
HYRUM CITY, UTAH

RESOLUTION 11-04

SUPPLEMENTAL RESOLUTION

**AUTHORIZING THE ISSUANCE AND SALE OF
\$684,000
WATER REVENUE BONDS, SERIES 2011**

ADOPTED MARCH 3, 2011

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RESOLUTION No. 11-04

SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE AND CONFIRMING THE SALE OF \$684,000 WATER REVENUE BONDS, SERIES 2011 OF HYRUM CITY, UTAH; AND RELATED MATTERS.

WHEREAS, on October 7, 2010, the City Council (the “*Council*”) of Hyrum City, Utah (the “*Issuer*”), adopted a resolution entitled “Master Resolution Providing for the Issuance of Water Revenue Bonds” (the “*Master Resolution*”); and

WHEREAS, the Council deems it advisable and in the interests of the Issuer to provide for the issuance and sale by the Issuer of \$684,000 Water Revenue Bonds, Series 2011 (the “*Series 2011 Bonds*”) pursuant to the Master Resolution and this Supplemental Resolution (the “*Series 2011 Supplemental Resolution*” and, together with the Master Resolution, the “*Resolution*”) in order to finance a portion of the costs of acquiring and constructing a re-use pump station and related improvements and facilities for the Issuer’s water system (the “*Series 2011 Project*”) and pay costs of issuance of the Series 2011 Bonds;

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

ARTICLE I

DEFINITIONS

Section 101. Definitions.

(a) Certain terms are defined in the recitals hereto. Except as provided in the recitals and subparagraph (b) of this Section, capitalized terms used but not defined in this Series 2011 Supplemental Resolution shall have the meanings assigned to such terms in the Master Resolution.

(b) As used in this Series 2011 Supplemental Resolution, unless the context shall otherwise require, the following terms shall have the following meanings:

“*Bond Counsel*” means Chapman and Cutler LLP, or other counsel of nationally recognized standing in matters pertaining to the issuance of obligations by states and their political subdivisions and the tax-exempt status thereof, duly admitted to the practice of law before the highest court of any state of the United States.

“*Escrow Agent*” means the Utah State Treasurer, in Salt Lake City, Utah, and its successors and assigns.

“Escrow Agreement (Bond Proceeds)” means the Escrow Agreement, in substantially the form attached hereto as *Exhibit A* to be entered into among the Issuer, the State Agency, and the Escrow Agent with respect to the deposit of proceeds of the Series 2011 Bonds into the Series 2011 Project Account.

“Escrow Agreement (Issuer Moneys)” means the Escrow Agreement, in substantially the form attached hereto as *Exhibit B* to be entered into among the Issuer, the State Agency, and the Escrow Agent with respect to the deposit of the Issuer’s equity contribution to the Series 2011 Project into the Series 2011 Project Account.

“Escrow Agreements” means, collectively, the Escrow Agreement (Bond Proceeds) and the Escrow Agreement (Issuer Moneys).

“Exchange Bonds” means the fully-registered Series 2011 Bonds issued as set forth in Section 211 hereof in exchange for the State Agency Bond or in exchange for other Exchange Bonds, in the denomination of \$1,000 or any whole multiple thereof.

“Issue Date” means the date of issuance and delivery of the Series 2011 Bonds, as provided in Section 203 hereof.

“Record Date” means, the fifteenth day of the month next preceding any interest payment date or, if such day is not a Business Day, the Business Day immediately preceding such day.

“Series 2011 Bonds” means the \$684,000 Water Revenue Bonds, Series 2011 of the Issuer authorized by this Series 2011 Supplemental Resolution.

“Series 2011 Debt Service Reserve Requirement” means \$90,000.

“Series 2011 Debt Service Reserve Subaccount” means the Series Subaccount established in the Debt Service Reserve Account in the Bond Fund pursuant to Section 5.02 of the Resolution and Section 302 hereof.

“Series 2011 Debt Service Subaccount” means the Series Subaccount established in the Debt Service Account in the Bond Fund pursuant to Section 5.02 of the Resolution and Section 303 hereof.

