remaining 38 years is: \$8,2630, provided that the final monthly installment may be in such lesser or greater amount as is necessary to pay the balance of principal and interest then remaining due.

Acting City Recorder of Issuer

Authorized Representative
of Holder

CERTIFICATE OF DATES OF PAYMENT AND AMOUNT

The undersigned authorized representative of the United States Department of Agriculture, Rural Utilities Service (the "USDA"), hereby certifies that USDA has received written authorization from the Mayor or City Recorder of the Issuer to stamp or write the amount or amounts indicated below on the date or dates set forth opposite such amount(s); that the amount last inserted under the column "Total Principal Sum" is the total amount received by the Issuer for the issuance of this Bond, and that the undersigned has placed his/her signature in the space provided opposite such amount(s) to evidence the same.

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

EXHIBIT "C"

FORM OF SERIES 2021 SERIAL BOND

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF CACHE
HYRUM CITY
SEWER REVENUE BONDS, SERIES 2021

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

No. _____

\$ _____

Hyrum City, Cache County, Utah (the "Issuer") for value received, promises to pay from the special fund hereinafter described and in the manner hereinafter set forth, but not otherwise, to the Registered Owner hereof, the principal sum of _____ Dollars (\$ _____), on the first day of _____, 20____, unless this Bond is redeemed prior thereto as hereinafter provided, together with interest thereon from the date of this Bond until paid at the rate of two and seventy-five hundredths percent (2.75%) per annum, said interest payable on _____, 20____, and on the first day of _____ of each year thereafter. Principal on this Bond shall be paid upon presentation of this Bond to the Treasurer of the Issuer for payment at maturity. Interest on this Bond shall be payable by check or draft in lawful money of the United States of America mailed to the address of the Registered Owner shown on the registration books of the Issuer.

This Bond is one of an authorized issue of Serial Bonds of like date, term, interest rate and effect except as to maturity, in the aggregate principal amount of _____ Dollars (\$ _____), issued in exchange for the conversion of the Issuer's Sewer Revenue Bond, Series 2021 dated _____, 20____, in the total principal sum of \$2,402,000, authorized by Resolutions of the Issuer duly adopted on October 17, 2019, and November 21, 2019 (collectively, the "Bond Resolution"). This Bond and the issue of Serial Bonds of which it is a part is issued for the purpose to finance, in part, the acquisition and construction of Sewer system improvements, and related improvements (the "Project"), and to refund and retire the Issuer's \$2,402,000 Sewer Revenue Bond Anticipation Notes, Series 2019, including such legal, engineering and fiscal agent expenses reasonably incurred, under the authority of the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and under and by virtue of and in full conformity with the Constitution and laws of the State of Utah.

The Issuer reserves the right, at its option, to redeem any of the outstanding Bonds of this series held by the United States of America, Department of Agriculture, Rural Utilities Service ("USDA") prior to maturity at any time in inverse order of maturity and by lot within a maturity. The Issuer further reserves the right, at its option, to redeem in inverse order of maturity and by lot within a maturity any or all of the Bonds. Any redemptions of any of the Bonds of this series shall be at a price equal to the principal amount of each Bond so redeemed and accrued interest thereon to the date fixed for redemption and shall be made without penalty or additional interest or charges. Notice of the exercise of the right of the Issuer to redeem any Bond is to be given not less than thirty (30) days prior to the redemption date by mailing a copy of the redemption notice at least thirty (30) days prior to the date fixed for redemption to the registered holders of the Bonds to be redeemed. Interest on any Bond subject to redemption shall cease to accrue after the date fixed for redemption of said Bond if notice has been properly given and funds (or securities in which such funds are invested) equal to the redemption price have been deposited at the place of payment at that time.

If this Bond is redeemable, as above stated, less than the entire principal amount of this Bond may be so redeemed, and in such case, upon the surrender of the Bond, there shall be issued to the owner thereof, without charge therefor, for the unredeemed balance of the principal amount of the Bond, a bond of like maturity and interest rate.

Any redemption of any of the said Bonds shall be without penalty or additional interest or charges.

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

This Bond and the issue of Bonds of which it forms a part are limited obligations of the Issuer and are payable solely from a special fund designated the "Hyrum City, Cache County, Utah Sewer Revenue Bonds Sinking Fund", into which special fund shall be deposited one hundred percent (100%) of the Net Revenues (as defined in the Bond Resolution) to be derived from the Issuer's Sewer system (the "System"), including any future improvements, additions and extensions thereto. For a more particular description of said Fund, the Net Revenues to be deposited therein and the nature and extent of the security afforded thereby, reference is made to the provisions of the aforementioned Bond Resolution adopted by the Issuer pursuant to which this Bond is issued and such Fund has been established and will be maintained. This Bond, and the issue of which it forms a part, shall constitute a lien upon all moneys which from time to time are in the Sinking Fund herein pledged. This Bond, and the issue of which it forms a part, does not now and shall never constitute an indebtedness of the Issuer within the meaning of any

State constitutional provisions or statutory limitation or a charge against the general credit or taxing powers of the Issuer.

The Issuer hereby covenants with the Bondholder to keep and perform all covenants and agreements contained in the Bond Resolution of the Issuer authorizing the issuance of this Bond and the issue of which it forms a part, and the Issuer will fix, establish, maintain and collect rates, fees or charges for service furnished by or through the System, including all extensions and improvements thereto hereafter constructed or acquired by the Issuer, sufficient to pay the principal and interest on this Bond and the issue of which it forms a part, as they fall due, provided such rates must be reasonable rates for the type, kind and character of the service rendered, and will collect and account for the Net Revenues to be received for such service, and will set aside one hundred percent (100%) of the said Net Revenues (as defined in the Bond Resolution), said Net Revenues to pay the principal and interest on this Bond and the issue of which it forms a part as each becomes due.

It is hereby certified, recited and declared that all conditions, acts and things essential to the validity of this Bond and the issue of which it forms a part do exist, have happened and have been done, and that every requirement of law affecting the issue hereof has been duly complied with; that this Bond and the issue of which it forms a part does not exceed any limitation prescribed by the Constitution and laws of the State of Utah; that one hundred percent (100%) of the Net Revenues to be derived from the operation of the System, including any future improvements, have been pledged and will be set aside into said Sinking Fund by the Issuer to be used for the payment of the principal of and interest on this Bond and the issue of which it forms a part, as well as the principal on the Bond authorized and issued pursuant to the aforementioned Bond Resolution, and that said Net Revenues of the System are not pledged, hypothecated or anticipated in any way other than the payment of this Bond and bonds issued on a parity herewith, if any.

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

By /s/ (Do Not Sign)
Mayor

COUNTERSIGNED:

/s/ (Do Not Sign)
City Recorder

(S E A L)

REGISTRATION CERTIFICATE

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

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