

CHAMBERLAIN ASSOCIATES

ATTORNEY AT LAW

225 NORTH 100 EAST

RICHFIELD, UTAH 84701

RICHARD K. CHAMBERLAIN

TELEPHONE 435-896-4461

TELEFAX 435-896-5441

July 9, 2007

Mr. Gregory J. Schafer, CMC
Delta City Recorder/Finance Director
76 North 200 West
Delta, Utah 84624

Re: Delta City, Millard County, Utah
Water Revenue Bond, Series 2007

Dear Greg:

Please find enclosed original and three copies of the Bond Resolution authorizing the above-identified bonds issued for the purpose of making improvements to the City's culinary water system, which Resolution is being forwarded for adoption at your July 19, 2007 meeting.

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

I will try to give you a page-by-page description of the Bond Resolution and what is necessary for its completion and execution:

<u>Page Number</u>	<u>Necessary for Completion</u>
1	Names of any other persons present or Councilmembers absent should be inserted in the corresponding blanks.
2	Recorder's Sunshine Law Certificate to be signed and sealed by you.
3	Attach a copy of the official Notice and Agenda of the Council's meeting (a copy is attached as page 3 which needs to be signed).
4	Names of Councilmembers making and seconding the Resolution should be inserted in the blank lines.

CHAMBERLAIN ASSOCIATES

RICHFIELD, UTAH CHAMBERLAIN

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- 4 Title or designation of Resolution (7-19-2007) has already been inserted.
- 11-18 This is the form of the Bond to be delivered at closing to the Permanent Community Impact Fund Board and need not be signed.
- 19-24 This is the form of a Serial Bond and need not be signed.
- 40 This page should be executed by you and the Mayor with the seal affixed.
- 41 This page should be executed by you with the seal affixed.

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

Yours very truly,

CHAMBERLAIN ASSOCIATES

By

Richard K. Chamberlain

RKC:sb

Encls.

Delta, Utah

July 19, 2007

The Mayor and City Council of Delta City, Millard County, Utah met in a regular meeting at its regular meeting place in said Municipality at 7:00 p.m. on the 19th day of July, 2007, with the following members of the Governing Body present:

Gayle Bunker	Mayor
Robert Banks	Councilmember
Kiley Chase	Councilmember
Glen Swalberg	Councilmember
Betty Jo Western	Councilmember
Bruce Curtis	Councilmember

Also present:

Gregory Jay Schafer	City Recorder
_____	_____

Absent:

<u>ROBERT BANKS</u>	<u>COUNCILMEMBER</u>
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After the meeting had been duly called to order and after other matters not pertinent to this Bond Resolution had been discussed, the City Recorder presented to the Mayor and City Council a Certificate of Compliance With Open Meeting Law with respect to this July 19, 2007, meeting.

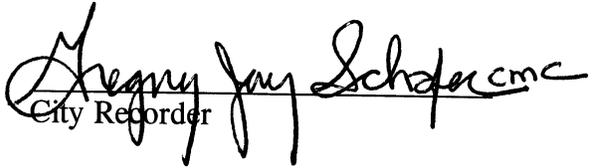
STATE OF UTAH)
 : SS.
COUNTY OF MILLARD)

I, GREGORY JAY SCHAFER, the undersigned City Recorder of Delta City, Millard County, 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 July 19, 2007, public meeting held by the City as follows:

(a) By causing a Notice, in the form attached hereto as Schedule "A", to be posted at the City's principal offices on July 18, 2007, 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; and

(b) By causing a copy of such notice, in the form attached hereto as Schedule "A", to be delivered to the Millard County Chronicle Progress at least twenty four (24) hours prior to the convening of the meeting.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this 19th day of July, 2007.


City Recorder

(SEAL)



NOTICE OF AGENDA OF REGULAR MEETING

* * * * *

PLEASE TAKE NOTICE that the Mayor and members of the City Council of Delta City, Millard County, State of Utah, will hold a Regular Meeting on Thursday, the 19th day of July, 2007, at its regular meeting place, the Delta City Building, 76 North 200 West, Delta, Utah, at the hour of 7:00 o'clock P.M.

The Agenda for the meeting consists, in part, of the following:

- (1) Consideration for and adoption of a Bond Resolution authorizing the issuance of a \$3,073,000 Water Revenue Bond, Series 2007 of Delta City, Millard County, Utah; and
- (2) Any other business that may come before said meeting.

DATED this 18th day of July, 2007.


City Recorder

Thereupon, after the conduct of other business not pertinent to the following, the following resolution was introduced in written form by the Mayor and, pursuant to motion duly made by BRUCE CURTIS and seconded by KILEY CHASE, was adopted and approved by the following vote:

Yea: Glen W. Swalberg
Bruce H. Curtis
~~Robert Banks~~
Kiley Chase
Betty Jo Western

Nay: None

The Resolution was thereupon signed by the Mayor, was attested and countersigned by the City Recorder and was ordered recorded in the official records of the Issuer.

The Resolution is as follows:

DELTA CITY, MILLARD COUNTY, UTAH
RESOLUTION NO. ~~7-19-2007~~ 07-37

A RESOLUTION AUTHORIZING THE ISSUANCE AND CONFIRMING THE SALE OF A WATER REVENUE BOND, SERIES 2007, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,073,000 (THE "BOND") OF DELTA CITY, MILLARD COUNTY, UTAH (THE "ISSUER"), FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE ALL OR PART OF THE COST OF ACQUIRING, CONSTRUCTING, IMPROVING AND EXTENDING THE CULINARY WATER SYSTEM OF THE ISSUER (THE "PROJECT"); PRESCRIBING THE FORM AND OTHER DETAILS OF THE BONDS; FIXING THE INTEREST RATES TO BE BORNE THEREBY; PROVIDING FOR THE COLLECTION AND DISPOSITION OF THE REVENUES OF THE PUBLIC UTILITY SYSTEM OF THE ISSUER OF WHICH THE PROJECT FORMS PART; PROVIDING FOR THE ISSUANCE OF THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS; MAKING CERTAIN FINDINGS AND COVENANTS IN CONNECTION THEREWITH; PROVIDING FOR A SYSTEM OF REGISTRATION FOR THE BONDS; CONFIRMING THE PUBLICATION OF A "NOTICE OF BONDS TO BE ISSUED"; AND RELATED MATTERS.

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

WHEREAS the revenues to be derived by the Issuer from the operation of the culinary water system have not been pledged or hypothecated in any manner or for any purpose and the Issuer desires to issue its Water Revenue Bonds, Series 2007 payable from such revenues in the manner for which provision is hereinafter made in order to pay all or part of the cost of the Project; and

WHEREAS the Utah Local Government Bonding Act, Sections 11-14-1, et seq. Utah Code Annotated, 1953, as amended, authorizes the issuance of non-voted revenue bond payable solely by revenues derived from the operation of revenue-producing System so long as said System produces sufficient revenue to pay for operation and maintenance expenses as well as debt service on all outstanding obligations secured by the revenues of the System; and

WHEREAS the State of Utah acting through its Permanent Community Impact Fund Board ("Community Impact Board") has offered to purchase the Water Revenue Bond, Series 2007, bearing no interest and on the general terms and conditions as set forth herein; and

WHEREAS it is now desired to authorize issuance and, to the extent necessary to make them valid, confirm the sale of the \$3,073,000 Water Revenue Bond, Series 2007 (the "Series 2007 Bond") to the Community Impact Board;

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

ARTICLE I

DEFINITIONS

Section 1.1: As used in this Resolution, the following terms shall have the following meanings unless the context clearly indicates otherwise:

"Act" means the provisions of the Utah Local Government Bonding Act, Chapter 14, Title 11, Utah Code Annotated, 1953, as amended and the Registered Public Obligations Act of the State of Utah, Chapter 7, Title 15, Utah Code Annotated, 1953, as amended.