“Series 2011 Project Account” means the Series 2011 Project Account established in the Construction Fund pursuant to Section 5.03 of the Resolution and Section 301 hereof.

“Series 2011 Project Accounts” means, collectively, the Series 2011 Project Account (Bond Proceeds) and the Series 2011 Project Account (Issuer Moneys).

“Series 2011 Supplemental Resolution” means this Supplemental Resolution of the Issuer authorizing the issuance and sale of the Series 2011 Bonds.

“*State Agency*” means the State of Utah, Department of Natural Resources, Board of Water Resources.

“*State Agency Bond*” means the single fully-registered Series 2011 Bond issued in substantially the form set forth in Section 401 hereof, in the denomination equal to the aggregate principal amount of the Series 2011 Bonds, and registered in the name of the State Agency.

“*Tax Certificate*” means any agreement or certificate of the Issuer that it may execute in order to assure the tax-exempt status of the Series 2011 Bonds.

The terms “*hereby*”, “*hereof*”, “*hereto*”, “*herein*”, “*hereunder*”, and any similar terms as used in this Series 2011 Supplemental Resolution, refer to this Series 2011 Supplemental Resolution.

Section 102. Authority for Series 2011 Supplemental Resolution. This Series 2011 Supplemental Resolution is adopted pursuant to the provisions of the Act and the Master Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 2011 BONDS

Section 201. Authorization of Series 2011 Bonds, Principal Amount, Designation and Series. A Series of Water Revenue Bonds is hereby authorized to be issued for the purposes specified in Section 202 in the aggregate principal amount of \$684,000 in accordance with and subject to the terms, conditions and limitations established in the Master Resolution and this Series 2011 Supplemental Resolution. Such Series of Bonds shall be designated “Water Revenue Bonds, Series 2011.”

Section 202. Findings and Purpose. The Issuer hereby finds, determines and declares that:

(1) The requirements of Sections 2.02 and 2.03 of the Master Resolution will have been complied with upon the delivery of the Series 2011 Bonds.

(2) The Series 2011 Bonds are being issued for the purpose of paying a portion of the Cost of Construction of the Series 2011 Project and paying costs of issuance of the Series 2011 Bonds.

(3) The Series 2011 Bonds are being issued in an amount, together with other funds of the Issuer devoted to the purpose, sufficient to acquire, construct and complete the Series 2011 Project.

(4) The acquisition and construction of the Series 2011 Project is hereby approved, ratified and confirmed.

Section 203. Issue Date. The Issue Date of Series 2011 Bonds shall be the date of issuance and delivery thereof.

Section 204. Series 2011 Bonds. (a) Principal of the Series 2011 Bonds shall be paid in annual sinking fund installments payable on January 1 of each of the years and in the principal amounts, as follows:

JANUARY 1 OF THE YEAR	AMOUNT MATURING
2012	\$ 53,000
2013	55,000
2014	57,000
2015	59,000
2016	61,000
2017	63,000
2018	80,000
2019	82,000
2020	86,000
2021 *	<u>88,000</u>
Total	<u>\$684,000</u>

* Final maturity.

The Series 2011 Bonds shall bear interest from their Issue Date, payable annually on January 1, commencing January 1, 2012, at the rate of 3.4% per annum; *provided* that any unpaid sinking fund installments or interest following the due date thereof will bear interest at the rate of 18% per annum from the due date of such amount until paid.

Section 205. Denominations and Numbers. The Series 2011 Bonds shall be issued only in fully-registered form, without coupons, (a) with respect to the State Agency Bonds, in substantially the form provided in Section 401 hereof and in the denomination equal to the aggregate principal amount of the Series 2011 Bonds, and (b) with respect to Exchange Bonds, as provided in Section 211 hereof and in the denomination of \$1,000 or any whole multiple of \$1,000 in excess thereof. The Series 2011 Bonds shall be numbered from one (1) consecutively upwards in order of authentication and delivery by the Transfer Agent.

