

Santaquin, Utah

January 19, 2011

A regular meeting of the City Council of Santaquin City, Utah, was held on January 19, 2011, at 7:00 p.m. at the regular meeting place of said City Council, at which meeting there were present and answering roll call the following members who constituted a quorum:

James Degraffenreid	Mayor
Filip Askerlund	Councilmember
Martin Green	Councilmember
James Linford	Councilmember
<del>Rick Steele</del>	<del>Councilmember</del>
Brent Vincent	Councilmember

Also present:

Susan Farnsworth	City Recorder
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Absent: Rick Steele	Council member
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After the meeting had been duly called to order and after other matters not pertinent to this resolution had been discussed, the City Recorder presented to the Council a Certificate of Compliance with Open Meeting Law with respect to this January 19, 2011, meeting, a copy of which is attached hereto as Exhibit A.

The following resolution (the "2011B Executing Resolution") was then introduced in writing, was fully discussed, and pursuant to motion duly made by Councilmember Linford and seconded by Councilmember Green adopted by the following vote:

AYE: Council member Green  
 Council member Linford  
 Mayor James De Graffenreid

NAY: Council member Askerlund  
 Council member Vincent

The 2011B Executing Resolution was then signed by the Mayor in open meeting and recorded by the City Recorder. The 2011B Executing Resolution is as follows:

RESOLUTION NO. 01-05-2011

A RESOLUTION EXECUTING THE ISSUANCE AND CONFIRMING THE SALE OF \$900,000 SEWER REVENUE BONDS, SERIES 2011B OF SANTAQUIN CITY, UTAH (THE "ISSUER"), PREVIOUSLY AUTHORIZED PURSUANT TO A RESOLUTION ADOPTED ON DECEMBER 2, 2010, FOR THE PURPOSE OF FINANCING THE CONSTRUCTION OF A MECHANICAL WASTEWATER TREATMENT PLANT AND THE ADDITION OF A COLLECTION SYSTEM AND RELATED IMPROVEMENTS; PRESCRIBING THE FORM OF BONDS, THE TERMS AND CONDITIONS OF ISSUANCE, AND THE SECURITY THEREFOR; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS 2011B EXECUTING RESOLUTION; AND RELATED MATTERS.

WHEREAS, Santaquin City, Utah (the "Issuer"), has previously issued its (a) \$1,000,000 Parity Sewer Revenue Bonds, Series 1993A (the "Series 1993A Bonds"), (b) \$1,307,000 Parity Sewer Revenue Bonds, Series 1993B (the "Series 1993B Bonds"), (c) \$509,200 Parity Sewer Revenue Bonds, Series 1993C (the "Series 1993C Bonds"), (d) \$333,000 Parity Sewer Revenue Bonds, Series 1993D (the "Series 1993D Bonds") (e) \$6,034,000 Sewer Revenue Bonds, Series 2011A-1 (the "Series 2011A-1 Bonds") and (f) \$2,912,000 Sewer Revenue Bonds, Series 2011A-2 (the "Series 2011A-2 Bonds and collectively with the Series 1993A Bonds, the Series 1993B, the Series 1993C Bonds, the Series 1993D Bonds and the Series 2011A-1 Bonds, the "Outstanding Parity Bonds") to finance improvements to a sewer system together with all related work and improvements pursuant to Bond Resolutions dated July 20, 1993 and January 19, 2011 (collectively, the "Prior Bond Resolution"); and

WHEREAS, pursuant to a resolution adopted on May 19, 2010 (the "May Resolution") and an executing resolution on the date hereof (the 2011A Executing Resolution," and together with the May Resolution, the "2011A Bond Resolution"), the Issuer has authorized the financing of the construction of a mechanical wastewater treatment plant and the addition of a collection system and related improvements (the "Series 2011 Project") by issuing its Sewer Revenue Bonds, Series 2011A in the total principal amount of \$9,000,000 (the "Series 2011A Bonds") to be issued on a parity with the Outstanding Parity Bonds; and

WHEREAS, the 2011A Bond Resolution permits the issuance of Parity Additional Bonds (as defined therein) which are equally and ratably secured with any other bonds issued thereunder; and

WHEREAS, the Issuer determined that additional improvements to the Series 2011 Project would be prudent (the "Series 2011B Project"), and adopted a resolution on December 2, 2010 (the "December Resolution"), wherein it authorized additional bonds

in an amount of not to exceed \$900,000 in order to finance additional improvements to the Series 2011 Project (the “Series 2011B Project”); and

WHEREAS, subsequent to the adoption of the December Resolution, the Issuer published a “Notice of Public Hearing and Bonds to be Issued” (the “Notice”) once each week for two consecutive weeks in The Payson Chronicle, a newspaper having general circulation in Santaquin City, Utah, on the Utah Public Meeting Notice Website (<http://pmn.utah.gov>) no less than fourteen (14) days prior to said hearing; and on the Utah Legal Notices website ([www.utahlegals.com](http://www.utahlegals.com)) created under Section 45-1-101, Utah Code Annotated 1953, as amended, no less than fourteen (14) days prior to said hearing; and

WHEREAS, a copy of the December Resolution was put on file in the office of the City Recorder of the Issuer in the City offices in Santaquin, Utah, and was made available for examination during regular business hours of the City Recorder from 8:30 a.m. to 5:00 p.m. Monday through Friday for a period of at least thirty (30) days from and after the date of publication of the Notice; and

WHEREAS, the Issuer held a public hearing on Wednesday, December 22, 2010 at the Issuer’s offices in Santaquin, Utah, at which the public had the opportunity to provide input with respect to (i) the issuance of the Bonds and (ii) any potential economic impact that the improvements, facility or property financed in whole or in part with the proceeds of the Series 2011B Bonds may have on the private sector; and

WHEREAS, the Series 2011B Bonds will be issued in full conformity with the terms authorized by the December Resolution and presented to the public in the Notice and at the public hearing; and

WHEREAS, the Issuer hereby desires to authorize the issuance of its Sewer Revenue Bonds, Series 2011B (the “Series 2011B Bonds”) in the total principal amount of \$900,000 pursuant to the December Resolution and this executing resolution (the “2011B Executing Resolution” and together with the December Resolution, the “2011B Bond Resolution”); and

WHEREAS, the Issuer does not have on hand money to pay the cost of the Series 2011B Project, but with the exception of the Outstanding Parity Bonds, the Revenues to be derived by the Issuer from the operation of its System (as defined herein) will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Series 2011B Bonds; and

WHEREAS, the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, 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 2011B Bonds authorized herein; and

WHEREAS, the Issuer desires to accept the offer of the State of Utah Department of Environmental Quality, Water Quality Board (the "Water Quality Board") to purchase the Series 2011B Bonds for the total principal amount of \$900,000, and to confirm the sale of the Series 2011B Bonds to the Water Quality Board; and

WHEREAS, the Issuer intends that the Series 2011B Bonds shall only be issued on the condition that the Series 2011A Bonds are issued; and

NOW, THEREFORE, Be It Resolved by the City Council of Santaquin City, 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:

“2011A Bond Resolution” means the resolution dated May 19, 2010 and this executing resolution dated January 19, 2011, authorizing the issuance and sale of Series 2011A Bonds.

“2011A Executing Resolution” means the resolution dated January 19, 2011, executing the issuance and sale of Series 2011A Bonds.