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

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

"Bond" shall mean collectively the Water Revenue Bond, Series 2007 (sometimes hereinafter referred to as the "Series 2007 Bond") of Delta City, Millard County, State of Utah, in aggregate principal amount of \$3,073,000, authorized hereby and shall mean, alternately, interchangeably, or collectively, the single Fully Registered Bond or the Serial Bonds issued in

lieu of a Fully Registered Bond.

"Bondholder" means the registered holder of any registered bond, the issuance of which is authorized herein.

"Community Impact Board" means the State of Utah Permanent Community Impact Fund Board or any successor agency.

"Delivery Date" means the date the Bond or Bonds are delivered to the initial purchaser and this date to be known on the Bond or Bonds as the issue date.

"Depository" or "Depository Bank" means a Qualified Depository (defined hereinafter).

"Escrow Account" means an account to be held in escrow by the Escrow Agent pursuant to an Escrow Agreement to be entered into between the Issuer, the Community Impact Board and the United States of America on the date of delivery of the Bonds, said account to be used for the purpose of depositing the proceeds of the sale of the Bonds as well as certain grant monies and supervising said proceeds pursuant to the terms of the Escrow Agreement.

"Escrow Agent" means the Utah State Treasurer, who shall so act pursuant to the terms of the Escrow Agreement hereinabove referred to.

"Executive Officer" means the Mayor of the Issuer.

"First Payment Date" means a payment of principal on October 1, 2008.

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

"Future Parity Bonds" means any bonds hereafter issued by the Issuer on a parity with the Bond herein authorized pursuant to the conditions and restrictions set forth in Article V hereof.

"Governing Body" means the Mayor and City Council of the Issuer.

"Installment Amount" means the amount of each monthly or annual registered installment of principal and interest, if any, on the Bonds, as shown in the respective Repayment Schedule in the Bonds.

"Issue Amount" means the principal amount of the Bond authorized to be issued hereunder which is the sum of \$3,073,000.

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

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

"Official Newspaper" is the Millard County Chronicle Progress published in Delta, Utah and of general circulation in Delta, Utah.

"Outstanding" or "Outstanding Bonds" means any Bond which has been issued and delivered in accordance with the provisions hereof; but shall not include a Bond in lieu of which another Bond has been issued to replace a mutilated, lost, destroyed or stolen bond.

"Payment Date" means with respect to the Series 2007 Bond the 1st day of October in each year beginning with the year 2008.

"Payment Years" means the years in which an Installment Amount comes due, described as the years 2008 through 2037 as to the Series 2007 Bond.

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

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

"Project" means the construction, operation and maintenance of culinary water system improvements, including the construction of a new culinary water well, the installation of new sodium hypochlorite generator and the construction of a 2 million gallon water storage tank, together with all related work and improvements, the acquisition of necessary land and easements and in all other respects to pay the cost of foregoing including engineering and expenses and costs of and issuance of the bonds and to acquire and provide all appurtenant facilities therefor, together with all necessary or related work and improvements.

"Qualified Depository" means a depository institution constituting a "qualified depository" under Chapter 7 of Title 51, Utah Code Annotated 1953, as amended.

"Reserve Fund Installment" means a monthly payment in an amount equal to 1/72nd of the Reserve Fund Requirement as to the Series 2007 Bond.

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

"Resolution" means this resolution providing for the issuance of a revenue bond payable from the Revenues of the System, as from time to time amended or supplemented in accordance with the provisions hereof.

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

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

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

"Year" means the twelve-month period beginning on January 1st of each calendar year and ending on the next succeeding December 31st.

Except where the context otherwise requires, words importing the singular number shall include the plural and vice versa, and words importing the male gender shall include the female gender and vice versa.

ARTICLE II

TERMS AND PROVISIONS OF SERIES 2007 BOND

Section 2.1. Purpose and Authority.

(a) The Governing Body hereby finds, determines and declares that the Project to be acquired, constructed, improved and extended with the proceeds of the Series 2007 Bond is necessary for the proper operation of the System and is economically feasible, and the Revenues will be sufficient to retire the Series 2007 Bond.

(b) For the purpose of paying the cost of the Project, including the payment of all fees and expenses incident thereto and to the issuance of the Series 2007 Bond, the Series 2007 Bond shall be issued in the amount or amounts set forth in the Treasurer's Certificate of Dates of Payment and Amounts at the end of the Series 2007 Bond. The Series 2007 Bond shall be payable solely from the Revenues to be derived from the operation and ownership of the System, as more specifically provided herein, and, to the extent available, monies remaining in the Construction Fund as described in Section 4.1 upon completion of the Project.

Section 2.2. Designation and Terms of the Series 2007 Bond. The Series 2007 Bond shall be designated as the "Water Revenue Bond, Series 2007," shall be dated as of the date of delivery

to the Community Impact Board, shall be issued as a single fully-registered bond, without coupons, in the denomination of the amount or amounts set forth in the Treasurer's Certificate of Dates of Payment of Amounts at the end of the Series 2007 Bond and shall be numbered R-1, the principal amount of which shall bear no interest and shall be in such amount as set forth in the table and column of Payment Dates and Amounts as set forth in the form of the Series 2007 Bond.

Any installment of principal which shall not be paid when due shall bear interest, to the extent permitted by law, at the rate of eighteen percent (18%) per annum from the date of maturity of such installment until that installment is paid.

Subject to prepayment of principal as herein provided, principal on the Series 2007 Bond shall be payable in the number of annual registered installments equal to the number of Payment Years, with no provision for any grace period as to the due date of such payments; provided, however, that the last such installment payment shall be in such amount as will pay the remaining principal due on the Series 2007 Bond on the date of such payment each in the amount of the Installment Amount, due on the Payment Date of each of the Payment Years. Each payment shall be first applied to any applicable interest accrued to the date of payment of that installment, then to principal. Principal and interest, if any, on the Series 2007 Bond shall be payable in any coin or currency which, on the respective dates of payments, is legal tender for the payment of debts to the United States of America and, except as hereinafter otherwise provided, shall be made by check or draft mailed to the Office of the Community Impact Board in Salt Lake City, Utah, or to its designee or to such other registered owner of the Series 2007 Bond as is shown on the registration books maintained by the Issuer at the close of business on the fifteenth day of the month next preceding each Payment Date at the address of such registered owner as it appears on such registration books or to such other address furnished in writing by such registered owner to the Issuer, and payment shall be endorsed thereon in the payment record attached thereto.

The single, Fully-Registered Bond may be exchanged for Serial Bonds in increments of \$1000 at the option of the holder.

Section 2.3. Prepayment Provisions and Provisions Regarding Notation of Payments - Series 2007 Bond.

(a) The Series 2007 Bond shall be subject to prepayment at the option of the Issuer at any time in whole or in part in multiples of \$1000 as to each bond plus accrued interest, if any, to the date of prepayment, and without premium. In the event of a partial prepayment, each installment payment due on the Payment Date of each Payment Year after such partial prepayment shall remain in the Installment Amount regardless of any such partial prepayment; provided that any such partial prepayment shall reduce the principal due on the Series 2007 Bond in inverse order of installment maturities; and provided further that the final payment on the Series 2007 Bond shall be fully sufficient to pay all principal and interest, if any, remaining due thereon. With the exception of prepayments described in Section 4.1, each prepayment on the Series 2007 Bond shall be applied to any interest then due on the Series 2007 Bond and then to principal.

