

**TOWN OF CORNISH, UTAH
WATER REVENUE BONDS, SERIES 2022**

**FINAL BOND RESOLUTION
February 16, 2022**

RESOLUTION NO. 22-05

A RESOLUTION OF THE GOVERNING BODY OF TOWN OF CORNISH, CACHE COUNTY, UTAH, AUTHORIZING THE ISSUANCE AND CONFIRMING THE SALE OF WATER REVENUE BONDS, SERIES 2022 IN THE HEREINAFTER REPAYABLE PRINCIPAL AMOUNT OF \$754,000.00, TO FINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO THE WATER SYSTEM, INCLUDING CONSTRUCTION OF A WELL HOUSE, TREATMENT SYSTEMS, BOOSTER PUMP, AND WATER STORAGE TANK; PROVIDING THE FORM OF THE BONDS; AUTHORIZING THE EXECUTION OF ALL RELATED DOCUMENTS AND THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THE ISSUANCE OF THE BONDS; AND RELATED MATTERS.

WHEREAS, the Town of Cornish, Cache County, Utah, (the "Issuer") has determined that its drinking water system (the "System") is in need of improvements (as more fully described herein, the "Project") and does not have, on hand, money to pay the costs of the Project; and

WHEREAS, the Issuer desires to finance the costs of the Project with the issuance of revenue bonds and the revenues to be derived by the Issuer from the operation of the System have not be pledged or hypothecated in any manner or for any other purpose; and

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

WHEREAS, the Town Council of the Issuer has determined that it is in the best interest of the Issuer to finance a portion of the costs of the Project through the issuance of Water Revenue Bonds, Series 2022 in the hereinafter defined Repayable Principal Amount of \$754,000.00 (the "Series 2022 Bonds") as authorized by the Bonding Act; 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 and the Series 2022 Bonds authorized herein; and

WHEREAS, the State of Utah Department of Environmental Quality, acting through the Drinking Water Board (the "Drinking Water Board") has offered to purchase, at par, the Issuer's Series 2022 Bonds in the total principal amount of \$1,504,922.00 and to forgive repayment of \$750,922.00 of such principal amount leaving a Repayable Principal Amount of \$754,000.00; and

WHEREAS, the Issuer desires to accept the offer of the Drinking Water Board and to confirm the sale of the Series 2022 Bonds to the Drinking Water Board, including the debt forgiveness of \$750,922.00; and

WHEREAS, the Issuer now desires to authorize the issuance and sale of the Series 2022 Bonds; and

WHEREAS, the Town Council hereby determines that it is reasonable, necessary, and prudent at this time to issue the Series 2022 Bonds as provided herein; and

WHEREAS, the Series 2022 Bonds will be secured by a first lien pledge of the Net Revenues (as defined herein) of the Issuer's System.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Cornish, Cache County, Utah, as follows:

ARTICLE I.

DEFINITIONS

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

“Annual Debt Service” means, for any Sinking Fund Year, the annual payment of principal of, and premium or penalty, if any, to be paid by the Issuer on the Series 2022 Bonds and all other forms of indebtedness issued on a parity with the Series 2022 Bonds and which are secured by the Net Revenues of the System.

“Bondholder” or “Registered Owner” means the person or persons in whose name or names any Series 2022 Bond shall be registered on the books of the Issuer kept for that purpose in accordance with the provisions of this Bond Resolution.

“Bonding Act” means the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended.

“Bonds” means, collectively, the Series 2022 Bonds and any Parity Bonds and refunding bonds issued pursuant to the authority of this Bond Resolution.

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

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

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

“Escrow Agent” means the Utah State Treasurer, and its successors and assigns, which shall so act pursuant to the terms of the Escrow Agreement.

“Escrow Agreement” means the escrow agreement among the Issuer, the Drinking Water Board and the Escrow Agent.

“Escrow Fund” means the escrow fund created and administered under the Escrow Agreement by the Escrow Agent.

“Exchange Bonds” means the fully registered Series 2022 Bonds issued in substantially the form set forth in Exhibit B, in exchange for the State Bonds representing the Series 2022 Bonds or in exchange for other Exchange Bonds, in the denomination of \$1,000 or any integral multiple thereof.

“Fully Registered Bond” means a single, fully registered, negotiable revenue bond, without coupons, in the denomination(s) equal to the aggregate principal amount of the Series 2022 Bonds authorized herein, substantially in the form attached hereto as Exhibit A.

“Issuer” means Town of Cornish, Cache County, Utah, or its successors.

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

“Operation and Maintenance Expenses” means all expenses reasonably incurred in connection with the operation and maintenance of the System, after any tax revenues are applied to such expenses, including the cost of water and water treatment, whether incurred by the Issuer or paid to any other municipality or company pursuant to contract or otherwise, repairs and renewals (other than capital improvements) necessary to keep the System in efficient operating condition, the cost of audits hereinafter required, fees of the paying agents of the Bonds, payment of premiums for insurance on the System hereinafter 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.

“Original Issue Date” means the date on which the Series 2022 Bonds are issued and delivered in exchange for the purchase price thereof.

“Paying Agent” means the person or persons authorized by the Issuer to pay the principal of the Series 2022 Bonds on behalf of the Issuer. The initial paying agent for the Series 2022 Bonds is the Town Clerk/Recorder of the Issuer.

“Principal Amount” means the total principal amount of the Bonds authorized to be issued hereunder.

“Project” means the acquisition and construction of improvements to the Issuer’s System, including construction of a well house, treatment systems, booster pump, and water storage tank, inclusive of all equipment and appurtenances thereto.

“Registrar” means the person or persons authorized by the Issuer to maintain the registration books with respect to the Series 2022 Bonds on behalf of the Issuer. The initial Registrar for the Series 2022 Bonds is the Town Clerk/Recorder of the Issuer.

“Repayable Principal Amount” means the maximum principal amount of the Series 2022 Bonds payable to the Registered Owner thereof calculated by reducing the Principal Amount of the Series 2022 Bonds by the debt forgiveness amounts as provided in Sections 2.2 and 2.3 hereof.

“Revenue Fund” means the revenue fund to be established by the Issuer and held by the Depository Bank upon delivery of the Series 2022 Bonds and maintained until the Series 2022 Bonds have been paid in full, as described in Section 3.4 hereof.

“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, 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 2022 Bonds” means the Issuer’s Water Revenue Bonds in the maximum principal amount of \$1,504,922.00 to be purchased by the Drinking Water Board, as authorized herein.

“Sinking Fund” means the sinking fund established for the purposes of paying the debt service on the Bonds, as more fully described in Section 3.4 hereof.

“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 2022 Bonds and will end on the next succeeding June 30.