“2011B Bond Resolution” means the resolution dated December 2, 2010 and this executing resolution dated January 19, 2011, authorizing the issuance and sale of Series 2011B Bonds.

“2011B Executing Resolution” means the resolution dated January 19, 2011, executing the issuance and sale of Series 2011B Bonds.

“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 2011B Bonds and all Outstanding Parity Bonds or other forms of indebtedness issued on a parity with the Series 2011B Bonds and which are secured by the Revenues of the System.

“Bondholder” or “Registered Owner” means the registered holder of any Series 2011B Bond, the issuance of which is authorized herein.

“Bonds” means the Series 2011B Bonds, the Outstanding Parity Bonds and any Parity Bonds issued under this 2011B Executing Resolution.

“Business Day” means a day on which banking business is transacted, but not including any day on which banks are authorized to be closed within the boundaries of the Issuer.

“City Council” means the City Council of the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended.

“Dated Date” means the initial delivery date of the Series 2011B Bonds.

“Default” and “Event of Default” mean with respect to any default or event of default under this Resolution any occurrence or event specified in and defined by Section 5.1 hereof.

“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 Revenue Account as herein described, the deposits of which shall be insured by the Federal Deposit Insurance Corporation.

“Escrow Agent” means the Utah State Treasurer, who shall so act pursuant to the terms of the Escrow Agreement.

“Escrow Agreement” means the agreement entered into among the Issuer, the Water Quality Board, and the Escrow Agent on the date of delivery of the Series 2011B Bonds.

“Exchange Bonds” means the fully registered Series 2011B Bonds issued in substantially the forms set forth in Exhibit C, in exchange for the State Bonds representing the Series 2011B Bonds or in exchange for other Exchange Bonds, in the denomination of \$1,000 or any integral multiple thereof.

“Fully Registered Bond” means any single Fully Registered Bond in the denomination(s) equal to the aggregate principal amount of the applicable Series 2011B Bonds authorized herein.

“Issuer” means the City of Santaquin, 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, 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 Parity Bonds” means collectively, the Issuer’s Outstanding (a) \$1,000,000 Parity Sewer Revenue Bonds, Series 1993A, (b) \$1,307,000 Parity Sewer Revenue Bonds, Series 1993B, (c) \$509,200 Parity Sewer Revenue Bonds, Series 1993C, (d) \$333,000 Parity Sewer Revenue Bonds, Series 1993D, (e) \$6,034,000 Sewer Revenue Bonds, Series 2011A-1 (the “Series 2011A-1 Bonds”) and (f) \$2,912,000 Sewer Revenue Bonds, Series 2011A-2 (the “Series 2011A-2 Bonds”).

“Parity Bonds” means any bonds hereafter issued by the Issuer on a parity with the Series 2011B Bonds herein authorized and the Outstanding Parity Bonds pursuant to the conditions and restrictions set forth in Section 4.2 below.

“Paying Agent” means the person or persons authorized by the Issuer to pay the principal of and interest on the Series 2011B Bonds on behalf of the Issuer. The initial paying agent for the Series 2011B Bonds is the City Recorder of the Issuer.

“Permitted Investments” means those investments specified in Sections 51-7-11, Utah Code Annotated, 1953, as amended, including but not limited to the Public Treasurers Investment Fund. (State Treasurer’s Pool).

“Prior Bond Resolution” means collectively the Bond Resolutions adopted by the Issuer on July 20, 1993 and the 2011A Executing Resolution.

“Registrar” means the person or persons authorized by the Issuer to maintain the registration books with respect to the Series 2011B Bonds on behalf of the Issuer. The initial Registrar for the Series 2011B Bonds is the City Recorder of the Issuer.

“Revenues” means all gross income and revenues of any kind, from any source whatsoever, derived from the operation of the System, including, without limitation, all fees, rates, connection charges, impact fees 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.

“Series 2011A-1 Bonds” means Issuer’s Sewer Revenue Bonds, Series 2011A issued in the total principal amount of \$6,034,000.

“Series 2011A-2 Bonds” means Issuer’s Sewer Revenue Bonds, Series 2011A-2 (Federally Taxable) issued in the total principal amount of \$2,912,000.

“Series 2011B Escrow Account” means an account to be held in escrow by the Escrow Agent pursuant to the Escrow Agreement, said account to be used for the purpose of depositing the proceeds of the sale of the Series 2011B Bonds and accounting for said proceeds pursuant to the terms of the Escrow Agreement. Said account may be comingled and otherwise combined with the Series 2011A Escrow Account (as described in the 2011A Executing Resolution).

“Series 2011B Bonds” means Issuer’s Sewer Revenue Bonds, Series 2011B issued in the total principal amount of \$900,000.

“Series 2011 Project” means the construction of a mechanical wastewater treatment plan and the addition of a collection system and related improvements (as described in the 2011A Executing Resolution).

Series 2011B Project” means additional improvements to the Series 2011 Project.

“Series 2011B Reserve Account Requirement” means, with respect to the Series 2011B Bonds, an amount equal to \$384,940, the maximum annual debt service on the Series 2011B Bonds, which amount shall be built up in one hundred twenty (120)

monthly Series 2011A-1 Reserve Fund Installments (as described in the 2011A Executing Resolution).

“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 2011B Bonds and will end on the next succeeding June 30.

“State Bonds” means the fully registered Series 2011B Bonds issued in substantially the form set forth in Exhibit B in the denominations equal to the aggregate principal amount of the Series 2011B Bonds.

“System” means, collectively, the complete sewer facilities of the Issuer, as such facilities now exist, and any other properties now or hereafter owned or operated by the Issuer relating to said facilities and as may hereafter be improved and extended, including specifically all properties of every nature owned by the Issuer and used or useful in the operation of said system, including real estate, personal and intangible properties, contracts, franchises, leases, whether lying within or without the boundaries of the Issuer, including the whole and each and every part of the sewer facilities of the Issuer, including the Series 2011 Project to be acquired and constructed pursuant to this 2011B Executing Resolution, and all real, personal and mixed property, 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 the Series 2011B Bonds remain outstanding.

“Water Quality Board” means the State of Utah Department of Environmental Quality, Water Quality Board.



## ARTICLE II

### ISSUANCE OF SERIES 2011B BONDS

Section 2.1 Principal Amount, Designation, Series, and Interest Rate. The Series 2011B Bonds are hereby authorized for issuance to (a) finance the Series 2011B Project and (b) pay costs incurred in connection with the issuance of the Series 2011B Bonds. The Series 2011B Bonds shall be limited to \$900,000 in aggregate principal amount, shall be issued (i) if issued as State Bonds, in the form set forth in Exhibit B and (ii) if issued as Exchange Bonds, in the form set forth in Exhibit C, in fully registered form, shall bear interest accruing from date of delivery of the Series 2011B Bonds, at the rate of one percent (1%) per annum on the unpaid balance of the principal sum and shall be payable as specified herein. If issued as Exchange Bonds, the Series 2011B Bonds shall be in the denomination of \$1,000 or any integral multiple thereof. The Series 2011B Bonds shall be numbered from one (1) consecutively upward in order of delivery by the Registrar. The Series 2011B Bonds shall be designated as, and shall be distinguished from the bonds of all other series by the title, "Santaquin City, Utah Sewer Revenue Bonds, Series 2011B."