Notice of any call for prepayment shall be given by registered mail not less than 30 days prior to the prepayment date to the State or to its designee, or to such other registered owner of the Series 2007 Bond as is shown on the registration books at the close of business on the fifteenth day next preceding the mailing of such prepayment notice at the registered owner's address as shown on such registration books or at such other address furnished in writing by such registered owner to the Issuer.

(b) In the event of a partial prepayment, such prepayment shall be made in the manner provided for herein for the payment of Installment Amounts (except that prepayments need not be made on Payment Dates) and endorsed on the Series 2007 Bond on the prepayment record attached thereto.

(c) If notice of prepayment shall have been given as aforesaid, the Series 2007 Bond or the portion thereof specified in said notice shall become due and payable at the prepayment price and on the prepayment date therein designated and if, on the prepayment date, money for the payment of the prepayment price of the Series 2007 Bond or the portion thereof to be prepaid shall be available for such prepayment on said date, then from and after the prepayment date, interest, if any, on the Series 2007 Bond or the portion thereof so called for prepayment shall cease to accrue and become payable.

(d) The registered owner of the Series 2007 Bond shall endorse any payment or prepayment of principal on the Series 2007 Bond upon the payment record or prepayment record attached to the Bond.

Section 2.4. Execution of Series 2007 Bond and Representations Relating to the Resolution. The Series 2007 Bond shall be executed on behalf of the Issuer by the manual signature of the Executive Officer and attested and countersigned by the manual signature of the City Recorder. The City Recorder shall impress or imprint the official seal of the Issuer on the Series 2007 Bond. The Treasurer is authorized and directed to complete the Certificate of Dates of Payment and Amount on the Series 2007 Bond. All of the covenants, promises, statements, recitals, representations and agreements contained in the Series 2007 Bond and this Resolution are hereby considered and understood, and it is hereby ordered and declared that the covenants, promises, statements, recitals, representations and agreements therein and herein are covenants, promises, statements, recitals, representations and agreements of the Issuer.

Section 2.5. Form of Series 2007 Bond: The Series 2007 Bond shall be in such form as to authorize the maximum amount to be loaned in incremental advances and the Series 2007 Bond shall provide at the end thereof a Certificate of Dates of Payment and Amount which shall reflect the amount and date of each advance and to be certified by the Treasurer of the Issuer. The Series 2007 Bond shall be in substantially the following form:

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

R-1

WATER REVENUE BOND, SERIES 2007

* * * * *

Delta City, Millard County, Utah (the "Issuer") for value received, promises to pay from the special fund hereinafter described and in the manner hereinafter set forth, and not otherwise, to the order of the registered owner hereof, the Total Principal Sum set forth in the Treasurer's Certificate of Dates of Payment and Amount (hereinafter "Treasurer's Certificate") set forth at the end of this Bond but in no event more than a Maximum Principal Amount of THREE MILLION SEVENTY-THREE THOUSAND (\$3,073,000.00) DOLLARS, payable in increments of \$1000, in thirty (30) annual installments due October 1st of each of the years set forth below:

<u>Maturity Date</u> <u>October 1st</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>October 1st</u>	<u>Principal</u> <u>Amount</u>
2008	\$102,000.00	2023	\$102,000.00
2009	102,000.00	2024	102,000.00
2010	102,000.00	2025	102,000.00
2011	102,000.00	2026	102,000.00
2012	102,000.00	2027	102,000.00
2013	102,000.00	2028	102,000.00
2014	102,000.00	2029	102,000.00
2015	102,000.00	2030	102,000.00
2016	102,000.00	2031	102,000.00
2017	102,000.00	2032	102,000.00
2018	102,000.00	2033	102,000.00
2019	102,000.00	2034	102,000.00
2020	102,000.00	2035	102,000.00
2021	102,000.00	2036	102,000.00
2022	102,000.00	2037	115,000.00

As long as principal installments are paid when due, no interest shall accrue on the outstanding principal balance of this Bond. As amounts are delivered to the Issuer by the original purchaser of this Bond, the Issuer shall give written authorization to the original purchaser to make an appropriate notation of the amount advanced on the Principal Certificate. If less than the Maximum Principal Amount is advanced, the principal amount payable on the due date shall be the total unpaid principal sum set forth in the Principal Certificate. The Issuer shall pay the Installment Amounts on each Payment Date thereafter and liability of Issuer shall continue until

the Total Principal Sum, together with accrued interest, if any, shall be paid in full, irrespective of the initial amount advanced by the Purchaser.

Any installment of principal hereof which shall not be paid when due shall bear interest at the rate of eighteen (18%) per cent per annum from the date of maturity of such installment until paid. This Bond is payable in lawful money of the United States of America by check or draft of the Issuer mailed to the State of Utah Permanent Community Impact Fund Board, Salt Lake City, Utah, or its designee, or to such other registered owner hereof, as such registered owner is shown on the registration books maintained by the Issuer at the close of business on the fifteenth day of the month next preceding each installment payment date at the address of such registered owner as it appears on such registration books or to such other address as is furnished in writing by such registered owner to the Issuer. The registered owner of this Bond, by acceptance hereof, agrees that such registered owner shall endorse each payment received on the Payment Record attached hereto. Payments received on this Bond shall be applied first to the payment of interest, if any, payable and then to principal.

THE ISSUER IS OBLIGATED TO PAY PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST, IF ANY, ON THIS BOND SOLELY FROM THE REVENUES (THE "REVENUES") DERIVED FROM THE ISSUER'S CULINARY WATER SYSTEM ("SYSTEM") AND OTHER FUNDS OF THE ISSUER PLEDGED THEREFOR UNDER THE TERMS OF THE RESOLUTION (AS HEREINAFTER DEFINED). THIS BOND IS NOT A DEBT OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON INDEBTEDNESS. PURSUANT TO THE RESOLUTION, REVENUES FROM THE SYSTEM HAVE BEEN PLEDGED AND WILL BE SET ASIDE INTO SPECIAL FUNDS BY THE ISSUER TO PROVIDE FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST, IF ANY, ON THIS BOND.

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

This Bond is a special obligation of the Issuer and is the only one of an issue of a total series of fully-registered Water Revenue Bond, designated as "Water Revenue Bond, Series 2007", in the aggregate principal amount of \$3,073,000, dated as of the date set forth below and is issued under, by virtue of, in full conformity with and after full compliance with the Constitution and laws of the State of Utah, including particularly the Utah Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended, the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code Annotated, 1953, as amended, (collectively the "Act") and a Resolution duly adopted by the Mayor and City Council of the Issuer (the "Governing Body") on July 19, 2007, authorizing this Bond (the "Resolution"), for the purpose of paying all or part of the cost of construction, operation and maintenance of culinary

water system improvements, including the construction of a new culinary water well, the installation of new sodium hypochlorite generator and the construction of a 2 million gallon water storage tank, together with all related work and improvements, the acquisition of necessary land and easements (the "Project") including, without limitation, all fees and expenses reasonably incurred in connection therewith and with the issuance of such bonds as may be properly payable from the proceeds thereof. Principal on this Bond is payable solely from the revenues, funds and other monies pledged or provided therefor under the terms of the Resolution.

This Bond is dated as of date of delivery and is duly issued under and by virtue of the Act and under and pursuant to the Resolution. A copy of the Resolution is on file at the office of the City Recorder of the Issuer in Delta, Utah, and reference to the Resolution and to the Act is made for a description of the pledge and covenants securing the Series 2007 Bond, the nature, manner and extent of enforcement of such pledge and covenants, the terms and conditions upon which the Bond is issued and a statement of the rights, duties, immunities and obligations of the Issuer. Such pledge and other obligations of the Issuer under the Resolution may be discharged at or prior to the maturity or redemption of the Series 2007 Bond upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

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

This Bond is transferable, as provided in the Resolution, only upon the books of the Issuer kept for that purpose at the office of the City Recorder of the Issuer by the registered owner hereof in person or by his attorney duly authorized in writing. The Issuer may treat and consider the person in whose name this Series 2007 Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest, if any, payable hereon and for all other purposes whatsoever.