“State Bonds” means the fully registered Series 2022 Bonds issued in substantially the form set forth in Exhibit A in a denomination equal to the aggregate Repayable Principal Amount of the Series 2022 Bonds.

“System” means the whole and each and every part of the drinking water system of the Issuer, including the Project to be financed in part with the proceeds of the Series 2022 Bonds to be issued pursuant to this Bond Resolution, and all property, real, personal and mixed, of every nature now or hereafter owned by the Issuer and used or useful in the operation of such water system, together with all improvements, extensions, enlargements, additions, and repairs thereto which may be made while any of the Bonds remain outstanding.

ARTICLE II.

ISSUANCE OF SERIES 2022 BONDS

Section II.1 Series 2022 Bond Principal Amount, Designation Series and Interest Rate. The Series 2022 Bonds shall be issued pursuant to the Bonding Act and are hereby authorized for issuance for the purposes of financing (a) a portion of the costs of the Project and (b) to pay the costs incurred in connection with the issuance of the Series 2022 Bonds. The Series 2022 Bonds shall have a principal amount of \$1,504,922.00 (the "Principal Amount") and shall be issued, (i) if issued as a State Bond(s), in the form set forth in Exhibit A and (ii) if issued as Exchange Bonds, in the form set forth in Exhibit B, in fully registered form, shall bear, no interest on the Repayable Principal Amount and shall be payable as specified herein. If issued as Exchange Bonds, the Series 2022 Bonds shall be in the denomination of \$1,000 or any integral multiple thereof, except that one may be issued in an odd denomination. The Series 2022 Bonds shall be numbered from one (1) consecutively upward in order of delivery by the Registrar. The Series 2022 Bonds shall be designated as, and shall be distinguished from the bonds of the Issuer of all other series by the title, "Water Revenue Bonds, Series 2022."

The Series 2022 Bonds are secured by a pledge of and lien on the Net Revenues of the Issuer's System.

The Series 2022 Bonds shall be in a form to permit the Drinking Water Board to make incremental advances on its total loan commitment to the Issuer during the period of acquisition and construction of the Project and as to permit the Drinking Water Board to forgive \$750,922.00 of the principal amount thereof.

Section II.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 Project, or at such other time as shall be specified by the Drinking Water Board, the Issuer shall provide to the Drinking Water Board a certificate setting forth a schedule of the costs of the Project which the Issuer estimates will become due and payable by the Issuer prior to the next succeeding calendar quarter and are properly payable with the proceeds of the Series 2022 Bonds. Advances made by the Drinking Water Board on the basis of such certificates shall be deposited in the Escrow Account. All such advances shall be in the minimum amount of \$1,000 or any integral multiple thereof. Upon receipt of evidence of deposit of each advance in the Escrow Account, the Treasurer of the Issuer shall give telephonic authorization followed by written confirmation to the Drinking Water Board to stamp or write the date and total amount of such advance made by the Drinking Water Board, of which amount fifty percent (50%) shall be allocated to "Debt Forgiveness Amount" and fifty percent (50%) shall be allocated to "Repayable Principal Amount" in the appropriate places on the Certificate of Dates of Payment and Amount appearing on the State Bonds. Each advance made by the Drinking Water Board on the State Bonds shall constitute proceeds of the State Bonds and shall be deemed to constitute the full purchase price and 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 Drinking Water Board, the Principal Amount less the Debt Forgiveness Amounts shall constitute the "Repayable Principal Amount" of the Series 2022 Bonds in the order of maturity of the Series 2022 Bonds.

Section II.3 Debt Forgiveness. The Drinking Water Board has committed to purchase the Series 2022 Bonds for a purchase price not to exceed One Million Five Hundred Four Thousand Nine Hundred Twenty-Two Dollars (\$1,504,922.00). The Drinking Water Board has also agreed to forgive and relieve the Issuer of Seven Hundred Fifty Thousand Nine Hundred Twenty-Two Dollars (\$750,922.00) of the maximum Principal Amount.

Section II.4 Date and Maturities. The Series 2022 Bonds shall be dated as of their date of delivery, shall be issued in the amount of \$1,000 or any integral multiple thereof, and shall be paid as provided in this Section 2.4. The Series 2022 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 2022 Bond at the offices of the Paying Agent for endorsement or surrender, or of any successor Paying Agent. 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 Drinking Water Board is the Registered Owner of the State Bonds, payments of principal on the Series 2022 Bonds shall be made by check or draft and mailed to the Drinking Water Board as the Registered Owner at the address shown on the registration books maintained by the Town Clerk/Recorder.

The Issuer shall make the principal payments stated for each year. The first payment on the Series 2022 Bonds shall be due on October 1, 2023, and continuing on each October 1 thereafter until the Repayable Principal Amount shall be paid in full, as follows:

<u>October 1</u>	<u>Principal Maturing</u>
2023	\$25,000
2024	\$25,000
2025	\$25,000
2026	\$25,000
2027	\$25,000
2028	\$25,000
2029	\$25,000
2030	\$25,000
2031	\$25,000
2032	\$25,000
2033	\$25,000
2034	\$25,000
2035	\$25,000
2036	\$25,000
2037	\$25,000
2038	\$25,000
2039	\$25,000
2040	\$25,000
2041	\$25,000
2042	\$25,000

2043	\$25,000
2044	\$25,000
2045	\$26,000
2046	\$25,000
2047	\$26,000
2048	\$25,000
2049	\$26,000
2050	\$25,000
2051	\$26,000
2052	\$25,000

If less than \$1,504,922.00 is advanced on the Series 2022 Bonds such that the Repayable Principal Amount is less than \$754,000, the repayment period shall be shortened and the number of annual principal installments shall be reduced in the inverse order of maturities (and the amount of the final remaining principal installment shall be reduced, if required) to correspond to the Repayable Principal Amount of the Series 2022 Bonds as evidenced on the Certificate of Dates of Payment and Amount on the State Bond.

Section II.5 Optional Redemption and Redemption Prices. Each principal payment of the Series 2022 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 inverse order of the due dates thereof, and by lot selected by the Issuer if less than all of the Series 2022 Bonds of a particular due date are to be redeemed, upon notice as provided in Section 2.6 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 Drinking Water Board with respect to the State Bonds, and at a redemption price equal to one hundred percent (100%) of the principal amount to be prepaid or redeemed.