Section 2.2 Advances of Proceeds. On or before fifteen (15) days prior to the first day of each calendar quarter beginning prior to the payment by the Issuer of costs of construction of the 2011 Project, or at such other time as shall be specified by the Water Quality Board, the Issuer shall provide to the Water Quality Board a certificate setting forth a schedule of the costs of construction which the Issuer estimates will become due and payable by the Issuer during the next calendar quarter. Advances made by the Water Quality Board on the basis of such certificates shall be deposited with the Escrow Agent. Upon receipt of evidence of deposit of each advance with the Escrow Agent, the Treasurer of the Issuer shall give telephonic authorization followed by written confirmation to the Water Quality Board to stamp or write the date and amount of such advance made by the Water Quality Board in the appropriate place on the Certificate of Dates of Payment and Amount appearing on the State Bonds. Each advance made by the Water Quality Board on the State Bonds shall constitute proceeds of the State Bonds and shall be deemed to constitute the full purchase price of the corresponding principal amount of the State Bonds noted on the Certificate of Dates of Payment and Amount appearing on the State Bonds. As advances are made by the Water Quality Board, they shall be deemed to represent principal payments in the order of their maturity.

The Series 2011B Bonds are issued on a parity with the Outstanding Parity Bonds such that the Series 2011B Bonds are secured by a pledge of the Net Revenues of the Issuer's System, which pledge is on a parity with the pledge of said Outstanding Parity Bonds.

Section 2.3 Date and Maturities. The Series 2011B Bonds shall be dated as of their date of delivery and shall be paid as provided in this Section 2.3. The Series 2011B Bonds shall be initially issued as one fully registered State Bond.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, shall be payable upon presentation of the applicable Series 2011B Bond at the offices of the Paying Agent for endorsement or surrender, or of any successor Paying Agent. Payment of interest shall be made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof at his address as it appears on the registration books of the Issuer maintained by the Registrar or at such other address as is furnished to the Registrar in writing by such Registered Owner. All payments shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America.

So long as the Water Quality Board is the Registered Owner of the Series 2011B Bonds, payments of principal and interest shall be made by check or draft and mailed to the Water Quality Board as the Registered Owner at the address shown on the registration books maintained by the City Recorder.

The Issuer shall make principal payments for each year, together with accrued but unpaid interest on the total principal sum outstanding beginning January 1, 2030 and continuing on each January 1 thereafter until the Total Principal Sum shall be paid in full, are as follows:

<u>January 1</u>	<u>Principal Maturing</u>
2030	\$142,000
2031	377,000
2032	381,000

If less than \$900,000 is advanced on the Series 2011B Bonds, the repayment period shall be shortened and the number of monthly principal installments shall be reduced in inverse order of principal payment (and the amount of the final remaining principal installment shall be reduced, if required) to correspond to the total Repayable Principal Amount of the Series 2011B Bonds.

Section 2.4 Optional Redemption and Redemption Prices. Each principal payment of the Series 2011B Bonds 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 the order determined by the Issuer, upon notice as provided in Section 2.5 hereof with respect to Exchange Bonds, and upon at least thirty (30) days' prior written notice of the amount of prepayment and the date scheduled for prepayment to the Water Quality Board with respect to the Series 2011B Bonds, and at a redemption price equal to 100% of the principal amount to be prepaid or redeemed, plus accrued interest, if any, to the date of redemption.

Section 2.5 Notice of Redemption for Exchange Bonds.

(a) In the event any of the Exchange Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 2.5. Notice of such redemption shall be mailed by first class mail, postage prepaid, to all

Registered Owners of Exchange Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least thirty (30) days but not more than forty-five (45) days prior to the date fixed for redemption. Such notice shall state the following information:

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

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

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

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

(v) the redemption price;

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

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

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

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

Notice of redemption shall be given, not more than forty-five (45) days nor less than thirty (30) days prior to the redemption date, to Registered Owners of the Exchange Bonds, or portions thereof, to be redeemed. A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Exchange Bonds or portions thereof redeemed but who failed to deliver Series 2011B Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Registered Owner of such Series 2011B Bonds receives the notice. Receipt of such notice,

shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Registered Owners shall not affect the validity of the proceedings for the redemption of the Series 2011B Bonds.

In case any Exchange Bond is to be redeemed in part only, the notice of redemption which relates to such Exchange Bond shall state also that on or after the redemption date, upon surrender of such Series 2011 Bond, a new Series 2011B Bond in principal amount equal to the unredeemed portion of such Series 2011B Bond will be issued.

Section 2.6 Execution and Delivery of the Series 2011B Bonds. The Mayor is hereby authorized to execute by manual or facsimile signature the Series 2011B Bonds and the City Recorder to countersign by manual or facsimile signature the Series 2011B Bonds and to have imprinted, engraved, lithographed, stamped or otherwise placed on the Series 2011B Bonds the official seal of the Issuer. The City Recorder is hereby authorized to deliver to the Water Quality Board the Series 2011B Bonds upon payment to the Issuer of the proceeds.

Section 2.7 Delinquent Payment. Payments of principal and/or interest on the Series 2011B Bonds which are delinquent from the due date thereof shall draw interest at the rate of eighteen percent (18%) per annum on the delinquent payment from said due date until paid in full.

Section 2.8 Exchange of State Bonds. As long as the Water Quality Board is the sole Registered Owner of the Series 2011B Bonds, the Series 2011B Bonds shall be issued only as the State Bonds in the form prescribed in Exhibit B. It is recognized that the Water Quality Board may sell or otherwise transfer the Series 2011B Bonds pursuant to the provisions of the State Financing Consolidation Act, Title 63, Chapter 65, Utah Code Annotated 1953, as amended, or otherwise. In the event the Water Quality Board determines to sell or otherwise transfer all or a portion of the Series 2011B Bonds pursuant to the State Financing Consolidation Act, or otherwise, the Series 2011B Bonds shall be exchanged at the office of the Paying Agent for a like aggregate principal amount of Exchange Bonds in accordance with the provisions of this Section 2.8 and Section 3.1 hereof. Exchange Bonds may thereafter be exchanged from time to time for other Exchange Bonds in accordance with Section 3.1 hereof. Any Series 2011B Bond, or any portion thereof, which is sold or otherwise transferred or liquidated by the Water Quality Board pursuant to the State Financing Consolidation Act, or otherwise, shall be in the form of an Exchange Bond prescribed in Exhibit B, and shall be executed pursuant to authorization contained in Section 2.6 hereof. Each principal payment on the Series 2011B Bonds not previously paid or canceled 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 Series 2011B Bonds for Exchange Bonds, provided that the Water Quality Board 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.

## ARTICLE III

### REGISTRATION, PAYMENT, AND FLOW OF FUNDS

Section 3.1 Execution of and Registration of Series 2011B Bonds; Persons Treated as Owners. The Series 2011B Bonds shall be signed by the Issuer and the Issuer shall cause books for the registration and for the transfer of the Series 2011B Bonds to be kept by the City Recorder who is hereby appointed the Registrar of the Issuer with respect to the Series 2011B Bonds. Any Series 2011B 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 2011B 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 2011B 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 2011B Bond surrendered for transfer. Series 2011B Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Series 2011B Bonds of the same series or other authorized denominations and the same maturity. The execution by the Issuer of any Series 2011B 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 2011B 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 2011B Bond for redemption.

Series 2011B 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 2011B 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 2011B 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 2011B 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 2011B 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 2011B Bond shall be delivered.