Section 206. Paying Agent. (a) The Treasurer of the Issuer, is hereby appointed the Paying Agent and Transfer Agent for the Series 2011 Bonds. Principal of the Series 2011 Bonds shall be payable by the Paying Agent at the principal office of the Paying Agent in Hyrum City, Utah or of any successor as Paying Agent in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America. Payment of interest on any Series 2011 Bonds shall be (i) made to the registered owner thereof and shall be paid by check or draft mailed, on or before the payment date, to the registered owner thereof as of the close of business on the Record Date at the address of such Owner as it appears on the

registration books of the Issuer or at such other address as is furnished to the Issuer in writing by such registered owner; *provided, however*, that as long as the State Agency is the Owner of the State Agency Bond, payments of sinking fund installments, together with any unpaid interest, shall be made by wire transfer to the State Agency or by check or draft and mailed to the State Agency as the Owner at the address shown on the registration books maintained by the Issuer.

Section 207. *Optional Redemption and Redemption Price.* (a) The Series 2011 Bonds are subject to redemption at any time, in whole or in part (if in part, in whole multiples of \$1,000), at the election of the Issuer, in inverse order of the due dates of the sinking fund installments on the Series 2011 Bonds, at the Redemption Price of 100% (expressed as a percentage of the sinking fund installments to be so redeemed) plus accrued interest.

Section 208. *Sale of Series 2011 Bonds.* The Series 2011 Bonds are authorized to be sold to the State Agency at an aggregate price of par, and such sale is hereby ratified and confirmed.

Section 209. *Execution and Delivery of Series 2011 Bonds.* (a) The Series 2011 Bonds shall be executed on behalf of the Issuer by the Mayor by his manual or facsimile signature, and attested by the City Recorder by his or her manual or facsimile signature, with the seal of the Issuer impressed thereon.

Section 210. *Delivery of Series 2011 Bonds.* The Series 2011 Bonds shall be delivered to the State Agency in the form of the State Agency Bond upon compliance with the provisions of Sections 2.02, 2.03 and 3.02 of the Resolution.

Section 211. *Exchange of State Agency Bond for Exchange Bonds.* It is recognized that the State Agency may sell or otherwise transfer the Series 2011 Bonds pursuant to the provisions of the State Financing Consolidation Act, Title 63, Chapter 65, Utah Code Annotated 1953, as amended, or otherwise. The State Agency Bond may be exchanged at the principal office of the Paying Agent for a like aggregate principal amount of Exchange Bonds in accordance with the provisions of Section 3.03 or 3.04 of the Resolution, as applicable. Exchange Bonds may thereafter be exchanged from time to time for other Exchange Bonds in accordance with Section 3.03 or 3.04 of the Resolution. Exchange Bonds shall be in substantially the form of the State Agency Bonds, provided that each sinking fund installment on the State Agency Bond not previously paid shall be represented by an equivalent principal amount of Exchange 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 State Agency Bond for Exchange Bonds, provided that the State Agency shall pay or cause to be paid all costs and other charges incident to such exchange and the Issuer shall have no obligation to pay any such costs or charges.

Section 212. *Further Authority.* The Mayor, the City Administrator, the City Recorder and other officers of the Issuer are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as may be necessary or advisable to provide for the issuance, sale and delivery of the Series 2011 Bonds.