Section 2.6 Notice of Redemption of Exchange Bonds. 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 2.6. The notice of redemption shall be mailed by first class mail, postage prepaid, to all Registered Owners of the 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. The notice shall state the following information:

- (a) the complete official name, series and the identification numbers of the Exchange Bonds being redeemed;
- (b) any other descriptive information needed to identify accurately the Exchange Bonds being redeemed, including, but not limited to, the original issue date of such Bonds;
- (c) in the case of partial redemption of any Exchange Bonds, the respective principal amounts thereof to be redeemed;
- (d) the date of mailing of redemption notices and the redemption date;

- (e) the redemption price;
- (f) that on the redemption date the redemption price will become due and payable upon each Exchange Bond or portion thereof called for redemption; and
- (g) the place where the Exchange Bonds are to be surrendered for payment of the redemption price, designating the name and address of the redemption agent and providing the name and telephone number of a contact person.

Upon the payment of the redemption price of the 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.

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

A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of the Exchange Bonds or the portion thereof redeemed but who failed to deliver their Exchange Bonds for redemption prior to the date that is sixty (60) days following such redemption date. Any notice of redemption mailed as provided in this Section 2.6 shall be conclusively presumed to have been duly given, whether or not the Registered Owner of the Exchange 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 Exchange Bonds.

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

Section 2.7 Execution and Delivery of the Series 2022 Bonds. The Mayor is hereby authorized to execute by manual or facsimile signature the Series 2022 Bonds and the Town Clerk/Recorder to countersign by manual or facsimile signature the Series 2022 Bonds (provided at least one of the signatures is manual) and to have imprinted, or otherwise placed on the Series 2022 Bonds the official seal of the Issuer. The Town Clerk/Recorder is hereby authorized to deliver to the Drinking Water Board the Series 2022 Bonds upon the payment to the Issuer of the first incremental advance of the proceeds of the Series 2022 Bonds.

Section 2.8 Delinquent Payment. If any installment payment of principal on the Series 2022 Bonds is not paid when due and payable, the issuer shall pay interest on each delinquent installment at the rate of eighteen percent (18%) per annum from such due date until paid in full.

Section 2.9 Exchange of State Bonds. As long as the Drinking Water Board is the sole Registered Owner of the Series 2022 Bonds, the Series 2022 Bonds shall be issued only as a

State Bond in the form prescribed in Exhibit B. It is recognized that the Drinking Water Board may sell or otherwise transfer the Series 2022 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 Drinking Water Board determines to sell or otherwise transfer all or a portion of the Series 2022 Bonds pursuant to the State Financing Consolidation Act, or otherwise, the State 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 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 2022 Bond, or any portion thereof, which is sold or otherwise transferred or liquidated by the Drinking Water 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 the authorization contained in Section 2.7 hereof. Each principal payment on the State 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 State Bonds for Exchange Bonds, provided that the Drinking Water Board 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.

[Continued on Next Page]

ARTICLE III.

REGISTRATION, PAYMENT, AND FLOW OF FUNDS

Section III.1 Execution of and Registration of Series 2022 Bonds; Persons Treated as Owners. The Series 2022 Bonds shall be issued and executed by the Issuer and the Issuer shall cause books for the registration and for the transfer of the Series 2022 Bonds to be kept by the Town Clerk/Recorder who is hereby appointed the Registrar of the Issuer with respect to the Series 2022 Bonds. Any Series 2022 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 or her duly authorized attorney, upon surrender of such Series 2022 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any Series 2022 Bond as provided herein, the Issuer shall execute and deliver in the name of the transferee or transferees, a new Series 2022 Bond of the same maturity and series for a like aggregate principal amount as the Series 2022 Bond surrendered for transfer. Series 2022 Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Series 2022 Bonds of the same series or other authorized denominations and the same maturity. The execution by the Issuer of any Series 2022 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 2022 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 2022 Bond for redemption.

Series 2022 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 2022 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 2022 Bond shall be made only to or upon order of the Registered Owner thereof or his or her 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 2022 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 2022 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 2022 Bond shall be delivered.

Section III.2 Deposit of Bond Proceeds. The proceeds from the sale of the Series 2022 Bonds shall be deposited upon delivery in the Escrow Account as incremental advances of the proceeds are made in accordance with Section 2.2 hereof. All monies deposited in the Escrow Account shall be used solely for the purpose of defraying all or a portion of the costs of the Project, including the payment of costs of issuance of the Series 2022 Bonds, and shall be

disbursed pursuant to the provisions of the Escrow Agreement. Any unexpended balance remaining in the Escrow Account after completion of the Project shall be transferred as soon as practicable (a) first to each party or entity, other than the Issuer, contributing grant funds to the Project in proportion to the amount of grant funds originally deposited into the Escrow Fund and (b) then to the "Sinking Fund" established hereunder, and shall be used only for the prepayment of the Series 2022 Bonds. If less than all of the principal amount of the Series 2022 Bonds maturing on the last due date is to be redeemed, the Issuer shall select by lot those Series 2022 Bonds to be prepaid. Proceeds from the sale of the Series 2022 Bonds on deposit in the 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 Escrow Account as provided herein, the Escrow Account shall be closed.

Section III.3 The Series 2022 Bonds Constitute Special Limited Obligations; Pledge of Net Revenues. Notwithstanding anything in this Bond Resolution to the contrary, all of the principal of the Series 2022 Bonds shall be payable solely from the Net Revenues of the System which are hereby pledged to the payment of the principal of the Series 2022 Bonds. In no event shall the Series 2022 Bonds be deemed or construed to be a general indebtedness of the Issuer or payable from any funds of the Issuer other than those derived from the operation of the System or from proceeds of the Series 2022 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 Series 2022 Bonds; provided however, the Issuer has not covenanted and cannot covenant to make such funds available and has not pledged any of such funds for such purpose.

Section III.4 Flow of Funds. From and after the delivery date of the Series 2022 Bonds, and until all the Series 2022 Bonds have been paid in full, the Revenues shall be deposited into the Revenue Fund established hereunder (the "Revenue Fund"), to be held by the Depository Bank. The Issuer will thereafter make accounting allocations of the funds deposited in the Revenue Fund for the following purposes and in the following priority:

(a) From the amounts on deposit 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 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.

(b) From the amounts on deposit in the Revenue Fund after payment of Operation and Maintenance Expenses of the System as provided above in Subsection (a), there shall be allocated to the Issuer's Water Revenue Bond Sinking Fund (the "Sinking Fund") the following amounts.