Section 3.2 Deposit of Bond Proceeds. The proceeds from the sale of the Series 2011B Bonds (together with the required Issuer contributions) shall be deposited upon delivery in the Series 2011B Escrow Account and shall be disbursed pursuant to the provisions of the Escrow Agreement. All monies deposited in the Series 2011B Escrow Account shall be used solely for the purpose of defraying all or a portion of the costs of acquiring the necessary property and constructing improvements, additions, and extensions to the System, including any architectural, engineering, legal, fiscal agent and other expenses incidental thereto. Any unexpended proceeds of the Series 2011B Bonds remaining in the Series 2011B Escrow Account after completion of the Series 2011B Project shall be paid immediately into an account to be designated the "Series 2011B Account" established within the "Santaquin City, Utah County, Utah, Parity Sewer Revenue Bond, Series 1993A and 1993B Bond Fund," hereinafter referred to as the "Bond Fund" established under the Prior Bond Resolution and reaffirmed hereunder, and shall be used only for the prepayment of the Series 2011B Bonds Principal last to become due shall be prepaid first, and in the event less than all of the principal amount of the Series 2011B Bonds maturing on the last due date are to be redeemed, the Issuer shall select those portions of the Series 2011B Bond to be prepaid. Proceeds from the sale of the Series 2011B Bonds on deposit in the Series 2011B Escrow Account, may at the discretion of the Issuer, be invested by the Escrow Agent as provided in the Escrow Agreement. Following the transfer of unexpended funds from the Series 2011B Escrow Account to the Bond Fund, the Series 2011B Escrow Account will be closed.

Section 3.3 The Bonds Constitute Special Limited Obligations. Notwithstanding anything in this 2011B Executing Resolution elsewhere contained, the principal and interest on the Bonds shall be payable out of 100% of the Net Revenues, and in no event shall the Bonds be deemed or construed to be a general indebtedness of the Issuer or payable from any funds of the Issuer other than those derived from the operation of the System or from proceeds of the 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 Net Revenues to pay the 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 2011B Bonds, and until all the Series 2011B Bonds have been fully paid, the Revenues shall be set aside into the Parity Sewer Revenue Fund referred to herein as "Revenue Fund", established under the Prior Bond Resolution, to be held by the Depository Bank. The Issuer will thereafter make accounting allocations of the funds deposited in said Revenue Fund for the following purposes and in the following priority:

- (a) From the amounts in the Revenue Fund there shall first be paid all Operation and Maintenance Expenses of the System. For this purpose the Issuer shall establish on its books an account known as the "Expense Account" to which shall be allocated monthly, on or before the tenth (10th) 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 Bond Fund established as hereinafter provided.

(b) All amounts in the Revenue Fund not allocated to the Expense Account (the Net Revenues) shall next be allocated to the Bond Fund established on the books of the Issuer under the Prior Bond Resolution known as the "Bond Fund," and hereby reaffirmed as follows:

(i) There shall be allocated moneys in an amount sufficient to assure, to the extent of the availability of Net Revenues from the System, the prompt payment of the Series 2011B Bonds as shall become due and on all bonds or obligations issued in parity therewith, including the Outstanding Parity Bonds. The amount to be so set aside with respect to the Series 2011B Bonds shall, as nearly as may be practicable, be set aside and allocated to the Bond Fund monthly, on or before the tenth (10th) day of each month, beginning January 1, 2011, and shall equal approximately one-twelfth (1/12) of the annual principal payment next falling due on the Series 2011B Bonds, and shall equal the monthly principal and interest installment determined herein, to the end that there will be sufficient funds allocated to the Bond Fund to pay the principal on the Series 2011B Bonds and principal and interest on all bonds or obligations issued in parity therewith, including the Outstanding Parity Bonds, as and when the same become due. Amounts allocated to the Bond Fund shall be used solely for the purpose of paying principal on the Series 2011B Bonds and principal and interest on all bonds or obligations issued in parity therewith, including the Outstanding Parity 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 on the Series 2011B Bonds, as shall become due and the principal and interest on all bonds and obligations issued in parity therewith, including the Outstanding Parity Bonds, such moneys shall be allocated pro rata based on the amount of principal next coming due to the monthly allocation requirement for each such bond.)

(ii) Of the amounts allocated to the Sinking Fund after there shall have been allocated the amounts required to be allocated under Section 4.1(b)(i), there shall be allocated (on a parity with the Reserve Account deposits required by the Prior Bond Resolution and Section 4.1(b)(iii) below) monthly on or before the tenth day of each month following delivery of the Series 2011B Bonds, to the Series 2011A-1

Reserve Account established in the 2011A Executing Resolution, to secure the Series 2011B Bonds and the Series 2011A-1 Bonds, the sum of \$3,200 plus such additional amount as may be required to meet any annual installment to the Series 2011A-1 Reserve Account not therefore made in whole or in part, such allocations shall continue until there shall have been accumulated in the Series 2011A-1 Reserve Account an amount equal to \$384,940. Amounts allocated to the Series 2011A-1 Reserve Account shall be used to pay the principal and interest falling due on the Series 2011B Bonds at any time when there are not sufficient funds in the Bond Accounts to pay the same, but pending such use may be invested as hereafter provided. When the Series 2011A-1 Reserve Account has been accumulated as in this paragraph provided, no further allocations to said Series 2011A-1 Reserve Account need be made unless payments from said Series 2011A-1 Reserve Account have reduced the same below the amount required by this paragraph, in which event allocations shall be resumed until such deficiency has been remedied; and

(iii) Of the amount allocated to the Bond Fund after there shall have been allocated the amounts required to be allocated under (i) and (ii), above, there shall be allocated the amount and at the times as described in the 2011A Executing Resolution for the Series 2011A Bonds.

Said Account shall be used solely for emergency repairs and replacements to the System, should such repairs or replacements be necessary. If at any time the amount in said Account is less than the balance prescribed above, monthly deposits shall be resumed until the required amount has been so transferred to said Account.

(iv) All remaining Net Revenues, if any, after all of the payments required to be made into the Bond Fund, the Series 2011A-1 Reserve Account, the Series 2011A-2 Reserve Account, and the Series 2011A Emergency Repair and Replacement Account has been made, may be used by the Issuer (A) to purchase or prepay any Bond in accordance with the provisions hereof governing prepayment of the Series 2011B Bonds authorized hereunder in advance of maturity or, in the case of Outstanding Parity Bonds or Parity Bonds, in accordance with the provisions of the resolution authorizing such Outstanding Parity Bonds or Parity Bonds governing prepayment of such Outstanding Parity Bonds or Parity Bonds in advance of maturity, including payment of expenses in connection with such purchase or prepayment; (B) to pay the principal or prepayment price of and interest on any Bonds, including junior lien revenue bonds of the Issuer issued to acquire, construct, improve or extend the System; (C) to pay the costs of capital improvements to the System; and (D) for any other lawful purpose, including, without limitation, payment of other obligations of the Issuer.



(v) 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. All money maintained on deposit in the Bond Fund and in the Series 2011B Escrow Account shall be held as special and not as general deposits, the beneficial interest in which shall be in the registered owners from time to time of the Series 2011B Bonds. All money so maintained on deposit with the Issuer and the Escrow Agent shall be secured to the fullest extent required or permitted by the laws of the State of Utah pertaining to the securing of public deposits. All or part of the money in the Bond Fund and in the Series 2011B Escrow Account shall be invested by the Issuer or the Escrow Agent, as the case may be, in Permitted Investments, but any such investments so made shall always be such that the obligations mature or become optional for redemption in amounts and at times so as to assure the availability of the proceeds thereof when needed for the purpose for which such funds were created. Investment earnings on all such investments permitted hereunder shall be maintained in said funds or accounts and used for the purpose for which such fund or account was created. Whenever any money so invested from the Bond Fund or the Series 2011B Escrow Account is needed for the purpose for which such fund was created, such investments, to the amount necessary, shall be liquidated by the Depository at the direction of the Issuer, and the proceeds thereof applied to the required purpose. Thereafter, any investment earnings shall be transferred to the Bond Fund to be used to make payment on the Series 2011B Bonds.