Subject to the provisions of the Resolution, the Series 2007 Bond is issuable in fully registered form, without coupons, in a denomination equal to the aggregate principal amount of the Series 2007 Bond or, upon exchange, in the denomination of \$1000 and any integral multiple thereof.

This Bond is subject to redemption at any time at the option of the Issuer in whole or in part (if in part, in integral multiples of \$1000) in inverse order of the due date of the principal installments hereon, upon notice given as hereinafter set forth, at a redemption price equal to the principal amount to be so redeemed, and without premium. The registered owner of this Series 2007 Bond, by acceptance hereof, agrees to endorse each such redemption on the Prepayment

Record attached hereto.

Notice of redemption shall be given by the Issuer by registered mail, not less than 30 days nor more than 45 days prior to the redemption date, to the registered owner of this Bond, at his address as it appears on the bond registration books of the Issuer, or at such address as he may have filed with the Issuer for that purpose. Each notice of redemption shall state the redemption date and the principal amount to be redeemed.

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

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

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

IN WITNESS WHEREOF, Delta City, Millard County, Utah, has caused this Bond to be signed by its Mayor and attested and countersigned by its City Recorder and the official seal of Delta City, Millard County, Utah, to be impressed or imprinted hereon, all as of the ____ day of _____, 2007.

DELTA CITY

(DO NOT SIGN-FORM ONLY)

By _____
Mayor

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

By _____
City Recorder

(SEAL)

TREASURER'S CERTIFICATE OF DATES OF PAYMENT AND AMOUNT

I, the undersigned Treasurer of the Issuer, hereby certify that I have received from the original purchaser of this Bond the amount or amounts indicated below on the date or dates set forth opposite such amount(s); that the amount last inserted under the column "Total Principal Sum" is the total amount received by the Issuer for the issuance of this Bond, and that I have placed my signature in the space provided opposite such amount(s) to evidence receipt of same.

<u>Amount of Payment</u>	<u>Date of Payment</u>	<u>Total Principal Sum</u>	<u>Treasurer's Signature (SEAL)</u>
\$ _____	_____	_____	_____
\$ _____	_____	_____	_____
\$ _____	_____	_____	_____
\$ _____	_____	_____	_____

REGISTRATION CERTIFICATE

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

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Bond Registrar</u>
_____	State of Utah, Permanent Community Impact Fund Board	_____
_____	_____	_____
_____	_____	_____

PREPAYMENT RECORD

I, the undersigned registered owner or authorized officer of the registered owner of the bond to which this Payment Record is attached (the "Owner"), hereby certify that the Owner has received from Delta City, Millard County, Utah, the amounts indicated below on the dates set forth opposite such amounts in repayment of the loan of \$3,073,000 to Delta City, Millard County, Utah, as referenced by the bond to which this Prepayment Record is attached and have placed my signature in the space provided opposite such amounts to evidence receipt of same.

As long as the State of Utah, Permanent Community Impact Fund Board, Salt Lake City, Utah is the registered owner of the bond to which this Prepayment Record is attached, the Chairman of said Board or designee, shall sign below as the owner of such bond.

Principal Due

<u>Date</u>	<u>Amount</u>	<u>Payment</u>	<u>Principal Balance</u>	<u>Date Paid</u>	<u>Name, Title and Signature of Owner or Authorized Officer Thereof</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

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

Insert Social Security or Other
Identifying Number of Assignee

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of Delta City, Millard County, Utah, and does hereby irrevocably constitute and appoint _____ attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signature: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of The New York Stock Exchange or a commercial bank or trust company.

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

Section 2.6. Exchange of the Series 2007 Water Revenue Bond for Serial (Exchange) Bonds. It is recognized that the Community Impact Board may sell or otherwise transfer the Series 2007 Bond pursuant to the provisions of the State Financing Consolidation Act, Title 63, Chapter 65, Utah Code Annotated, 1953, as amended, or otherwise. The Series 2007 Bond, may be exchanged at the office of the Issuer for a like aggregate principal amount of Serial Bonds in accordance with the provisions of this Section 2.6. Serial Bonds shall be substantially in the form set forth in Section 2.7 hereof and shall be in increments of \$1000. Each Principal Installment on the Series 2007 Bond not previously paid or cancelled shall be represented by an equivalent principal amount of Serial Bonds, in authorized denominations and of like maturity. The Issuer and its officers shall execute and deliver such documents and perform such acts as may reasonably be required by the Issuer to accomplish the exchange of the Series 2007 Bond for Serial Bonds and the Issuer shall pay or cause to be paid all costs and other charges incident to such exchange.

Section 2.7. Form of Serial Bond. The Serial Bond shall be in substantially the following form:

REGISTERED

REGISTERED

No. R-__

\$ _____

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

WATER REVENUE BOND, SERIES 2007

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

**MATURITY
DATE**

**DATED
DATE**

October 1, ____

_____, 20__

Registered Owner:

Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS that Delta City, Millard County, Utah (the "Issuer"), acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender hereof, the principal amount identified above, bearing no interest. If the principal

amount of this Bond is not paid when due, said principal shall bear interest at the rate of eighteen (18%) per annum from said due date until paid. Principal of, premium, if any, on this Bond shall be payable upon surrender of the Bond at the office of the Issuer. The principal of, and premium, if any, on this Bond shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. Payments received on this Bond shall be applied first to the payment of interest, if any, payable and then to principal.

THE ISSUER IS OBLIGATED TO PAY PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST, IF ANY, ON THIS BOND SOLELY FROM THE REVENUES (THE "REVENUES") DERIVED FROM THE ISSUER'S CULINARY WATER SYSTEM ("SYSTEM") AND OTHER FUNDS OF THE ISSUER PLEDGED THEREFOR UNDER THE TERMS OF THE RESOLUTION (AS HEREINAFTER DEFINED). THIS BOND IS NOT A DEBT OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON INDEBTEDNESS. PURSUANT TO THE RESOLUTION, REVENUES FROM THE SYSTEM HAVE BEEN PLEDGED AND WILL BE SET ASIDE INTO SPECIAL FUNDS BY THE ISSUER TO PROVIDE FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST, IF ANY, ON THIS BOND AND ALL BONDS OF THE SERIES OF WHICH IT IS A PART.

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

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE OR AT THE END HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

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

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

IN WITNESS WHEREOF, Delta City, Millard County, Utah, has caused this Bond to be signed in its name and on its behalf by its Mayor and [a facsimile of] its corporate seal to be

[imprinted] [impressed] hereon and attested and countersigned by its City Recorder [(the signatures of said Mayor and City Recorder being by facsimile), and said officials by the execution hereof do adopt as for their own proper signatures their facsimile signatures appearing on each of the Bonds], all as of the Issue Date specified above.

DELTA CITY
(FORM ONLY-DO NOT SIGN)

By _____
Mayor

ATTEST AND COUNTERSIGN:

(FORM ONLY-DO NOT SIGN)

By _____
City Recorder

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Resolution and is one of the Water Revenue Bond, Series 2007, of Delta City, Millard County, Utah.