(i) Of the amounts allocated to the Sinking Fund, there shall be allocated the following amounts to a sub-fund originally established and known as the "Bond Fund" such as will assure, to the extent of available Net Revenues, the prompt payment of the principal of the Series 2022 Bonds and all bonds issued on parity therewith, if any, as the same shall become due. With respect to the Series 2022 Bonds, there shall be set aside and allocated to the Bond Fund monthly, on or before the tenth (10th) day of the month, beginning with the month following the issuance of the Series 2022 Bonds an amount equal to 1/12 (in the case of the first Sinking Fund Year, a fraction, the numerator of which is one and the denominator is the number of months remaining until the first principal payment date) of the principal of and the Series 2022 Bonds, to the end that there will be sufficient funds allocated to the Bond Fund to pay the principal on the Series 2022 Bonds when the same become due. Amounts allocated to the Bond Fund shall be used solely for the purpose of paying the principal of the Series 2022 Bonds and shall not be reallocated, transferred or paid out for any other purpose prior to the payment of amounts due with respect to the Series 2022 Bonds. All of the Issuer's Net Revenues and the amounts on deposit in the Bond Fund are hereby equally and ratably pledged to the payment of the principal of the Series 2022 Bonds.

(ii) Of the amounts allocated to the Sinking Fund after there shall have been allocated the amounts required under paragraph (i) above, there shall be allocated annually, to the "Reserve Fund - Series 2022" established on the books of the Issuer an amount equal to \$2,500, plus such additional amounts as may be required to meet any allocation to the Reserve Fund - Series 2022 not previously made in whole or in part, such allocations to continue until there shall have been accumulated therein an amount equal to \$25,000 over a period not to exceed ten (10) years. Amounts allocated to the Reserve Fund shall be used to pay the principal of the Series 2022 Bonds any time there are in sufficient funds in the Bond Fund to pay the same, but pending such use may be invested as hereafter provided. When the Reserve Fund has been fully funded as required by this paragraph (ii), no further allocations to the Reserve Fund need be made unless payments from any Reserve Fund have reduced the same below the amounts required by this paragraph (ii), in which event allocations shall be resumed until such deficiency has been remedied.

(c) From the amounts on deposit in the Revenue Fund after the payment of the amounts required by the above subsections, on the tenth (10th) day of each month, with respect to the Series 2022 Bonds, there shall be an amount allocated and deposited into the 2022 Replacement Account as described in Section 4.2(r). The Issuer shall continue to fund the 2022 Replacement Account until the Series 2022 Bonds have been paid in full (or provision is made for such payment) as provided in this Bond Resolution.

(d) After the payment of all of the amounts required by the above subsections, any amounts remaining in the Revenue Fund may be used by the Issuer (i) to prepay or redeem the Series 2022 Bonds in whole or in part, (ii) to make extensions, improvements,

additions, repairs, and replacements to the System, or (iii) to be applied to any other lawful purpose as determined by the Issuer.

(e) 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.

(f) Upon payment in full of the principal of, and premium or penalty, if any, on the Series 2022 Bonds, and any other amounts due hereunder with respect to the Series 2022 Bonds, any balance remaining in the Sinking Fund and the Series 2022 Reserve Account shall be transferred to the Revenue Fund and applied to the payment of debt service on any other obligations of the Issuer which are secured by a pledge of Net Revenues and, if there are no such obligations then outstanding, any remaining balance shall be transferred to the Issuer's general fund for use by the Issuer as the Issuer's governing body shall determine.

Section III.5 Investment of Funds. Any funds allocated to the Sinking Fund (including the Bond Fund and the Reserve Fund), and the Series 2022 Replacement Fund may, at the discretion of the Issuer, be invested in accordance with the State Money Management Act. All income derived from the investment of the funds of the Sinking Fund shall be retained in such fund and disbursed along with the other moneys on deposit therein as herein provided. All income derived from the investment of the Reserve Funds shall at the end of each Sinking Fund Year be transferred by the Issuer to the Bond Fund, provided that after such transfer the Reserve Funds shall be funded as required by this Bond Resolution. In the event that the balance in the Reserve Funds is less than the amount required herein, then any income earned by the Reserve Funds shall be retained therein until the balance in the Reserve Funds equals the required amount. There shall not be required to be in the Sinking Fund at any time more than the amount required to pay the total outstanding principal amount of the Series 2022 Bonds. Whenever the money in the Sinking Fund equal the total outstanding principal amount of the Series 2022 Bonds, the money in those funds shall be used to prepay all of the Series 2022 Bonds.

[Continued on Next Page]

ARTICLE IV.

COVENANTS

Section IV.1 Covenants of Issuer. The Issuer hereby covenants and agrees with each and every holder of the Series 2022 Bonds the following:

(a) The Issuer covenants that it shall fund and maintain as provided herein all funds and accounts established with respect to the Series 2022 Bonds, pursuant to this Bond Resolution, until such time as the Series 2022 Bonds, respectively, have been paid in full.

(b) The rates for all water 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 2022 Bonds, provided such rates must be reasonable rates for the type, kind, and character of the service rendered. There shall be no free service and there shall be charged against all users of the System, including the Issuer, such rates and amounts as shall be adequate to meet the debt service payments on the Series 2022 Bonds any Parity Bonds (as defined in Section 4.2) when due. The rates charged for water services provided by the System shall be sufficient to produce Net Revenues that are equal to at least one hundred and twenty-five percent (125%) of Annual Debt Service. All Revenues, including those received from the Issuer, shall be subject to distribution for the payment of the Operation and Maintenance Expenses of the System and the payment of the Series 2022 Bonds and any Parity Bonds, as herein 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 Bond 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 Series 2022 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 any Bondholder upon request; provided, however, during such periods of time as the Drinking Water Board is the Registered Owner of the Series 2022

Bonds, each such audit will be supplied to the Drinking Water Board as soon as completed without prior request therefor by the Drinking Water Board. At a minimum, each such audit shall include the following:

(i) A statement in detail of the revenue and expenses of the System for the Sinking Fund Year;

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

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

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

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

(vi) The number, and type or class, if applicable, of water connections within the boundaries of the Issuer, and applications for water service on hand at the end of the Sinking Fund Year; and

(vii) The total billings for the Sinking Fund Year and all schedules of rates and charges imposed for water service during the Sinking Fund Year.

(viii) The schedule of all rates and fees applicable to the System.

(ix) A listing of the names each person occupying the position of Mayor and Town Clerk, and a listing of the names of all members of the Town Council.

(x) A general statement concerning any events or circumstances that might affect the financial status of the system.

Holders of the Series 2022 Bonds may waive the audit requirements set forth in this subsection for any particular Sinking Fund Year upon written request from the Issuer setting forth the reasons why a certified audit is not necessary or is impractical, provided that such waiver shall not apply to the reporting requirements of the Issuer set forth in the subsection (f) below.

(f) In addition to the reporting requirements set forth in subsection (e) above, the Issuer shall submit to the Drinking Water 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 Drinking Water Board to the Issuer upon purchase of the Series 2022 Bonds.