Section 3.6 Series 2011B Bonds as Parity Bonds. The Series 2011B Bonds are issued as Parity Additional Bonds under the Prior Bond Resolution. The Issuer hereby certifies that the requirements set forth in the Prior Bond Resolution have been and will be complied with or waived by the applicable holders of Outstanding Parity Bonds in connection with the issuance of the Series 2011B Bonds. The Series 2011B Bonds are issued on a parity with the Outstanding Parity Bonds.

## ARTICLE IV

### COVENANTS

Section 4.1 Covenants of Issuer. The Issuer hereby covenants and agrees with each and every holder of the Series 2011B Bonds the following:

(a) The Issuer covenants that it shall fund and maintain as provided herein all funds and accounts referenced herein which were established hereunder or under the Prior Bond Resolution, until such time as the Outstanding Parity Bonds and Series 2011B Bonds have been paid in full.

(b) 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 2011B Bonds and the Outstanding Parity 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, excluding the Issuer, such rates and amounts as shall be adequate to meet the debt service payments on the Series 2011B Bonds and any Parity Bonds (as defined in the Prior Bond Resolution) and the Outstanding Parity Bonds when due, and to make available for purposes having priority junior to the Bond Fund in the application of the Net Revenues in each Sinking Fund Year, at least twenty-five percent (25%) of the Annual Debt Service for each such year. All Net Revenues, including those received from the Issuer, shall be subject to distribution for the payment of the cost of operating and maintaining the System, and the payment of the Series 2011B Bonds and the Outstanding Parity Bonds, as hereinabove provided.

(c) 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 2011B Executing Resolution.

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

(e) So long as any Bonds remain outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the 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 Water Quality Board is the Registered Owner of any of the State Bonds, each such audit will be supplied to the Water Quality Board as soon as completed without prior request therefor by the Water Quality Board. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

(i) A statement in detail of the 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 2011B Executing 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) An analysis of all funds and accounts created in this 2011B Executing 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;

(vi) 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;

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

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

The Bondholders 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(e), provided, however, that such waiver shall not apply to the reporting requirements of the Issuer set forth in Section 4.1(f) herein.

(f) In addition to the reporting requirements set forth in Section 4.1(e) above, the Issuer shall submit to the Water Quality Board within one hundred eighty (180) days following the close of each Sinking Fund Year, a summary

report substantially in the form as provided by the Water Quality Board to the Issuer upon purchase of the Series 2011B Bonds.

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 Water Quality Board, 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.

(g) 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.

(h) 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.

(i) 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 Outstanding Parity Bonds and Series 2011B 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.

(j) 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.

(k) Every officer, agent or employee of the Issuer having custody or control of any of the Revenues or of the proceeds of the Series 2011B Bonds shall

be bonded by a responsible corporate surety in an amount not less than the maximum annual debt service of the Series 2011B Bonds. The premiums on such surety bonds shall not be an Operation and Maintenance Expense of the System.

(l) The Issuer shall commence and complete the acquisition and construction of the Series 2011 Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

(m) 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 Series 2011B Bonds, except when the Issuer in good faith contests its liability to pay the same.

(n) The Issuer will not grant a franchise for the operation of any competing sewer system within its corporate limits, as long as the Series 2011B Bonds authorized herein remain outstanding.

(o) 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.

(p) All payments falling due on the Series 2011B Bonds shall be made to the respective Bondholder thereof at par and all charges made by the Depository Bank for its services shall be paid by the Issuer.

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

(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 2011B Bonds are issued, a Form 8038-G, Information Return, with respect to the Series 2011B Bonds.

(s) All payments falling due on the Series 2011B Bonds shall be made to the Bondholder thereof at par and all charges made by the Depository Bank for its services shall be paid by the Issuer.

Section 4.2 Additional Indebtedness. No additional indebtedness, bonds or notes of the Issuer payable on a priority superior to the 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 Bonds. Furthermore, the 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 Bonds authorized to be issued pursuant to this 2011B Executing 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 Bonds have been paid in full unless such additional bonds are issued in such manner that they are in all respects subordinate to the Bonds.

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

(a) The 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 Bonds except that if fewer than all of the Bonds outstanding at the time are so refunded, no refunding bonds shall bear interest at a rate higher or mature at a date earlier than the corresponding Bond refunded thereby without the consent of the owners and holders of all of the unrefunded Series of 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 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 of Bonds refunded.

(b) Additional bonds may be issued on a parity with the 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; provided, this limitation may be waived or modified by the written consent of the registered owners and holders of 100% of the principal amount of the Bonds then outstanding.

(ii) All payments required by the Prior Bond Resolution, the 2011A Executing Resolution and this 2011B Executing 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 said resolutions to be accumulated therein.

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

(iv) The proceedings authorizing such Parity Bonds must raise the amount to which the related debt service reserve fund shall be accumulated to an amount no less than the highest future Annual Debt Service of all Bonds. Such Parity Bonds so proposed to be issued must require the accumulation of such amount in the Reserve Account to be accomplished within ten (10) years after delivery of such Parity 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 2011B Executing 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:

(a) The Bondholder may require the Issuer to pay an interest penalty equal to eighteen percent (18%) per annum of the outstanding principal amount on the Series 2011B Bonds, said interest penalty to accrue from the date of the notice of the Bondholder to the Issuer referenced hereinabove until the default is cured by the Issuer. Said interest penalty shall be paid on each succeeding payment date until the default is cured by the Issuer.

(b) 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 2011B Executing Resolution. Provisions of this 2011B Executing Resolution shall constitute a contract between the Issuer and the Bondholder; and after the issuance of the Series 2011B Bonds, no change, variation or alteration of any kind in the provisions of this 2011B Executing Resolution shall be made in any manner until such time as all of the Series 2011B 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 2011B Executing Resolution in the manner and to the extent set out below.

Whenever the Issuer shall propose to amend or modify this 2011B Executing Resolution under the provisions of this section, it shall cause notice of the proposed amendment to be sent to all Bondholders of all Series 2011B 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 2011B Executing 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 2011B 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 2011B 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 2011B Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Series 2011B 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 2011B Bonds then outstanding, without the consent of the Bondholders of all the Series 2011B 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 Maintenance of Proceedings. A certified copy of this 2011B Executing 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 2011B Executing 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 2011B Executing 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 2011B Bonds authorized herein or to meet any obligation contained herein concerning the Series 2011B Bonds.

Section 5.4 Defeasance of Series 2011B Bonds. If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made to the Registered Owner of the Series 2011B Bonds for the payments due or to become due thereon at the times and in the manner stipulated therein, then the first lien pledge of the Net Revenues under this 2011B Executing Resolution and any and all estate, right, title and interest in and to any of the funds and accounts created hereunder (except moneys or securities held by a Depository Bank for the payment of the Series 2011B Bonds) shall be cancelled and discharged.