ARTICLE III

ESTABLISHMENT OF ACCOUNTS; APPLICATION OF SERIES 2011 BOND PROCEEDS

Section 301. Establishment of Series 2011 Project Account; Escrow Agreements. (a) There is hereby established a Project Account in the Construction Fund designated as the “*Series 2011 Project Account*,” which shall be held by the Escrow Agent pursuant to the Escrow Agreements. The moneys in the Series 2011 Project Account shall be used for the purposes set forth in and as authorized by Section 5.03 of the Master Resolution, to finance the Series 2011 Project. An authorized representative of the State Agency shall authorize all disbursements from the Series 2011 Project Account pursuant to the terms of the Escrow Agreement. Amounts held in the Series 2011 Project Account pursuant to the Escrow Agreement (Issuer Moneys) shall be expended prior to amounts in the Series 2011 Project Account pursuant to the Escrow Agreement (Bond Proceeds). All amounts held in the Series 2011 Project Account pursuant to the Escrow Agreement (Bond Proceeds), upon the filing of the Engineer’s Certificate with respect to the Series 2011 Project as contemplated in Section 5.03(i) of the Master Resolution, other than amounts specified therein that must be retained to pay unpaid Cost of Construction, shall be transferred to the Series 2011 Debt Service Subaccount and used by the Issuer to prepay and redeem the sinking fund installments on the Series 2011 Bonds in inverse order of maturity pursuant to Section 207 hereof.

(b) The Escrow Agreements in substantially the forms attached hereto as *Exhibits A and B* are authorized and approved, with such changes, omissions, insertions and revisions as the Mayor shall deem advisable, and the Mayor and City Recorder are hereby authorized to sign and deliver the same. Approval of any such changes shall be conclusively established by the Mayor’s signing of the Escrow Agreements.

Section 302. Establishment and Funding of Series 2011 Debt Service Reserve Subaccount. (a) Pursuant to the provisions of Sections 5.02 and 5.08 of the Resolution, there is hereby established in the Debt Service Reserve Account in the Bond Fund, a separate Series Subaccount for the Series 2011 Bonds designated as the “*Series 2011 Debt Service Reserve Subaccount*.”

(b) The Issuer shall deposit into the Series 2011 Debt Service Reserve Subaccount, from the proceeds of the Series 2011 Bonds, the amount of \$-0-. The Issuer shall deposit into the Series 2011 Debt Service Reserve Subaccount from legally available moneys of the Issuer, six annual installments of \$15,000 each, by January 1 of each year, commencing January 1, 2012, so as to cause an amount equal to the Series 2011 Debt Service Reserve Requirement to be on deposit in the Series 2011 Debt Service Reserve Subaccount by January 1, 2017.

(c) If moneys shall ever have been paid out of the Series 2011 Debt Service Reserve Subaccount for the purpose specified in Section 5.07(b) of the Resolution, or if for any other reason moneys in the Series 2011 Debt Service Reserve Subaccount shall have been removed and, in either case, if such moneys shall not have been replaced from any other source, the Issuer shall deposit, pursuant to Section 5.04(c)(2) of the Resolution, for credit to the Series 2011 Debt

Service Reserve Subaccount, Revenues available after payment of the amounts required to be paid as provided in Section 5.04(c)(1), so as to cause the Series 2011 Debt Service Reserve Requirement to be on deposit in the Series 2011 Debt Service Reserve Account (or such portion thereof as is then required to be on deposit therein) within 12 months of the date of the initial deficiency.

Section 303. Establishment of Series 2011 Debt Service Subaccount. (a) Pursuant to the provisions of Sections 5.02 and 5.06 of the Resolution, there is hereby established in the Debt Service Account in the Bond Fund, a separate Series Subaccount for the Series 2011 Bonds designated as the "Series 2011 Debt Service Subaccount."

Section 304. Application of Bond Proceeds. The Issuer shall deposit with the Escrow Agent the proceeds of the Series 2011 Bonds and the amount of legally available funds of the Issuer set forth in a Written Certificate and Request of the Issuer, for deposit in the Series 2011 Project Account pursuant to the respective Escrow Agreements. All of such money shall be held and disbursed by the Escrow Agent in accordance with the terms of the Escrow Agreements to pay the costs of issuing the Series 2011 Bonds and the cost of constructing the Series 2011 Project.