All expenses incurred in compiling the information required by this subsection shall be regarded and paid as an Operation and Maintenance Expense. If a Bondholder is other than the Drinking Water 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) Any holder of a Series 2022 Bond 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 the Bondholder 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 Bond 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 Bonds have been paid in full, except that the Issuer may sell any portion of the System which shall be replaced by comparable property of equal or greater 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 Bond Fund.

(j) The Issuer may consolidate the bills submitted for sewer service with those submitted for drinking water service, if applicable, for those persons who are liable for the payment of charges for such combined 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. At sixty (60) days past due, a penalty will be added to the delinquent bill, as set forth in the applicable fee schedule then in effect. At ninety (90) days past due, an account holder will have ten (10) days to pay the delinquent balance and any applicable delinquency fees or to arrange a payment plan by paying at least fifty percent (50%) of the outstanding balance, with the remaining balance paid in regular payments or as otherwise agreed. The Issuer hereby agrees that if any water bill remains delinquent for more than ninety (90) days, it will initiate

proceedings to cause all water service to the delinquent water user to be terminated after ten (10) days.

(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 2022 Bonds shall be bonded by a responsible corporate surety in an amount not less than \$50,000, an amount equal to at least twice an annual payment on the Series 2022 Bonds. The premium on such surety bond shall not be an Operation and Maintenance Expense of the System.

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

(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 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 water system within the area served by the System, as long as the Series 2022 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 2022 Bonds shall be made to the Bondholder(s) 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 identity, will make no attempt to cause its existence to be abolished and will resist all attempts by other political subdivisions to annex all or any part of the territory now or hereafter in the Issuer or served by the System.

(r) The Issuer shall establish a Capital Facilities Replacement Account in connection with the Series 2022 Bonds (the "2022 Replacement Account") to be held by the Issuer and shall deposit therein an amount equal to five percent (5%) of the Issuer's annual operating budget for the System, including debt service and depreciation, as more

fully described in Section 3.4 hereof. The Replacement Account shall not serve as security for the payment of principal of the Series 2022 Bonds. The Issuer shall limit the use of moneys on deposit in the 2022 Replacement Account to the acquisition and construction of replacements of obsolete System equipment or facilities, extensions or additions to the Issuer's System, and other capital improvements necessary to keep the System in good working condition. No disbursements shall be made from the 2022 Replacement Account unless and until the Issuer has given at least 30 days' advance written notice to the Drinking Water Board specifying the amount of the proposed disbursement and the purpose for which the disbursement will be made. The Issuer shall not, however, be required to obtain the consent of the Drinking Water Board prior to making any disbursement from the 2022 Replacement Account.

(s) The Issuer agrees, in accepting the proceeds of the Series 2022 Bonds, to comply with all applicable state and federal regulations related to the Utah State Revolving Fund administered by the Drinking Water Board. These requirements include, but are not limited to, Title XIV of the Safe Drinking Water Act of 1996, OMB Circular A-133, the Utah Federal State Revolving Fund (SRF) Program (R309-705 of the Utah Administrative Code), the Utah Municipal Bond Act, the Utah Money Management Act, the Utah Procurement Code and the State of Utah Legal Compliance Audit Guide.

(t) The Issuer will service any applicant within the service area of the System who desires water service from the System who can be feasibly and legally served, and will obtain the concurrence of the Drinking Water Board prior to refusing service to such applicant.

Section IV.2

Additional Indebtedness.

(a) The Issuer will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the Net Revenues unless the Issuer has obtained the prior written consent of all the holders of the Series 2022 Bonds to the issuance of such additional bonds or obligations which shall be issued on parity with the Series 2022 Bonds (the "Parity Bonds").

(b) A certificate evidencing compliance with the foregoing requirement of this Section 4.2 signed by the Mayor and attested and countersigned by the Town Clerk/Recorder shall be delivered to the Drinking Water Board so long as it is the Registered Owner of any of the Bonds and to any other Registered Owner of any of the Bonds requesting a copy thereof, prior to the issuance of any Parity Bonds.

[Continued on Next Page]

ARTICLE V

MISCELLANEOUS

Section 5.1 Default and Remedies. Failure of the Issuer to perform any covenant or requirement of the Issuer under this Bond Resolution within thirty (30) days after having been notified in writing by a Bondholder of such failure, shall constitute an event of default hereunder and shall allow each Bondholder to take the following enforcement remedies:

(a) The Bondholder may require the Issuer to pay an interest penalty (the "Interest Penalty") equal to eighteen percent (18%) per annum of the outstanding principal amount on the Series 2022 Bonds, the Interest Penalty to accrue from the date of the notice from the Bondholder to the Issuer referenced above until the default is cured by the Issuer. The 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 the Revenues toward the Revenue allocations required by 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 such functions on behalf of the Bondholders 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 this Bond Resolution. Provisions of this Bond Resolution shall constitute a contract between the Issuer and the Bondholders; and after the issuance of the Series 2022 Bonds, no change, variation or alteration of any kind in the provisions of this Bond Resolution shall be made in any manner until such time as all of the Series 2022 Bonds have been paid in full except as hereinafter provided.

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

Whenever the Issuer shall propose to amend or modify this Bond Resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be sent to all Bondholders of all Series 2022 Bonds then outstanding. Such notice shall briefly set forth the nature of the proposed amendment, state that copies thereof are on file at the principal office of the Issuer for inspection by all Bondholders, and set forth the manner in which Bondholders are to give or withhold their consent to the proposed amendment. Upon receipt of Bondholder consents representing at least seventy-five percent (75%) of the aggregate principal amount of

the Series 2022 Bonds then outstanding, the governing body of the Issuer may adopt by resolution the proposed amendment, and it shall become effective. Nothing in this Section shall permit or be construed as permitting an amendment to this Bond Resolution which would extend the stated maturity or reduce the principal amount of the Series 2022 Bonds or reduce the rate of or extend the time for paying the interest due on delinquent payments of principal of the Series 2022 Bonds, without the consent of the holders of all the Series 2022 Bonds, or reduce the amount of or extend the time for making any payment required by any fund or account established hereunder without the consent of the holders of all the Series 2022 Bonds which would be affected by such reduction or extension, or change the rights of the holders of less than all Series 2022 Bonds then outstanding, without the consent of the holders of all the Series 2022 Bonds at the time outstanding which would be affected by such changes.