DELTA CITY
as Bond Registrar

By _____
City Recorder

Date of Registration and Authentication:

Bond Registrar and Paying Agent:

Delta City, Millard County, Utah

[FORM OF REVERSE SIDE OF OR TO BE APPENDED TO THE BONDS]

This Bond is a special obligation of the Issuer and is one of an issue of a total series of fully-registered Water Revenue Bonds, designated as "Water Revenue Bonds, Series 2007", in the aggregate principal amount of \$ _____ dated as of the date set forth below, issued under, by virtue of, in full conformity with and after full compliance with the Constitution and laws of the State of Utah, including particularly the Utah Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended, the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code Annotated 1953, as amended, and a Resolution duly adopted by the Mayor and City Recorder of the Issuer (the "Governing Body") on July 19, 2007, authorizing this Bond (the "Resolution"), for the purpose of paying all or part of the cost of construction, operation and maintenance of culinary water system improvements, including the construction of a new culinary water well, the installation of new sodium hypochlorite generator and the construction of a 2 million gallon water storage tank, together with all related work and improvements, the acquisition of necessary land and easements (the "Project") including, without limitation, all fees and expenses reasonably incurred in connection therewith and with the issuance of such bonds as may be properly payable from the proceeds thereof. Principal of, premium, if any, and interest, if any, on this Bond is payable solely from the revenues, funds and other monies pledged or provided therefor under the terms of the Resolution.

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

The Bonds are dated as of _____, 2007 and are duly issued under and by virtue of the Act and under and pursuant to the Resolution. A copy of the Resolution is on file at the office of the City Recorder of the Issuer in Delta, Utah, and reference to the Resolution and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the terms and conditions upon which the Bonds are issued and a statement of the rights, duties, immunities and obligations of the Issuer. Such pledge and other obligations of the Issuer under the Resolution may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

This Bond is transferrable, as provided in the Resolution, only upon the books of the Issuer kept for that purpose at the office of the City Recorder of the Issuer, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in a form approved by the Issuer, duly executed by the registered owner or his duly authorized attorney, and thereupon the Issuer shall issue in the name

of the transferee a new registered Bond or Bonds of the same aggregate principal amount, series designation and maturity as the surrendered Bond, all as provided in the Resolution and upon the payment of the charges therein prescribed. The Issuer, the Trustee, and any paying agent may treat and consider the person in whose name this Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest, if any, payable hereon and for all other purposes whatsoever.

Subject to the provisions of the Resolution, the Bonds are issuable in fully registered form, without coupons, in the denomination of \$1000 and any integral multiple thereof.

The Bonds are subject to redemption at any time at the option of the Issuer in whole or in part (if in part, in integral multiples of \$1000) in inverse order of maturity upon notice given as hereinafter set forth, at a redemption price equal to the principal amount of each Bond or portion thereof to be so redeemed, and without premium.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds to be redeemed shall be selected as provided in the Resolution; provided, however, that subject to other applicable provisions of the Resolution, the portion of any Bond to be redeemed shall be in a principal amount equal to a denomination in which the Bond was authorized to be issued, and that in selecting Bonds for redemption, the Issuer shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$1000. If part but not all of a Bond in a denomination in excess of \$1000 is to be redeemed, the registered owner thereof shall present and surrender such Bond to the Issuer, and the Issuer shall execute and authenticate and deliver to the registered owner thereof, without charge therefor, a Bond or Bonds of the same maturity for unredeemed balance of the principal amount of such Bond, all as more fully set forth in the Resolution.

Notice of redemption shall be given by the Issuer by registered mail, not less than 30 days nor more than 45 days prior to the redemption date, to the registered owner of this Bond, at his address as it appears on the bond registration books of the Issuer, or at such address as he may have filed with the Issuer for that purpose. Each notice of redemption shall state the redemption date and the principal amount and, if less than all of the Bonds are to be redeemed, the distinctive numbers of the Bonds to be redeemed.

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

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

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

/ _____ /

Insert Social Security or Other
Identifying Number of Assignee

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of Delta City, Millard County, Utah, and does hereby irrevocably constitute and appoint _____ attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ Signature: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of The New York Stock Exchange or a commercial bank or trust company.

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

* * * * *

Section 2.8. Provisions for the registration of the Bonds set forth in Article IV shall be applicable to the Series 2007 Bond.

ARTICLE III

SALE OF BONDS; SYSTEM OF REGISTRATION

Section 3.1 Sale of Bonds. The proceeds of the sale of the Series 2007 Bonds shall be deposited at the time of sale in the Escrow Account as defined in Article I herein to be administered by the Escrow Agent. All monies so deposited in said fund shall be used solely for the purpose of acquiring the necessary property and constructing improvements, additions and

extensions to the System, including any architectural, engineering, legal, fiscal agent and other expenses incidental thereto.

Any unexpended bond proceeds remaining in said Escrow Account after completion of the Project shall be paid immediately into the "Delta City, Millard County, Utah Series 2007 Water Revenue Bond Fund" hereafter described. The said unexpended proceeds shall be used only for the prepayment of amounts of principal due or to become due on the Bonds in inverse order of maturities or for redemption of any Serial Bonds at a price (exclusive of accrued interest) not exceeding the face amount thereof and as provided in the Escrow Agreement. Redemptions made under this condition shall be made pro-rata, in direct proportion to the respective amounts then remaining unpaid under the Bonds. Any bonds so redeemed shall be cancelled and shall not be reissued. Following the transfer of unexpended funds from the Escrow Account to the said Revenue Fund, the Escrow Account will be closed.

Section 3.2. Registration and Exchange of Bonds.

(a) This Article shall constitute a system of registration within the meaning and for the purpose of Chapter 7 of Title 15, Utah Code Annotated, 1953, as amended. The Issuer shall cause books for the registration and for the transfer of the Bonds to be kept at the office of its City Recorder.

(b) Upon surrender for transfer of any of the Bonds at the office of the Issuer, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Issuer and duly executed by the registered owner or his attorney duly authorized in writing, the City Recorder or other duly authorized official of the Issuer shall note the name of the transferee or transferees and the date of the transfer in the place provided on the back of the Bonds and shall affix his or her official signature thereon. The City Recorder shall thereupon deliver the Bond or Bonds to the transferee and shall enter in the registration books of the Issuer the name and address of the transferee.

(c) The Issuer shall not be required to transfer any of the Bonds during the period from the fifteenth day of the month next proceeding any Payment Date on the Bonds to and including such Payment Date, nor to transfer the Bonds during a period of 15 days next preceding mailing of a notice of prepayment of any installment, or portion thereof, on the Bonds.

(d) The person in whose name the Bonds shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and the Issuer shall not be affected by any notice to the contrary. Payment of the principal of and interest, if any, on the Bonds shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bonds to the extent of the sum or sums so paid.

(e) No service charge shall be made by the Issuer for any transfer of the Bonds but

the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer of the Bonds.

(f) Prior to making any transfer of the Bonds as provided in this Section, the City Recorder shall verify that the payment record and prepayment record attached to the Bonds have been accurately completed as of the date of such transfer and, if necessary, conform such payment record and prepayment record to accurately reflect all payments of principal on the Bonds, based on the records and information with respect to such Bonds maintained by the Issuer and the registered owner surrendering such Bonds.