ARTICLE IV

FORM OF SERIES 2011 BONDS

Section 401. Form of Series 2011 Bonds. Subject to the provisions of the Master Resolution, the Series 2011 Bonds delivered to the State Agency as the State Agency Bond pursuant to Section 210 hereof shall be in substantially the following form, with such insertions or variations as to any redemption or amortization provisions and such other insertions or omissions, endorsements and variations as may be required or permitted by the Master Resolution:

[FORM OF SERIES 2011 BOND]

Registered

Registered

Number _____

\$ _____

UNITED STATES OF AMERICA

STATE OF UTAH

HYRUM CITY, UTAH

WATER REVENUE BOND,
SERIES 2011

INTEREST RATE

MATURITY DATE

ISSUE DATE

3.4%

January 1, 2021

_____, 2011

Registered Owner: _____

KNOW ALL MEN BY THESE PRESENTS that the Hyrum City, Utah (the “*Issuer*”), a duly organized and existing political subdivision and body corporate of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the registered owner identified above, or registered assigns the principal amount identified above. The principal amount is payable in sinking fund installments on January 1 of each of the years as set forth below, together with interest on the unpaid balance of the principal amount from the date hereof, until paid, such interest being payable on January 1 of each year, commencing January 1, 2012, and on any other date that the principal hereof is paid. The initial registered owner of this Bond has committed to purchase this Bond at a price equal to the principal amount of this Bond.

The Series 2011 Bonds shall bear interest on the unpaid principal balance, calculated on the basis of a year of 360 days consisting of twelve 30-day months at a rate of 3.4% per annum and, *provided*, that any unpaid principal or interest following the due date thereof shall bear interest, to the extent permitted by law, at the rate of 18% per annum from the due date of such amount until paid.

The repayment period and annual sinking fund installments of the Series 2011 Bonds shall be as follows:

JANUARY 1 OF THE YEAR	AMOUNT MATURING
2012	\$ 53,000
2013	55,000
2014	57,000
2015	59,000
2016	61,000
2017	63,000
2018	80,000
2019	82,000
2020	86,000
2021 [*]	<u>88,000</u>
Total	<u>\$684,000</u>

^{*} Final maturity.

Principal and redemption price of this Bond shall be payable at the principal office of the Paying Agent, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; and payment of the interest hereon shall be (i) made to the registered owner hereof and shall be paid by check or draft mailed on or before the payment date to the person who is the registered owner of record as of the close of business on the fifteenth day of the month immediately preceding each interest payment date at the address of such registered owner as it appears on the registration books of the Issuer, or at such other address as is furnished in writing by such registered owner to the Issuer as provided in the Resolution or (ii) made by wire transfer to the registered owner hereof upon written notice by such owner to the Issuer given not less than 15 days prior to such interest payment date, subject to the provisions of the Resolution; provided that, as long as the State Agency is the registered holder of this Bond, payments of principal and interest shall be made by check or draft mailed to the State Agency as the registered holder at the address shown on the registration books maintained by the Issuer. The Paying Agent shall note on the Payment Record attached hereto the date and amount of payment of each installment of principal then being paid and theretofore paid and not yet noted thereon. So long as the State Agency is the holder of this Bond, in lieu of presentation or surrender of this Bond for notations of payments, the State Agency shall endorse such payments upon the Repayment Schedule.

THE ISSUER IS OBLIGATED TO PAY THE PRINCIPAL AND REDEMPTION PRICE OF THIS BOND SOLELY FROM THE REVENUES (THE “*REVENUES*”) OF THE SYSTEM (AS DEFINED IN THE HEREINAFTER DEFINED RESOLUTION) AND OTHER FUNDS OF THE ISSUER PLEDGED THEREFOR UNDER THE TERMS OF THE RESOLUTION, SUBJECT TO THE TERMS OF THE RESOLUTION. THIS BOND IS NOT A DEBT OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON INDEBTEDNESS. PURSUANT TO THE RESOLUTION, SUFFICIENT REVENUES HAVE BEEN PLEDGED AND WILL BE SET ASIDE INTO SPECIAL FUNDS BY THE ISSUER TO PROVIDE FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST 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 a special obligation of the Issuer and is one of the Water Revenue Bonds of the Issuer (the “*Bonds*”) and is issued under the provisions of the Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended (the “*Act*”), for the purpose of financing part of the cost of acquiring and constructing a re-use pump station and related facilities and improvements, and paying the costs incurred in connection with the issuance and sale of the Bonds.