If a Bondholder shall have consented to and approved the adoption of the amendatory resolution as herein provided, such Bondholder shall not have any right or interest to subsequently object to the adoption thereof 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 Bond Resolution and every amendatory or supplemental ordinance or resolution shall be kept on file in the office of the Town Clerk/Recorder where it shall be made available for inspection by any Bondholder or his or her agent. Upon payment of the reasonable cost of preparing the same, a certified copy of this Bond Resolution, including any amendatory or supplemental ordinance or resolution, will be furnished to any Bondholder. The Bondholders may, by suit, action, mandamus, injunction or other proceedings, either at law or in equity, enforce or compel performance of all duties and obligations required by this Bond Resolution to be done or performed by the Issuer. Nothing contained herein, however, shall be construed as imposing on the Issuer any duty or obligation to levy any tax either to pay the principal of the Series 2022 Bonds authorized herein or to meet any obligation contained herein concerning the Series 2022 Bonds.

Section 5.4 Defeasance of Series 2022 Bonds. Except as otherwise provided herein, if the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to the Registered Owners of the Series 2022 Bonds of the amounts 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 Bond 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 2022 Bonds) shall be cancelled and discharged.

Any Series 2022 Bond shall be deemed to be paid within the meaning of this Section when payment of the Series 2022 Bonds (whether such payment is made at maturity or

upon prepayment or redemption) shall have been made in accordance with the terms thereof. At such time as the Series 2022 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 2022 Bonds).

Section 5.5 Sale of Series 2022 Bonds Approved. The sale of the Series 2022 Bonds to the Drinking Water Board at par is hereby authorized, confirmed, and approved.

Section 5.6 Bondholders Not Responsible. The holders of the Series 2022 Bonds shall not be responsible for any liabilities incurred by the Issuer in the acquisition or construction of the Project or for the failure of the System to function successfully after completion of the Project.

Section 5.7 Notice of Public Hearing and Bonds to be Issued. In accordance with the provisions of the Bonding Act, the Town Clerk/Recorder has caused a "Notice of Public Hearing and Bonds to be Issued" (the "Notice") to be published two times in the Herald Journal, a newspaper having general circulation in the Issuer.

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 Bond Resolution and the documents authorized and approved herein.

Section 5.9 Severability. If any section, paragraph, clause or provision of this Bond Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any other section, paragraph, clause or provision of this Bond Resolution.

Section 5.10 Statutory Authority for the Series 2022 Bonds. The Series 2022 Bonds are issued under the authority of the Bonding Act and each Series 2022 Bond certificate shall so recite. By the adoption of this Bond Resolution, it is the intention of the Issuer to comply in all respects with the applicable provisions of the Bonding Act and the Series 2022 Bonds issued hereby shall be incontestable for any reason whatsoever after their delivery for value.

Section 5.11 Resolutions in Conflict. All resolutions or parts thereof in conflict with the provisions of this Bond Resolution are, to the extent of such conflict, hereby repealed.

Section 5.12 Record of Proceedings. The Town Clerk/Recorder is hereby directed to complete and execute the Record of Proceedings attached hereto as Exhibit C to officially record the proceedings at which this Bond Resolution was considered for adoption.

[Signature Page Follows]

APPROVED AND ADOPTED: February 16, 2022.


Matthew Leak, Mayor

ATTEST:


Deyette Bradley, Town Clerk

(SEAL)



EXHIBIT A

(FORM OF STATE BOND)

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF CACHE
TOWN OF CORNISH
WATER REVENUE BOND
SERIES 2022

\$754,000

Town of Cornish, Cache County, 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 State of Utah Department of Environmental Quality, Drinking Water Board (the "Drinking Water Board") or registered assigns last noted in the Registration Certificate attached to the end of this Bond (the "Registered Owner"), the Repayable Principal Amount set forth in the "Certificate of Dates of Payment and Amount" attached hereto at the end of this Bond and more fully described below, but in no event more than \$754,000. This Bond shall bear no interest and shall be payable in registered installments on October 1 of each of the years as set forth in the following Repayment Schedule:

REPAYMENT SCHEDULE

<u>October 1</u>	<u>Principal Maturing</u>
2023	\$25,000
2024	\$25,000
2025	\$25,000
2026	\$25,000
2027	\$25,000
2028	\$25,000
2029	\$25,000
2030	\$25,000
2031	\$25,000
2032	\$25,000
2033	\$25,000
2034	\$25,000
2035	\$25,000
2036	\$25,000
2037	\$25,000
2038	\$25,000
2039	\$25,000
2040	\$25,000
2041	\$25,000
2042	\$25,000
2043	\$25,000
2044	\$25,000
2045	\$26,000
2046	\$25,000
2047	\$26,000
2048	\$25,000
2049	\$26,000
2050	\$25,000
2051	\$26,000
2052	\$25,000

The Issuer certifies that the initial Registered Owner of this Bond committed to purchase this Bond for a Principal Amount of not to exceed \$1,504,922, but further agreed to forgive \$750,922 of the Principal Amount such that the Repayable Principal Amount of this Bond shall not exceed Seven Hundred Fifty Four Thousand Dollars (\$754,000). Accordingly, fifty percent (50%) of each incremental advance hereof as recorded as the "Principal Amount" on the attached Certificate of Dates of Payment and Amount shall be forgiven and shall be recorded under the "Debt Forgiveness Amount" column on the Certificate of Dated of Payment and Amount. The remaining fifty percent (50%) of each incremental advance shall be recorded under the "Repayable Principal Amount" column on the Certificate of Dates of Payment and Amount and shall constitute the total principal repayment obligation of the Issuer with respect to the Series 2022 Bonds.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or upon prior redemption, shall be payable upon surrender of this Bond at the offices of the Paying Agent, or of any successor Paying Agent.

As long as the Drinking Water Board is the Registered Owner of this Bond, installment payments of principal shall be made by check or draft mailed to the Drinking Water Board at the address shown on the registration books maintained by the Registrar.

This Bond represents the Issuer's Water Revenue Bonds, Series 2022 (the "Series 2022 Bonds") and is issued pursuant to (i) a Parameters Resolution and a Bond Resolution (the "Bond Resolution") adopted by the Governing Board of the Issuer on February 16, 2022, and (ii) the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, for the purposes of providing funds to (a) finance all or a portion of the costs of the acquisition and construction of improvements to the Issuer's drinking water system (the "System") including construction of spring rehabilitation, transmission lines and a filter system, and all equipment and necessary appurtenances thereto (the "Project"), and (b) pay the costs of issuing the Series 2022 Bonds. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the Bond Resolution) of the System and do 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 Net Revenues of this System.

This Bond is payable solely from the Net Revenues derived from the operation of the Issuer's System, all as provided and more fully described in the Bond Resolution. The Bond Resolution requires that the Issuer deposit a sufficient amount of the Net Revenues of the System into the Bond Fund sub-fund of the Issuer's Water Revenue Bond Sinking Fund (the "Sinking Fund") to provide for the annual principal on the Series 2022 Bonds. Pursuant to the terms of the Bond Resolution, the Net Revenues of the System and the Bond Fund have been pledged to the payment of the principal of this Bond.