Any Series 2011B Bond shall be deemed to be paid within the meaning of this Section when payment of the Series 2011B Bonds (whether such due date be by reason of maturity or upon prepayment or redemption as provided herein) shall have been made in accordance with the terms thereof. At such time as the Series 2011B Bonds shall be deemed to be paid hereunder, they shall no longer be secured by or entitled to the benefits hereof (except with respect to the moneys and securities held by a Depository Bank for the payment of the Series 2011B Bonds).

Section 5.5 Sale of Series 2011B Bonds Approved. The sale of the Series 2011B Bonds to the Water Quality Board, at par, is hereby ratified, confirmed, and approved.

Section 5.6 Bondholders Not Responsible. The Bondholders shall not be responsible for any liabilities incurred by the Issuer in the acquisition or construction of the Series 2011 Project or for the failure of the System to function successfully after completion of the Series 2011 Project.

Section 5.7 Notice of Series 2011 Bonds to be Issued. In accordance with the provisions of the Act, the City Recorder has caused a "Notice of Public Hearing and of Bonds to be Issued" with respect to the Originally Authorized Bonds and caused an additional "Notice of Public Hearing and of Bonds to be Issued" with respect to the additional amounts of the Bonds (collectively, the "Notice") to be (a) published once a week for two consecutive weeks in The Payson Chronicle, a newspaper of general circulation in the Issuer, (b) published on the Utah Public Meeting Notice Website created under Section 63F-1-701 Utah Code Annotated 1953, as amended, and (c) published on the Utah Legal Notices website ([www.utahlegals.com](http://www.utahlegals.com)) created under Section 45-1-101, Utah Code Annotated 1953, as amended. Such notice is hereby reaffirmed and approved. The Issuer has also caused a copy of the December Resolution to be kept on file in the office of the City Recorder for public examination during regular business hours at least thirty (30) days from and after the date of publication thereof. In accordance with the provisions of the Act and the Notice, public hearings were held on June 16, 2010 and January 19, 2011, to receive input with respect to the issuance of the Series 2011B Bonds and the potential economic impact that the improvement, facility or property for which the Series 2011B Bonds pay all or part of the cost will have on the private sector.

Section 5.8 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 2011B Executing Resolution and the documents authorized and approved herein.

Section 5.9 Severability. If any section, paragraph, clause or provision of this 2011B Executing 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 2011B Executing Resolution. It is hereby declared by the governing body of the Issuer that it is the intention of the Issuer by the adoption of this 2011B Executing Resolution to comply in all respects with the provisions of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended.

Section 5.10 Resolutions in Conflict. All resolutions or parts thereof in conflict with the provisions of this 2011B Executing Resolution are, to the extent of such conflict, hereby repealed.

Section 5.11 Consent to Amendments to Prior Bond Resolution. The Series 2011B Bonds issued under this 2011B Executing Resolution and all Additional Bonds to be issued under the Prior Bond Resolution shall be deemed to be Bonds for which an irrevocable consent to the amendments to the Prior Bond Resolution made by the 2011A Executing Resolution has been given, and all such Additional Bonds, including the Series 2011B Bonds shall state that by acceptance thereof, the Owner thereof has irrevocably consented to the amendments to the Prior Bond Resolution made by the 2011A Executing Resolution.

(SEAL)



By: Jan Eberhard  
Mayor

ATTEST:

By: S. Sparrow  
City Recorder

(Other business not pertinent to the above appears in the minutes of the meeting.)

Upon motion duly made and carried, the meeting was adjourned.

(SEAL)



By: James E. DeHoff  
Mayor

ATTEST:

By: Bryan Worth  
City Recorder

STATE OF UTAH            )  
                                      : ss.  
COUNTY OF UTAH        )

I, Susan Farnsworth, hereby certify that I am the duly qualified and acting City Recorder of Santaquin City, Utah.

I further certify that the above and foregoing instrument constitutes a true and correct copy of the proceedings of a public meeting of City Council of Santaquin City, Utah, including a 2011B Executing Resolution adopted at said meeting held on January 19, 2011, as said proceedings and 2011B Executing Resolution are officially of record in my possession, and that a copy of said 2011B Executing Resolution was deposited in my office on January 19, 2011.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said City this January 19, 2011.



By: Susan Farnsworth  
City Recorder

EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

I, Susan Farnsworth, the undersigned City Recorder of Santaquin City, Utah (the "City") do hereby certify according to the records of the City in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated, (1953), as amended, I gave not less than twenty-four (24) hours public notice of the agenda, date, time and place of the January 19, 2011, public meeting held by the City as follows:

(a) By causing a Notice, in the form attached hereto as Schedule 1, to be posted at the City's principal offices on January 18, 2011, at least twenty-four (24) hours prior to the convening of the meeting, said Notice having continuously remained so posted and available for public inspection until the completion of the meeting;

(b) By causing a copy of such Notice, in the form attached hereto as Schedule 1, to be delivered to The Payson Chronicle on January 18, 2011, at least twenty-four (24) hours prior to the convening of the meeting; and

(c) By causing a copy of such Notice, in the form attached hereto as Schedule 1 to be posted on the Utah Public Meeting Notice Website (<http://pmn.utah.gov>) at least twenty-four (24) hours prior to the convening of the meeting.

In addition, the Notice of 2011 Annual Meeting Schedule for the City Council (attached hereto as Schedule 2) was given specifying the date, time, and place of the regular meetings of the City Council to be held during the year, by causing said Notice to be (a) posted on December 6, 2010, at the principal office of the City Council, (b) provided to at least one newspaper of general circulation within the Issuer on December 6, 2010, and (c) published on the Utah Public Meeting Notice Website (<http://pmn.utah.gov>) during the current calendar year.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this January 19, 2011.

(SEAL)



By: S. Farnsworth  
City Recorder





SCHEDULE 1

NOTICE OF MEETING

## NOTICE AND AGENDA

Notice is hereby given that the City Council of the City of Santaquin will hold a City Council Meeting on Wednesday, January 19, 2011, in the Council Chambers, 45 West 100 South, at 7:00 pm.

### AGENDA

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. INVOCATION/INSPIRATIONAL THOUGHT
4. CONSENT AGENDA
  - a. Minutes
    1. January 5, 2011
  - b. Bills
    1. \$266,584.66
5. FORUM, BID OPENINGS, AWARDS, AND APPOINTMENTS

**Public Forum is held to a 30-minute maximum with each speaker given no more than 5 minutes each. If more than 6 Speakers, time will be adjusted accordingly to meet the 30 minute requirement**