As provided in the Master Resolution, bonds, notes and other obligations may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates, and may otherwise vary as provided in the Resolution, and the aggregate principal amount of such bonds, notes and other obligations which may be issued is not limited. The Bonds and all other bonds, notes and other obligations issued and to be issued under the Resolution are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the Resolution.

The Bonds are dated as of the Issue Date specified above and are duly issued under and by virtue of the Act and under and pursuant to the Resolution. A copy of the Resolution is on file at the office of the Clerk of the Issuer in Hyrum City, Utah, and reference to the Resolution and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the terms and conditions upon which the Bonds are issued and additional bonds, notes and other obligations payable from the Revenues may be issued thereunder on a parity with the Bonds, and a statement of the rights, duties, immunities and obligations of the Issuer. Such pledge and other obligations of the Issuer under the Resolution may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

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

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

Principal on this Bond is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer in inverse order of the due date of the principal installments herein, upon notice given as hereinafter set forth, at a

redemption price equal to the principal amount to be so prepaid plus accrued interest to the redemption date.

Notice of redemption shall be given by the Issuer by first class mail, not less than 30 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, the place of redemption, the source of the funds to be used for such redemption, the principal amount and, if less than all of the principal installments are to be redeemed, the due dates of the principal installments to be redeemed, and shall also state that on said date there will become due and payable on each of said Bonds the redemption price thereof.

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

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

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

Capitalized terms that are used but not defined in this Bond shall have the meanings assigned to such terms in the Resolution.

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

IN WITNESS WHEREOF, THE HYRUM CITY, UTAH, has caused this Bond to be signed in its name and on its behalf by the Mayor and attested and countersigned by its City Recorder, all as of the Issue Date specified above.

HYRUM CITY, UTAH

By _____
Mayor

ATTEST AND COUNTERSIGN:

City Recorder

[SEAL]

[FORM OF TRANSFER AGENT’S CERTIFICATE OF AUTHENTICATION]

This Bond is the Water Revenue Bond, Series 2011 of the Hyrum City, Utah described in the within-mentioned Resolution.

HYRUM CITY, UTAH

By _____
Treasurer,
as Transfer Agent

[FORM OF ASSIGNMENT]

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

TEN COM	—	as tenants in common	UNIF TRANS MIN ACT—
TEN ENT	—	as tenants by the entirety	_____ Custodian _____
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common	(Cust) _____ (Minor) _____ under Uniform Transfer to Minors Act of _____ (State)

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

FOR VALUE RECEIVED _____ hereby sells, assigns
and transfers unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF ASSIGNEE

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of the HYRUM CITY, UTAH, and does hereby irrevocably constitute and appoint
_____ Attorney to register the transfer of said Bond
on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Transfer Agent, which requirements include membership or participation in STAMP or such other “signature guarantee program” as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

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

PAYMENT RECORD

I, the undersigned authorized officer, on behalf of the State of Utah, Department of Natural Resources, Board of Water Resources (the “*State Agency*”), hereby certify that the State Agency has received from Hyrum City, Utah, the amounts indicated below on the dates set forth opposite such amounts in repayment (including any prepayment) of the loan evidenced by the attached Water Revenue Bond, Series 2011 of Hyrum City, Utah (the “*Issuer*”), that the amount last inserted under the column, “Remaining Unpaid Principal Balance,” is the total amount to be paid by the Issuer, and that I have placed my signature in the space provided opposite such amounts to evidence receipt of same:

DATE DUE	PRINCIPAL AMOUNT	DATE PAID OR PREPAID	REMAINING UNPAID PRINCIPAL BALANCE	AUTHORIZED SIGNATURE
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____