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

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 or to make any appropriation for its payment.

As provided in the Bond Resolution, the Issuer may issue additional bonds, notes or other obligations from time to time in one or more series and in various principal amounts but only with the prior written consent of all of the holders of the Series 2022 Bonds.

This Bond is subject to prepayment and redemption at any time, in whole or in part (and 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 the address appearing on the registration books maintained by the Issuer.

Subject to the provisions of the Bond Resolution, this Bond is issued in fully registered form, without coupons, in a denomination equal to the principal amount of the Bonds or upon exchange for an Exchange Bond in a denomination of \$1,000 and any integral multiple thereof.

The Issuer covenants and agrees that it will (a) fix rates for water service sufficient to pay the principal of this Bond and the principal of the and all other bonds which are on parity with this Bond, as the same fall due, provided such rates must be reasonable rates for the type, kind and character of the service rendered, (b) collect and account for the Revenues (as defined in the Bond Resolution) to be received for such service, and (c) set aside one hundred percent (100%) of the Net Revenues of the System to pay the principal of this Bond according to the payment terms set forth herein and in the Bond Resolution and any other bonds which are on parity with this Bond.

In accordance with its terms, the Bond Resolution may be modified or amended by action taken by the Issuer in the manner and subject to the conditions provided therein. The holder or owner of this Bond shall have no right to enforce the provisions of the Bond 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 Bond Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Bond Resolution.

This Bond shall be registered in the name of the initial purchaser and any subsequent purchasers in the registration book in the office of the Town Clerk/Recorder of the Issuer, who shall be the Registrar and the Paying Agent for this Bond. This Bond is transferable only by notation upon the registration book by the registered owner hereof in person or by his or her duly authorized attorney, by the surrender of this Bond accompanied by a duly executed instrument of transfer in the form approved by the Registrar, whereupon 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, happened and 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 all the Net Revenues to be derived from the operation of the System have been pledged and that a sufficient amount of the Net Revenues will be set aside into the Bond Fund by the Issuer for the prompt payment of this Bond and all other bonds which are on parity with this Bond and that the Net Revenues have not been pledged, hypothecated or anticipated in any way other than by the issue of this Bond and all other bonds which are on parity with this Bond. This Bond shall be incontestable for any reason whatsoever after the delivery hereof for value.

IN TESTIMONY WHEREOF, the Issuer has caused this Bond to be signed by its Mayor and countersigned by its Town Clerk/Recorder under the official seal of the Issuer this _____, 2022.

/s/ (Do Not Sign)
Mayor

Countersigned:

/s/ (Do Not Sign)
Town Clerk/Recorder

(SEAL)

REGISTRATION CERTIFICATE

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

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

CERTIFICATE OF DATES OF PAYMENT AND AMOUNT

The undersigned authorized representative of the hereby certifies that State of Utah Department of Environmental Quality Drinking Water Board (the "Drinking Water Board") has received written authorization from the Treasurer of the Issuer to stamp or write the amount(s) indicated below on the date(s) set forth opposite such amount(s); that the amount last inserted under the column "Principal Amount" is the total amount received by the Issuer from the issuance of this Bond, and that the undersigned has placed his/her signature in the space provided opposite such amount(s) to evidence the same.

[illegible]

EXHIBIT B

(FORM OF EXCHANGE BOND)

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF CACHE
TOWN OF CORNISH
WATER REVENUE BONDS, SERIES 2022

MATURITY DATE

ISSUE DATE

October 1, 20____

Registered Owner:

Principal Amount:

Dollars

Town of Cornish, Cache County, 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, as more fully described below, shall be payable by check or draft mailed by Town Clerk/Recorder in Cornish, Utah (the "Paying Agent") to the Registered Owner hereof beginning October 1, 20____ and on each October 1 thereafter until this Bond is paid in full. The 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. This Bond shall bear no interest.

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

This Bond is secured by a pledge of the Net Revenues of the Issuer's System.

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 Seven Hundred Fifty Four Thousand Dollars (\$754,000), issued in exchange for the conversion of the Issuer's Water Revenue Bond, Series 2022 dated _____, 2022, originally issued in the Repayable Principal Amount of \$754,000 (the "Series 2022 Bonds"), all as authorized by a Bond Resolution of the Issuer duly adopted on February 16, 2022 (the "Bond Resolution"). This Bond and the issue of Bonds of which it is a part is issued pursuant to (i) a Parameters Resolution adopted by the governing body of the Issuer, and the Bond Resolution and (ii) the Utah Local Government Bonding Act, Title

11, Chapter 14, Utah Code Annotated 1953, as amended, for the purposes of providing funds (a) to finance improvements to the Issuer's drinking water system (the "System"), including construction of a well house, treatment systems, booster pump, and water storage tank, inclusive of all equipment and appurtenances thereto, and (b) to pay costs incurred in connection with the issuance of the Series 2022 Bonds. This Bond is special limited obligations of the Issuer payable solely from the Net Revenues (as defined in the Bond Resolution) of the System which have been pledged to the payment of the Series 2022 Bonds. This Bond 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 Net Revenues of the System.

As provided in the Bond Resolution, the Issuer may issue additional bonds, notes or other obligations from time to time in one or more series and in various principal amounts but only with the prior written consent of all of the holders of the Series 2022 Bonds.

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.

The Bonds are 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 inverse order of maturity and by lot within each maturity if less than the full amount is redeemed, 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 the Bonds to be redeemed, addressed to such owners at their address appearing on the registration books maintained by the Issuer. Any notice of redemption so mailed shall be conclusively presumed to have been duly given, whether or not the Registered Owner 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 Bonds.

Subject to the provisions of the Bond Resolution, the Series 2022 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 or any integral multiple thereof.

The Issuer covenants and agrees that it will (a) fix rates for water service sufficient to pay the principal of this Bond when due, and all bonds, if any, subsequently issued pursuant to the Bond Resolution on parity with this Bond, as the same fall due, provided such rates must be reasonable rates for the type, kind and character of the service rendered, (b) collect and account for the Revenues (as defined in the Bond Resolution) to be received for such service, and (c) set aside a sufficient amount of the Net Revenues of the System to pay the principal of this Bond according to the payment terms set forth herein and in the Bond Resolution and the principal of and interest on any bonds subsequently issued on a parity with this Bond.

To the extent and in the respects permitted by the Bond Resolution, the Bond Resolution may be modified or amended by action on behalf of the Issuer taken in the manner and subject to the conditions and exceptions prescribed in the Bond Resolution. The Registered Owner of this

Bond shall have no right to enforce the provisions of the Bond 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 Bond Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Bond Resolution.