  - a. Presentation of the Public Safety Awards
  - b. Recognition of Kurt Stringham and Richard Payne for years of service on the City Planning Commission
  - c. Employee of the Month
7. FORMAL PUBLIC HEARINGS
8. UNFINISHED BUSINESS
9. BUSINESS LICENSES
10. REPORTS OF OFFICERS, STAFF, BOARDS, AND COMMITTEES
11. NEW BUSINESS
12. INTRODUCTIONS AND ADOPTION OF ORDINANCES AND RESOLUTIONS (Roll Call Vote)
  - a. Resolution 01-03-2011 "A Resolution Declaring Surplus Library books"
  - b. Resolution 01-04-2011 "A Resolution Authorizing The Issuance And Confirming The Sale Of \$9,000,000 Sewer Revenue Bonds, Series 2011a Of Santaquin City, Utah (The "Issuer"), Prescribing The Form Of Bonds, The Terms And Conditions Of Issuance, And The Security Therefore; Authorizing The Taking Of All Other Actions Necessary To The Consummation Of The Transactions Contemplated By This Bond Resolution; And Related Matters
  - c. Resolution 01-05-2011 "A Resolution Authorizing The Issuance And Confirming The Sale Of \$900,000 Sewer Revenue Bonds, Series 2011b Of Santaquin City, Utah (The "Issuer"), Prescribing The Form Of Bonds, The Terms And Conditions Of Issuance, And The Security Therefore; Authorizing The Taking Of All Other Actions Necessary To The Consummation Of The Transactions Contemplated By This Bond Resolution; And Related Matters
  - d. Resolution 01-06-2011 "A Resolution Of The Santaquin City Council Rescinding Resolution No. 12-07-2010 Which Authorized The Issuance And Confirmed The Sale Of Certain Sewer Revenue Bonds"
13. PETITIONS AND COMMUNICATIONS
14. REPORTS BY MAYOR AND COUNCIL MEMBERS
  - a. Mayor DeGraffenried
  - b. Council Members
15. EXECUTIVE SESSION (May be called to discuss the character, professional competence, or physical or mental health of an individual)
16. EXECUTIVE SESSION (May be called to discuss the pending or reasonably imminent litigation, and/or purchase, exchange, or lease of real property)
17. ADJOURNMENT

If you are planning to attend this Public Meeting and, due to a disability, need assistance in understanding or participating in the meeting, please notify the City ten or more hours in advance and we will, within reason, provide what assistance may be required.

### CERTIFICATE OF MAILING

The undersigned duly appointed City Recorder for the municipality of Santaquin City hereby certifies that a copy of the foregoing Notice and Agenda was faxed to the Payson Chronicle, Payson, UT, 84651.

BY: \_\_\_\_\_  
Susan B. Farnsworth, City Recorder

**POSTED:**  
CITY CENTER  
POST OFFICE  
ZIONS BANK

# NOTICE

## Santaquin City Council 2011 Meeting Schedule

City Council Work Meetings will be held on the 1<sup>st</sup> and 3<sup>rd</sup> Wednesdays of each month beginning at 6:00 pm with Special Meetings being called as deemed necessary.

Published/noticed

Payson Chronicle the week of December 06, 2010.

Zions Bank

City Center

Post Office

EXHIBIT B

FORM OF STATE BONDS

UNITED STATES OF AMERICA  
STATE OF UTAH  
SANTAQUIN CITY  
SEWER REVENUE BOND  
SERIES 2011B  
\$900,000

Santaquin City, Utah (the "Issuer"), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the registered owner hereof or registered assigns, the principal amount of \$900,000, together with interest accruing on the unpaid principal balance from date of delivery of the Bonds, at the rate of one percent (1.0%) per annum (calculated on the basis of a year of 360 days comprised of twelve 30-day months), payable annually on January 1 of each year, with interest installments beginning January 1, 2012, and principal installments beginning January 1, 2030. Principal together with accrued but unpaid interest shall be payable in registered installments on January 1 of each of the years as set forth in the following Repayment Schedule:

<u>January 1</u>	<u>Principal Maturing</u>
2030	\$142,000
2031	377,000
2032	381,000

If less than \$900,000 is advanced on the Series 2011B Bonds, the repayment period shall be shortened and the number of monthly principal installments shall be reduced in inverse order of principal payment (and the amount of the final remaining principal installment shall be reduced, if required) to correspond to the total Repayable Principal Amount of the Series 2011B Bonds.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, shall be payable upon surrender of this Bond at the offices of the Paying Agent, or of any successor Paying Agent. Payments of interest shall be made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof at his address as it appears on the registration books of the Issuer maintained by the Registrar, or at such other address as is furnished to the Registrar in writing by such Registered Owner.

As long as the State of Utah Department of Environmental Quality, Water Quality Board (the "Water Quality Board") is the registered holder of this Bond, installment payments of principal and interest shall be made by check or draft mailed to the Water

Quality Board as the registered holder at the address shown on the registration books maintained by the Registrar.

If any installment payment of Bond principal and interest is not paid when due and payable, the Issuer shall pay interest on the delinquent installment at the rate of eighteen percent (18%) per annum from said due date until paid. All payments shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America. All payments shall be applied first to interest, if any.

This Bond is payable solely from a special fund designated "Santaquin City, Utah Sewer Revenue Bond Fund," into which fund and into a reserve therefor, to the extent necessary to assure prompt payment of this Bond, shall be pledged 100% of the Net Revenues (as defined in the 2011B Executing Resolution) derived and to be derived from the operation of the Issuer's sewer system (the "System"), all as more fully described and provided in the 2011B Executing Resolution adopted by the City Council of the Issuer on January 19, 2011 (the "2011B Executing Resolution").

This Bond is issued on a parity with the Issuer's (a) \$1,000,000 Parity Sewer Revenue Bonds, Series 1993A (the "Series 1993A Bonds"), (b) \$1,307,000 Parity Sewer Revenue Bonds, Series 1993B (the "Series 1993B Bonds"), (c) \$509,200 Parity Sewer Revenue Bonds, Series 1993C (the "Series 1993C Bonds"), (d) \$333,000 Parity Sewer Revenue Bonds, Series 1993D (the "Series 1993D Bonds"), (e) \$6,034,000 Sewer Revenue Bonds, Series 2011A-1 (the "Series 2011A-1 Bonds") and (f) \$2,912,000 Sewer Revenue Bonds, Series 2011A-2 (the "Series 2011A-2 Bonds" and collectively with the Series 1993A Bonds, the Series 1993B, the Series 1993C Bonds, the Series 1993D Bonds and the Series 2011A-1 Bonds, the "Outstanding Parity Bonds") such that this Bond is secured by a pledge of the Net Revenues of the Issuer's System on a parity with and equal to the pledge of the Outstanding Parity Bonds.

This Bond is issued pursuant to (a) the terms authorized by a resolution adopted by the City Council of the Issuer on December 2, 2010 ("the December Resolution"), (b) the executing resolution (the "2011B Executing Resolution" and together with the December Resolution, the "2011B Bond Resolution"), and (c) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, for the purpose of financing the construction of a mechanical wastewater treatment plan and addition to the collection system and other related improvements, including all equipment and necessary appurtenances thereof. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues of the System and does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Revenues of the System.

As provided in the 2011B Executing 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 2011B Executing Resolution, and the aggregate principal amount of such bonds, notes, and other obligations which may be issued is not limited. This Bond and all other bonds, notes, and other obligations issued and to be issued under the 2011B Executing Resolution on a parity with this Bond are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the 2011B Executing Resolution.

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

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

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

Subject to the provisions of the 2011B Executing Resolution, the Bonds are issuable in fully registered form, without coupons, in denomination equal to the principal amount of the bonds or, upon exchange, in the denomination of \$1,000 and any integral multiple thereof.

The Issuer covenants and agrees that it will fix rates for sewer service sufficient to pay when due this Bond, and the principal and interest on all bonds issued on a priority to or parity with this Bond, if any, as the same fall due, provided such rates must be reasonable rates for the type, kind and character of the service rendered, and will collect and account for the Revenues (as defined in the 2011B Executing Resolution) to be received for such service, and will set aside one hundred percent (100%) of the Net Revenues of the System (as defined in the 2011B Executing Resolution) to pay the Bond according to the payment terms hereinabove set forth and the principal and interest on all bonds issued on a parity with this Bond, if any.