Section 3.3. Mutilated, Lost, Destroyed or Stolen Bond. If any of the Bonds shall become mutilated, the Issuer, at the expense of the registered owner thereof, shall execute and deliver a new Bond of like tenor in exchange for the Bond so mutilated, but only upon surrender to the Treasurer of the Bond so mutilated, which Bond shall thereupon be cancelled by the Issuer. If the Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Issuer and if such evidence be satisfactory and given, the Issuer, at the expense of the registered owner thereof, shall execute and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if the entire principal amount of the Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same without surrender thereof). Any Bond issued under the provisions of this Section in lieu of a Bond alleged to be lost, destroyed or stolen shall constitute an additional contractual obligation of the Issuer and shall be equally and proportionately entitled to the benefits of this Resolution. The Issuer shall not be required to treat both the original Bond and the duplicate Bond as being Outstanding for the purpose of determining the principal amount of the Bond and Parity Bonds which may be issued under this Resolution or for the purpose of determining any percentage of the Bond or Parity Bonds Outstanding under this Resolution, but both the original and duplicate Bond shall be conformed by the City Recorder to accurately reflect all payments of principal on the lost, destroyed or stolen Bond, based on the records and information with respect to such lost, destroyed or stolen Bond maintained by the Issuer and the registered owner of the Bond.

ARTICLE IV

FLOW OF FUNDS

Section 4.1. Pledge Effected by the Resolution.

(a) The Bonds are special obligations of the Issuer payable from and secured by the Revenues. There is hereby pledged for the payment of the principal of, prepayment premium, if any, and interest, if any, on the Bonds in accordance with their terms and the provisions of this Resolution, subject only to the provisions of this Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Resolution, (i) the proceeds of sale of the Bonds, (ii) the Revenues, and (iii) all funds established hereunder, including the

investments, if any, thereof. Except as otherwise provided in this Article, the Bonds herein authorized shall enjoy complete priority of lien on the Revenues.

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

Section 4.2. Establishment of Funds. The following funds are hereby established and confirmed:

- (1) Construction Fund, to be held by the Escrow Agent;
- (2) Revenue Fund, to be held by the Issuer;
- (3) Bond Fund, to be held by the Issuer; and
- (4) Reserve Fund, to be held by the Issuer.

Section 4.3. Revenue Fund.

(a) There shall be deposited into the Revenue Fund, as received, the Revenues of the System. The Revenue Fund shall be deposited with the Depository and the monies credited to said Revenue Fund shall be expended only in the manner herein specified.

(b) Expenses of Maintenance and Operation shall be paid by the Issuer from time to time as they become due and payable and shall be a first charge on the Revenue Fund.

Section 4.4. Flow of Funds.

(a) After the deposit of Revenues in the Revenue Fund, and after payment of unpaid Expenses of Maintenance and Operation then due, but in any case prior to the anniversary of the date of issuance of the Bond, the Issuer shall transfer, or cause the Depository to transfer, to the extent of monies available in the Revenue Fund, to the following funds in the following order the amounts set forth below:

(1) In the Bond Fund, monthly so long as the Bond is outstanding, one-twelfth of the sum of the amount of principal falling due on the Bond.

(2) In the Reserve Fund created pursuant to Section 4.2 of this Resolution, beginning the month next following the month in which the Series 2007 Bond is issued hereunder, a sum equal to the Reserve Fund Installment for the Series 2007 Bond so as to cause to be on deposit in the Series 2007 Bond Reserve Fund an amount equal to the Reserve Fund Requirement for the Series 2007 Bond not later than 72 months following

the commencement of such monthly transfers.

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

(b) Amounts remaining in the Revenue Fund after payment of the amounts required by paragraphs (1) through (2) subsection (a) of this Section and not required to meet Expenses of Maintenance and Operation or used for remedying any deficiencies in the payments previously made to the funds herein established, may be used, at the option of the Issuer and to the extent permitted by law, (1) to purchase or prepay any Bond in accordance with the provisions hereof governing prepayment of the Bond authorized hereunder in advance of maturity or, in the case of Future Parity Bonds, in accordance with the provisions of the resolution authorizing such Future Parity Bonds governing prepayment of such Future Parity Bonds in advance of maturity, including payment of expenses in connection with such purchase or prepayment; (2) to pay the principal or prepayment price of and interest, if any, on any bonds, including general obligation or junior lien revenue bonds of the Issuer issued to acquire, construct, improve or extend the System; (3) to pay the costs of capital improvements to the System; and (4) for any other lawful purpose, including, without limitation, payment of other obligations of the Issuer.

Section 4.5. Bond Fund. Monies in the Bond Fund shall be used for the purpose of paying principal, prepayment premium, if any, and any applicable interest when due on the Bonds. The Bond Fund shall be kept on deposit with the Depository.

Section 4.6. Reserve Fund. In the event that the money on deposit in the Bond Fund on the final day of any month is less than the amount required to be in such Bond Fund pursuant to Section 4.4(a)(1) hereof, then the Issuer shall cause any funds on deposit in the Reserve Fund to be immediately transferred by the Depository to such Bond Fund in the amount required to eliminate the deficiency in the Bond Fund. Monies shall be drawn from the Reserve Fund based upon the amount of principal and interest payments which were to have been deposited into the Bond Fund under Section 4.4 for such year. The Reserve Fund shall be kept on deposit with the Depository.

Section 4.7. Investment of Funds. All money maintained on deposit with the Depository shall be held as special and not as general deposits, the beneficial interest in which shall be in the registered owners from time to time of the Bonds. All money so maintained on deposit with the Depository shall be secured to the fullest extent required or permitted by the laws of the State of Utah pertaining to the securing of public deposits. All or part of the money in the Bond Fund, in the Reserve Funds shall be invested by the Depository, at the direction of the Issuer, in Permitted Investments, but any such investments so made shall always be such that the obligations mature or become optional for redemption in amounts and at times so as to assure the availability

of the proceeds thereof when needed for the purpose for which such funds were created. Interest received on all such investments permitted hereunder shall be deposited in the Revenue Fund, except that at any time less than the required amount is on deposit in either the Bond Fund or the Reserve Funds, then interest attributable to such fund, respectively, shall be deposited into such fund. Whenever any money so invested from the Bond Fund or the Reserve Fund is needed for the purpose for which such fund was created, such investments, to the amount necessary, shall be liquidated by the Depository at the direction of the Issuer, and the proceeds thereof applied to the required purpose.

Section 4.8. Use of Funds When Reserves Sufficient to Pay Outstanding Bonds . Whenever there is sufficient available money in the Bond Fund and in the Reserve Fund to pay in full all principal and interest, if any, under this Bond and all Bonds in accordance with their terms and the terms of this Resolution or, in the case of Future Parity Bonds, the resolutions authorizing the issuance of such Future Parity Bonds, the money in such funds shall be used for such purpose and no other purpose but no additional payments need to be made into either fund unless necessary to replace monies lost or otherwise dissipated therefrom.

ARTICLE V

COVENANTS AND UNDERTAKINGS

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

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

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

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

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

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

Section 5.4. Delinquencies; Single Billing.

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

(b) The Issuer further covenants and agrees, to the extent permitted by law, that

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

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

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

Section 5.6. Observance of Laws and Regulations; Permits, Licenses and Claims.

(a) The Issuer will well and truly keep, observe and perform all valid and lawful obligations or orders or regulations now and hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State of Utah, or by any officer, board or commission having jurisdiction or control over the Issuer or the System or both, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Issuer, including its right to exist and carry on business, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired; provided, however, that the Issuer shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

(b) The Issuer shall at all times undertake reasonable efforts to perfect, and protect and maintain rights of any kind, all purchase contracts of any kind, and all permits, licenses and claims, necessary for the operation of the System.

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

of the lien of this Resolution on the Revenues may at all times be maintained and preserved, and free from any claim or liability which might embarrass or hamper the Issuer in conducting its business.

Section 5.8. Accounts and Reports.