ARTICLE V

MISCELLANEOUS

Section 501. Tax Covenants. (a) In order to establish and preserve the tax-exempt status of the Series 2011 Bonds, the Mayor, the City Administrator, and other appropriate officials of the Issuer are hereby authorized and directed to execute such Tax Certificates as shall be necessary to establish that (i) the Series 2011 Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations promulgated or proposed thereunder, (ii) the Series 2011 Bonds are not and will not become “private activity bonds” within the meaning of Section 141 of the Code, (iii) all applicable requirements of Section 149 of the Code are and will be met, (iv) the covenants of the Issuer contained in this Section will be complied with and (v) interest on the Series 2011 Bonds is not and will not become includible in gross income of the Owners thereof for federal income tax purposes under the Code and applicable regulations promulgated or proposed thereunder.

(b) The Issuer covenants and certifies to and for the benefit of the Owners from time to time of the Series 2011 Bonds that:

(i) the Issuer will at all times comply with the provisions of the Tax Exemption Certificate;

(ii) the Issuer will at all times comply with the rebate requirements contained in Section 148(f) of the Code, including, without limitation, the entering into any necessary rebate calculation agreement to provide for the calculations of amounts required to be rebated to the United States, the keeping of records necessary to enable such calculations to be made and the timely payment to the United States of all amounts, including any applicable penalties and interest, required to be rebated;

(iii) no use will be made of the proceeds of the Series 2011 Bonds or any funds or accounts of the Issuer that may be deemed to be proceeds of the Series 2011 Bonds pursuant to Section 148 of the Code and applicable regulations, which use, if it had been reasonably expected on the date of issuance of the Series 2011 Bonds, would have caused the Series 2011 Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code;

(iv) no tax-exempt bonds or other evidences of indebtedness of the Issuer have been or will be sold within a period beginning 15 days prior to the sale of the Series 2011 Bonds and ending 15 days following the delivery of the Series 2011 Bonds;

(v) the Issuer will not take any action that would cause interest on the Series 2011 Bonds to be or to become ineligible for the exclusion from gross income of the Owners of the Series 2011 Bonds as provided in Section 103 of the Code, nor will the Issuer omit to take or cause to be taken, in timely manner, any action, which omission

would cause interest on the Series 2011 Bonds to be or to become ineligible for the exclusion from gross income of the owners of the Series 2011 Bonds as provided in Section 103 of the Code; and

(vi) the Issuer acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from federal income taxation for interest paid on the Bonds, under present rules, the Issuer is treated as the “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

(c) Pursuant to these covenants, the Issuer obligates itself to comply throughout the term of the issue of the Series 2011 Bonds with the requirements of Section 103 of the Code and the regulations proposed or promulgated thereunder as they pertain to the Series 2011 Bonds or the Series 2011 Bonds.

ADOPTED AND APPROVED this 3rd of March, 2011.

HYRUM CITY, UTAH

By _____
Mayor

ATTEST AND COUNTERSIGN:

By _____
City Recorder

[SEAL]

STATE OF UTAH)
)
COUNTY OF CACHE)

I, Stephanie Fricke, the duly chosen, qualified and acting City Recorder of Hyrum City, Utah, do hereby certify that the foregoing resolution entitled "Supplemental Resolution Authorizing the Issuance and Sale of \$684,000 Water Revenue Bonds, Series 2011," was duly adopted by the City Council at a regular meeting held at the regular meeting place of the City Council, at 83 West Main Street, Hyrum City, Utah, on March 3, 2011, and became effective as of said date, that said resolution has been compared by me with the original thereof, recorded in the minute book of the City and that said resolution is a correct transcript of the whole thereof, and that said resolution has not been altered, amended or repealed but is in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of Hyrum City, Utah, this 3rd day of March, 2011.

By _____
City Recorder

[SEAL]

EXHIBIT A

[ATTACH FORM OF ESCROW AGREEMENT (BOND PROCEEDS)]

EXHIBIT B

[ATTACH FORM OF ESCROW AGREEMENT (ISSUER MONEYS)]