The 2011B Executing 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 therein. The holder or owner of this Bond shall have no right to enforce the provisions of the 2011B Executing 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 2011B Executing Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in said 2011B Executing Resolution.

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

It is hereby declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in regular and due time, form, and manner as required by law, that the amount of this Bond does not exceed any limitation prescribed by the Constitution or statutes of the State of Utah, that the Net Revenues to be derived from the operation of the System have been pledged and that an amount therefrom will be set aside into a special fund by the Issuer sufficient for the prompt payment of this Bond and all bonds issued on a parity with this Bond, if any, and that with the exception of the pledge of the Revenues of the System for the payment of the Series 2011B Bonds, said Net Revenues are not pledged, hypothecated or anticipated in any way other than by the issue of this Bond and all bonds issued on a parity with this Bond, if any.

IN TESTIMONY WHEREOF, the Issuer has caused this Bond to be signed by its Mayor and countersigned by its City Recorder under the corporate seal of said Issuer this \_\_\_\_\_, 2011.

(SEAL)

By: \_\_\_\_\_ (Do Not Sign)  
Mayor

COUNTERSIGN:

By: \_\_\_\_\_ (Do Not Sign)  
City Recorder

REGISTRATION CERTIFICATE

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

Date of  
Registration

Name of Registered Owner

Signature of  
Bond Registrar

\_\_\_\_\_

State of Utah Department of  
Environmental Quality,  
Water Quality Board

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CERTIFICATE OF DATES OF PAYMENT AND AMOUNT

The undersigned authorized representative of the State of Utah Department of Environmental Quality, Water Quality Board (the "Water Quality Board"), hereby certifies that the Water Quality Board has received written authorization from 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, 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>Water Quality Board Representative Signature</u>
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____

EXHIBIT C

FORM OF EXCHANGE BOND

UNITED STATES OF AMERICA  
STATE OF UTAH  
SANTAQUIN CITY  
SEWER REVENUE BONDS, SERIES 2011B

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issue Date</u>
%		_____, 2011

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_ Dollars

Santaquin City, Utah (the "Issuer"), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above, upon presentation and surrender thereof, the Principal Amount identified above. Interest at the Interest Rate specified above on the Principal Amount hereof (calculated on the basis of a year of 360 days comprised of twelve 30-day months) shall be payable by check or draft mailed by the City Recorder of Santaquin City, Utah (the "Paying Agent") to the Registered Owner hereof beginning January 1, 20\_\_\_\_ and on each January 1 thereafter until this Bond is paid in full. Principal and redemption price of this Bond shall be payable upon presentation of this Bond to the Paying Agent, or its successor as such paying agent, for payment at maturity.

If this Bond or any installment of interest hereon is not paid when due and payable, the Issuer shall pay interest on the unpaid amount at the rate of eighteen percent (18%) per annum from the due date thereof until paid in full.

This Bond is issued on a parity with the Issuer's (a) \$1,000,000 Parity Sewer Revenue Bonds, Series 1993A (the "Series 1993A Bonds"), (b) \$1,307,000 Parity Sewer Revenue Bonds, Series 1993B (the "Series 1993B Bonds"), (c) \$509,200 Parity Sewer Revenue Bonds, Series 1993C (the "Series 1993C Bonds"), (d) \$333,000 Parity Sewer Revenue Bonds, Series 1993D (the "Series 1993D Bonds"), (e) \$6,034,000 Sewer Revenue Bonds, Series 2011A-1 (the "Series 2011A-1 Bonds") and (f) \$2,912,000 Sewer Revenue Bonds, Series 2011A-2 (the "Series 2011A-2 Bonds and collectively with the Series 1993A Bonds, the Series 1993B, the Series 1993C Bonds, the Series 1993D Bonds and the Series 2011A-1 Bonds, the "Outstanding Parity Bonds") such that this Bond is secured by a pledge of the Net Revenues of the Issuer's System on a parity with and equal to the pledge of the Outstanding Parity Bonds.

This Bond is one of an authorized issue of bonds of like date, term 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 2011A-1 dated January 19, 2011, in the total principal sum of \$5,717,000, authorized by a bond resolution dated July 20, 1993 (the "Prior Bond Resolution") and by a resolution adopted by the City Council of the Issuer on December 2, 2010 ("the December Resolution"), executed by a bond resolution of the Issuer duly adopted on January 19, 2011 (the "2011B Executing Resolution" and together with the December Resolution, the "2011B Bond Resolution"). This Bond and the issue of Bonds of which it is a part is issued pursuant to (a) the 2011B Bond Resolution and (b) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, for the purpose of financing the cost of construction of mechanical wastewater treatment plant and addition to the collection system and related improvements. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the 2011B Executing Resolution) of the System and does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Revenues of the System.

As provided in the 2011B Executing 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 2011B Executing Resolution, and the aggregate principal amount of such bonds, notes and other obligations which may be issued is not limited. This Bond and all other bonds, notes and other obligations issued and to be issued under the 2011B Executing Resolution on a parity with this Bond are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the 2011B Executing Resolution.

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

This Bond is subject to redemption prior to maturity at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer, in whole or in part, in the order determined by the Issuer, upon not less than thirty (30) days' nor more than forty-five (45) days' prior notice, at a redemption price equal to 100% of the principal amount of each Bond to be redeemed. Notice of redemption shall be mailed by the Issuer, postage prepaid, to the registered owners of said Bonds addressed to such owners at their address appearing on the registration books maintained by the Issuer.

Subject to the provisions of the 2011B Executing Resolution, the Series 2011B Bonds (as defined in the 2011B Executing Resolution) 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 or any integral multiple thereof.

The Issuer covenants and agrees that it will fix rates for sewer service sufficient to pay this Bond when due and principal and interest on all bonds issued on a priority to or parity with this Bond, if any, as the same fall due, provided such rates must be reasonable rates for the type, kind and character of the service rendered, and will collect and account for the Revenues (as defined in the 2011B Executing Resolution) to be received for such service, and will set aside one hundred percent (100%) of the Net Revenues of the System (as defined in the 2011B Executing Resolution) to pay this Bond according to the payment terms hereinabove set forth and the principal and interest on all bonds issued on a parity with this Bond, if any.

The 2011B Executing 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 therein. The Registered 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 2011B Executing Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the 2011B Executing Resolution.

This Bond is transferable by the registered holder hereof in person or by his attorney duly authorized in writing at the office of the City Recorder (the "Registrar") in Santaquin, Utah, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same series and the same maturity and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor.

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, additions and extensions thereto, have been pledged and will be set aside into said special fund by the Issuer to be used for the payment of this Bond and the issue of which it forms a part and all bonds issued on a parity with this Bond, if any, and that with the exception of the pledge of Revenues of the System for the payment of the Series 2011A-1 Bonds, said Net Revenues of the System are not pledged, hypothecated or anticipated in any way other than by the issue of Series 2011A-1 Bonds of which this Bond is one and all bonds issued on a parity with this Bond, 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 \_\_\_\_\_, 2011.

(SEAL)

By: \_\_\_\_\_ (Do Not Sign)  
Mayor

COUNTERSIGN:

By: \_\_\_\_\_ (Do Not Sign)  
City Recorder

ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_, the undersigned sells, assigns, and transfers unto:

\_\_\_\_\_  
(Social Security or Other Identifying Number of Assignee)

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

Signature: \_\_\_\_\_

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

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.