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

(1) A statement in detail of the income and expenditures of the System for such fiscal year;

(2) A balance sheet as of the end of such fiscal year;

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

(4) A list of the insurance policies and fidelity bonds in force at the end of such fiscal year, setting out as to each policy and bond that amount of the policy, the risks covered, the name of the insurer and the expiration date;

(5) The number and type or class, if applicable, of customers of the System, and the number of connections, if applicable, to the System;

(6) The amount of money in each of the funds created in Article IV hereof at the end of such fiscal year and the amount of money paid into and expended from each of said funds during such fiscal year;

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

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

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

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

(b) The Issuer shall send a copy of each annual audit to the Community Impact Board without prior request or any notice to do so by the State.

Section 5.9. Insurance and Fidelity Bonds.

(a) The Issuer agrees to procure and maintain, or cause to be procured and maintained, insurance on the System and public liability insurance in such amounts and against such risks as are usually insurable in connection with similar systems and as is usually carried by municipalities operating similar systems.

(b) The Issuer further agrees to procure and maintain, or cause to be procured and maintained, adequate fidelity insurance or bonds on the positions of Executive Officer, City Recorder and on any other person or persons handling or responsible for funds of the Issuer related to the System.

(c) The provisions of this Section relating to the procurement and maintenance of insurance are subject to the condition that insurance of the type described herein is obtainable at reasonable rates and upon reasonable terms and conditions.

Section 5.10. Against Sale or Other Disposition of System Property Except Under Conditions. The Issuer will not sell, lease, encumber, alienate or in any manner dispose of the System or any substantial part thereof until all of the Bonds have been paid in full; provided, however, that nothing herein contained shall be construed to prevent disposal by the Issuer, upon prior written notice to the registered owners of the Bonds, of property which it deems has become inexpedient to use in connection with the System, when other property of equal value is substituted therefor.

Section 5.11. Against Competition with System Services. The Issuer, so far as it legally may, covenants and agrees that it will not operate or grant a franchise for the operation of any system competing with the System within the boundaries of the Issuer as long as any of the Bonds

are Outstanding.

Section 5.12. Future Parity Bonds.

(a) The Issuer will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the Revenues, unless such other bonds or obligations are made subordinate to the Bonds herein authorized; provided that at any time Future Parity Bonds may be authorized by resolution of the Governing Body if all the following conditions are met:

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

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

(3) If the Future Parity Bonds are to be issued solely for the purpose of refunding a portion of the Bonds then outstanding then, for the purpose of making the calculation required under the foregoing paragraph, the maximum annual debt service on the Outstanding Bonds in any future Year shall take into consideration only Bonds that will remain outstanding after the issuance of such Future Parity Bonds, provided that if before the issuance and delivery of such Future Parity Bonds all of the Bonds theretofore issued will have been retired, nothing herein contained shall limit or restrict the issuance of any such Future Parity Bonds;

(4) Future Parity Bonds may be issued only for the purpose of acquiring, constructing, improving or extending the System, or for the purpose of refunding any outstanding Bonds, or for any combination of such purposes;

(5) The resolution authorizing the issuance of such Future Parity Bonds shall provide that the last maturity date of the Future Parity Bonds shall not be earlier than the last maturity date of any Bonds theretofore issued and then outstanding and shall provide

for fixed serial maturities or mandatory minimum sinking fund payments, of any combination thereof, in such amounts as will be sufficient to provide for the payment or retirement of all such Future Parity Bonds on or before their respective maturity dates; and

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

(b) A certificate evidencing compliance with the foregoing requirements of this Section signed by the Executive Officer and attested and countersigned by the City Recorder shall be delivered to the State so long as it is the registered owner of any of the Bonds and to any other registered owner of any of the Bonds requesting a copy thereof, prior to the issuance of any Future Parity Bonds.

Section 5.13. Rights and Remedies of Bondholders.

(a) The registered owner of any outstanding Bonds from time to time shall be permitted the exercise of all rights and powers to which such registered owner is entitled under the Constitution and laws of the State of Utah.

(b) In addition to all other rights afforded by the Constitution and laws of the State of Utah, to the extent permitted by law, the Issuer agrees that the registered owner of any outstanding Bonds shall have the right (i) to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the officials of the Issuer to charge and collect rates for services supplied by the System sufficient to meet all requirements of this Resolution, and (ii) if any of the Bonds shall be permitted to default as to payment of principal, prepayment premium, if any, and interest thereon to apply to a court of competent jurisdiction to appoint a receiver for the System.

(c) Further, in the event of default the bondholder has the remedy to impose interest on the total outstanding principal balance of the Series 2007 Bond at the rate of 18% per annum until the default is cured.

Section 5.14. Resolution to Constitute Contract Between the Issuer and the Holders of the Bond. The provisions of this Resolution shall constitute a contract between the Issuer and the registered owners from time to time of the Bond. After the issuance of any such Bond, no change, variation or alteration in the provisions of this Resolution may be made, except as provided in Article VI hereof. The provisions of such contract shall be enforceable by appropriate proceedings to be taken by any of such registered owners either at law or in equity, to the extent permitted by law.

Section 5.15. Compliance with Resolution. The Issuer will not issue, or permit to be issued, any bonds or other obligations in any manner other than in accordance with the provisions of this Resolution and will not suffer or permit any default to occur under this Resolution, but will

faithfully observe and perform all of the covenants, conditions and requirements hereof. The Issuer will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution and for the better assuring and confirming to the registered owners of the Bonds of the rights, benefits and security provided in this Resolution. The Issuer for itself, its successors and assigns represents, covenants and agrees with the registered owners of the Bonds, as a material inducement to the purchase of the Bonds, that so long as any of the Bonds shall remain outstanding and the principal thereof, prepayment premium, if any, or interest, if any, thereon shall be unpaid or unprovided for, it will faithfully perform all of the covenants and agreements contained in this Resolution and the Bonds.

Section 5.16. Power to Issue Bonds and Pledge Revenues and Funds; Power to Own the System and Collect Rates and Fees; Ownership of Project. The Issuer is duly authorized under all applicable laws to create and issue the Bonds and to adopt this Resolution and to pledge the Revenues purported to be pledged by Resolution in the manner and to the extent provided herein. The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Issuer in accordance with the terms of the Bonds and the terms of this Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues under this Resolution and all the rights of the registered owners of the Bonds under this Resolution against all claims and demands of all persons whomsoever. The Issuer has, and will have so long as any Bonds are outstanding, good, right and lawful power to acquire, construct, improve, extend and own the Project and the System and to fix and collect rates, fees and charges, as appropriate, in connection with the System. The Issuer will, so long as any Bonds are Outstanding, own and operate the Project.

ARTICLE VI

MODIFICATION OR AMENDMENT OF RESOLUTION

Section 6.1. Amendments Permitted. The registered owners of seventy-five percent (75%) in principal amount of the outstanding Bonds (not including any Bonds which may then be held or owned by or for the account of the Issuer), shall have the right from time to time to approve the adoption by the Governing Body of any amendment to this Resolution which may be deemed necessary or desirable by the Governing Body; provided, however, that nothing herein contained shall permit or be construed to permit the modification of the terms and conditions in this Resolution or in the Bonds so as to:

- (1) Make any change in the maturity of the Bonds;
- (2) Reduce the rate of interest borne by any of the Bonds;
- (3) Reduce the amount of the principal payable on the Bonds;

(4) Modify the terms of payment of principal of, prepayment premium, if any, or interest, if any, on the Bonds or impose any conditions with respect to such payment;

(5) Affect the rights of the registered owners of less than all of the Bonds then Outstanding; and

(6) Make any change in the provisions of this Article.

Section 6.2. Notice of Proposed Amendment; Consent of Bondholders.

(a) If at any time the Governing Body shall have proposed an amendatory resolution, it shall cause the notice of the proposed adoption of such resolution to be sent by registered mail to the registered owners of the Bonds then Outstanding. No notice by publication shall be required.