This Bond is transferable by the registered holder hereof in person or by his or her attorney duly authorized in writing at the office of the Town Clerk/Recorder (the "Registrar") in Cornish, Utah, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond 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 the Net Revenues to be derived from the operation of the System, including any future improvements, additions and extensions thereto, have been pledged and that one hundred percent (100%) of the Net Revenues will be set aside into a special fund and account by the Issuer to be used for the payment of the principal of the Series 2022 Bonds, including this Bond, and all bonds, if any, issued on a parity with this Bond, and that the Net Revenues are not pledged, hypothecated or anticipated in any way other than by the issue of this Bond and all other bonds, if any, issued on a parity with this Bond.

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

By /s/ (Do Not Sign) _____
Mayor

COUNTERSIGNED:

/s/ (Do Not Sign) _____
City Recorder

(SEAL)

ASSIGNMENT

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

_____ (Tax Identification or Social Security No. _____)
the within Bond and all rights there under and hereby irrevocably constitutes and appoints
_____ attorney to transfer the within Bond on the books kept for
registration thereof, with full power of substitution in the premises.

DATED: _____

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

Signature Guaranteed:

THE SIGNATURE(S) MUST BE
GUARANTEED BY A MEMBER FIRM
OF THE NEW YORK STOCK
EXCHANGE OR A COMMERCIAL
BANK OR TRUST COMPANY.

EXHIBIT C

RECORD OF PROCEEDINGS

The Town Council (the "Town Council") of Town of Cornish, Cache County, Utah, met in public session at the regular meeting place of the Town Council at 4788 West 14300 North in Cornish, Utah, on February 16, 2022 (the "Meeting"), at the hour of 7:00 p.m., or as soon thereafter as feasible, with the following members of the Town Council being present:

Matthew Leak	Mayor
Chris Buxton	Councilmember
Colton Creech	Councilmember
Brad Fisher	Councilmember
Conrad Naegle	Councilmember

Also present:

Deyette Bradley	Town Clerk
-----------------	------------

Absent:

which constituted all the members thereof.

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

A motion to adopt the Resolution was then duly made by Conrad Naegle and seconded by Brad Fisher, and the Resolution was put to a vote and carried, the vote being as follows:

Those voting YEA: Brad Fisher, Colton Creech, Chris Buxton, Conrad Naegle
& Matt Leak

Those voting NAY: None

Those Abstaining: None

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

CERTIFICATE OF TOWN CLERK/RECORDER

I, Deyette Bradley, the duly appointed and qualified Town Clerk/Recorder of Town of Cornish, do hereby certify that the attached Resolution is a true, accurate and complete copy thereof as adopted by the Town Council at a public meeting duly held on February 16, 2022 (the "Meeting"). The persons present and the result of the vote taken at the Meeting are all as shown above. The Resolution, with all exhibits attached, was deposited in my office on February 16, 20 22 and is officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my signature and impressed hereon the official seal of the City, this 16th day of February, 20 22.

Deyette Bradley
Town Clerk/Recorder

(SEAL)



**CERTIFICATE OF COMPLIANCE WITH
OPEN MEETING LAW**

I, Deyette Bradley, the undersigned Town Clerk/Recorder of Town of Cornish, 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 February 16, 2022, public meeting held by the governing body of the City as follows:

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

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

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

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this 16th day of February, 2022.

(SEAL)



Deyette Bradley
Town Clerk/Recorder

(Attach Meeting Notice)

NOTICE OF PUBLIC HEARING AND BONDS TO BE ISSUED

NOTICE IS HEREBY GIVEN pursuant to the provisions of the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, that on January 19, 2022, the Town Council (the "Town Council") of Cornish Town, Cache County, Utah (the "Issuer"), adopted a resolution (the "Resolution") in which it authorized the issuance of the Issuer's Water Revenue Bonds (the "Bonds") in the aggregate principal amount of not to exceed \$850,000, to bear no interest except for interest on delinquent installments, to mature in not more than 30 years from their date or dates, and to be sold at a price not less than 99% of the total principal amount thereof.

NOTICE IS FURTHER GIVEN that the Issuer called and will hold a public hearing on February 16, 2022, at 7:00 p.m. or as soon thereafter as feasible. The location of the public hearing is at the Issuer's offices located at Cornish Town Hall, 4788 West 14300 North, Cornish, Utah 84308. The purpose of the meeting is to receive input from the public with respect to the issuance of the Bonds and the potential economic impact that the improvement, facility, or property for which the Bonds will pay all or part of the cost will have on the private sector. All members of the public are invited to attend and participate.

The Bonds will be issued for the purposes of (1) financing the construction of additions and improvements to the Issuer's water system and related facilities, and (2) paying issuance expenses of the Bonds. As water revenue bonds, no property taxes will be pledged for repayment of the Bonds.

The total par amount of water revenue bonds of the Issuer currently outstanding is \$0.00. Although the Issuer may issue Bonds in the principal amount of \$850,000, it is presently anticipated that the Bonds will be issued in the amount of \$754,000. If the Bonds are issued in the amount of \$754,000, the estimated total cost to the Issuer for the proposed Bonds if the proposed Bonds are held to maturity, based upon interest rates in effect at the time that this notice is published, is \$754,000.

The Bonds are to be issued and sold by the Issuer pursuant to the Resolution which was before the Town Council and a Final Bond Resolution to be adopted at a future time (collectively, the "Bond Resolutions"). The Final Bond Resolution is to be adopted by the Town Council in such form and with such changes thereto as shall be approved by the Town Council upon the adoption thereof, provided that the principal amount, interest rate or rates, maturity, and discount of the Bonds will not exceed the maximums set forth above.

A copy of the Resolution is on file in the office of the Town Clerk of the Issuer at 4788 West 14300 North, Cornish, Utah, where it may be examined during regular business hours of the Town Clerk from 1:00 p.m. to 5:00 p.m. Monday and from 9:30 a.m. to 12:30 p.m. and 3:00 p.m. to 6:00 p.m. on Thursday, or by

appointment, for a period of at least thirty (30) days from and after the last date of publication of this notice.

NOTICE IS FURTHER GIVEN that a period of thirty (30) days from and after the last date of the publication of this notice is provided by law during which any person in interest shall have the right to contest the legality of the Resolution, the Final Bond Resolution, or the Bonds, or any provision made for the security and payment of the Bonds by filing a verified written complaint in the district court of the county in which he/she resides, and that after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause whatsoever.

DATED this January 19, 2022.



Deyette Bradley, Town Clerk of Cornish Town