(b) Whenever at any time within one year from the date of the mailing of said notice, there is filed in the office of the City Recorder an instrument or instruments executed by the registered owners of at least seventy-five percent (75%) in principal amount of the Bonds then Outstanding, specifically consenting to and approving the adoption of the amendatory resolution; thereupon, but not otherwise, said resolution shall become effective and the provisions thereof binding upon the registered owners of all of the Bonds then outstanding and no registered owners of any Bond then outstanding, whether or not he shall have consented to or shall have revoked any consent as in this Article provided, subject to the limitations of the subsequent paragraph, shall have any right to object to the adoption of such amendatory resolution or to the operation of any of the terms and provisions thereof.

(c) Any consent given by the registered owners of a Bond pursuant to the provisions of this Article shall be irrevocable for a period of six months from the date of the mailing of the notice aforesaid and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of mailing of such notice by the registered owners who gave such consent, or by a successor in title, by filing notice with the Governing Body in form satisfactory to the Governing Body of such revocation of consent, but such revocation shall not be effective if the registered owners of seventy-five percent (75%) in principal amount of the Bonds then Outstanding have prior to the attempted revocation consented to and approved the amendatory resolution.

(d) Proof of the execution of any such instrument of consent or the ownership by any person of such Bonds shall be conclusive, if made in the manner provided in this Article. The fact and date of the execution by any person of any such instrument of consent may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgment of deeds, certifying that the person signing such instrument of consent acknowledged to him/her the execution thereof.

(e) The amount and number of Bonds owned by any person executing any such instrument of consent and the date of his holding the same may be proved by a certificate executed by any bank, trust company or member of the New York Stock Exchange, showing that on the date therein mentioned such person had on deposit with or exhibited under the claim of ownership to such bank, trust company or member of the New York Stock Exchange the Bonds therein described. The Governing Body may nevertheless in its discretion require further proof in cases where it deems further proof desirable.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Discharge of Indebtedness. Any Bond and Future Parity Bonds shall not be deemed Outstanding when:

(1) It is cancelled because of payment or prepayment prior to maturity; or

(2) Cash funds for the payment or prepayment of such Bond or Parity Bond shall have been theretofore deposited with the Depository for such Bond or Parity Bond, respectively (whether upon or prior to maturity of or the prepayment date established for such Bond or Parity Bond); provided that if the Bond or Parity Bond is to be prepaid prior to maturity, notice of such prepayment shall have been given or waiver of such notice shall have been filed with the Issuer by the registered owner of the Bond or Parity Bond, respectively, to be prepaid and there shall have been deposited irrevocably and arrangements shall have been made with the Depository to assure payment of all fees and expenses of the Depository to become due on and prior to the maturity or prepayment date, with no monies to be invested in any investments but direct obligations of or obligations guaranteed by the United States of America, maturing and bearing interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal when due.

Section 7.2. Execution of Escrow Agreement. The Executive Officer and the City Recorder are hereby authorized and directed to execute and deliver an Escrow Agreement to the parties thereto, with such changes, if any, as the Executive Officer may direct prior to such execution and delivery. Said execution of the Escrow Agreement shall constitute conclusive evidence of the approval thereof by the Executive Officer.

Section 7.3. Depository. The Depository hereunder shall be a Qualified Depository. If at any time the Depository hereunder shall cease to be a Qualified Depository, the Issuer shall, as soon as reasonably practicable, select a successor thereto who shall be a Qualified Depository.

Section 7.4. Resolution Not to be Construed to Make the Bond an Indebtedness of the Issuer. Nothing in this Resolution shall be construed in such a manner as to result in making the Bond an indebtedness of the Issuer, and if it shall ever be held by any court of competent

jurisdiction that any or all of the provisions of this Resolution are invalid or that the enforcement of the provisions of this Resolution would make the Bond invalid or unenforceable, said provisions of this Resolution shall be considered to be null and void.

Section 7.5. Partial Invalidity. If any one or more articles, sections, paragraphs, clauses or provisions of this Resolution or the application thereof to any person or circumstances are held to be invalid by final decision in any court of competent jurisdiction, such invalidity shall not affect the other articles, sections, paragraphs, clauses and provisions of this Resolution which can be given effect without the article, section, paragraph, clause or provision so held to be invalid or the application of which is held to be invalid and shall not affect the application of such article, section, paragraph, clause or provision to other persons or circumstances and to this end the provisions of this Resolution are declared to be severable.

Section 7.6. Article and Section Headings. All references herein to "Articles", "Sections" and subdivisions are to the corresponding articles, sections or words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience or reference and shall not affect the meaning, construction or effect of this Resolution.

Section 7.7. Publication of Notice of Bonds to Be Issued. In accordance with the provisions of Section 11-14-21, Utah Code Annotated, 1953, as amended, the City Recorder has heretofore caused "Notice of Bonds to be Issued" to be published one (1) time in the Millard County Chronicle Progress, a newspaper having general circulation in Delta, Utah, which is hereby confirmed and ratified.

Section 7.8. Conflicting Resolutions. All resolutions and parts thereof in conflict herewith and hereby repealed to the extent of such conflict.

Section 7.9. Effective Date. Immediately after its adoption, this Resolution shall be signed by the Mayor and the City Recorder shall have the official seal of the Issuer impressed or imprinted hereon, shall be recorded in a book kept for that purpose and shall take immediate effect.

PASSED AND APPROVED this 19th day of July, 2007.

DELTA CITY

By 
Mayor

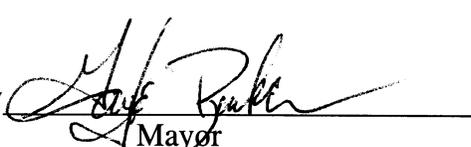
ATTEST AND COUNTERSIGN:

By 
City Recorder

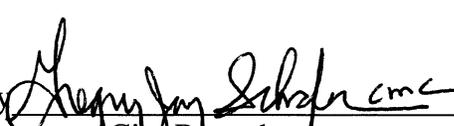
[SEAL]

After the conduct of other business not pertinent to the foregoing, it was moved and carried that the Mayor and City Council adjourn.

DELTA CITY

By 
Mayor

ATTEST:

By 
City Recorder

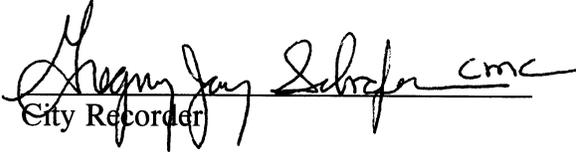
[SEAL]

STATE OF UTAH)
 : ss.
COUNTY OF MILLARD)

I, GREGORY JAY SCHAFER, the undersigned, do hereby certify that I am the duly qualified and acting City Recorder of Delta City, Millard County, Utah (the "Issuer"). I further certify that the above and foregoing constitutes a true and correct copy of the minutes of a regular public meeting of the Mayor and City Council of the Issuer, held on July 19, 2007, including a Resolution adopted at such meeting, together with exhibits and appendices attached thereto, as said minutes, resolution and appendices are recorded in the regular official book of minutes of the proceedings of the Governing Body kept in the office of the City Recorder that said proceedings were duly had and taken as therein shown, that the meeting thereon shown was in all respects called, held and conducted in accordance with law, and that the persons therein named were present at said meeting, as therein shown.

I further certify and I caused a true and correct copy of the above-referenced resolution (including all exhibits and appendices attached thereto) to be filed in the office of the City Recorder for examination by any interested person during the regular business hours of the office of the City Recorder.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of the Issuer, this 19th day of July, 2007.


City Recorder

[SEAL]

