



**Regular City Council Meeting**  
**Tuesday, September 6, 2016**  
**City Hall Council Chambers**  
**5249 South 400 East, Washington Terrace City**  
**801-393-8681**  
[www.washingtonterracecity.com](http://www.washingtonterracecity.com)

1. **ROLL CALL** **6:00 p.m.**
2. **PLEDGE OF ALLEGIANCE**
3. **WELCOME**
4. **CONSENT ITEMS**

**4.1 APPROVAL OF AGENDA**

Any point of order or issue regarding items on the Agenda or the order of the agenda need to be addressed here prior to the approval of the agenda.

**4.2 APPROVAL OF AUGUST 16, 2016, MINUTES**

5. **SPECIAL ORDER**

Special orders will proceed as follows: Chair introduction of item, staff/applicant presentation, questions By Council, Chair opens public hearing, citizen input; Chair closes public hearing, then Council final Discussion.

**5.1 PUBLIC HEARING: A PUBLIC HEARING ON THE WASHINGTON TERRACE WATER, SEWER, STORM WATER AND REFUSE COLLECTION REVENUE BONDS, SERIES 2016 IN THE AMOUNT NOT TO EXCEED \$6,000,000, IN ONE OR MORE SERIES, FOR A PUBLIC WORKS BUILDING AND RELATED MATTERS.**

6. **CITIZEN COMMENTS**

This is an opportunity to address the Council regarding your concerns or ideas that are not on the agenda as part of a public hearing. Please limit your comments to no more than 3 minutes.

7. **COUNCIL/STAFF RESPONSE AND CONSIDERATION TO CITIZEN COMMENTS**

Council and staff will consider and address concerns and take appropriate measures to follow up on any comments

For more information on these agenda items, please visit our website at [www.washingtonterracecity.com](http://www.washingtonterracecity.com)

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ADA Accommodations and Auxiliary aids and services are available upon request to individuals with disabilities by calling 801-395-8283 three days prior to the meeting. Individuals with speech and/or hearing impairments may call the Relay Utah dialing 711. Spanish Relay Utah: 1-888-346-3162. Equal Opportunity Employer/Program

CERTIFICATE OF POSTING

The undersigned, duly appointed City Recorder, does hereby certify that the above notice and agenda was posted in three public places within the City of Washington Terrace City limits and sent to the *Standard Examiner* at least 24 hours prior to the meeting. Amy Rodriguez, City Recorder.

made in the citizen comments item on the agenda.

**8. NEW BUSINESS**

**8.1 MOTION/RESOLUTION 16-14: A RESOLUTION OF THE CITY COUNCIL OF CITY OF WASHINGTON TERRACE, WEBER COUNTY, UTAH (THE “ISSUER”) AUTHORIZING THE TERMS AND CONDITIONS OF THE ISSUANCE AND SALE BY THE ISSUER OF ITS WATER, SEWER, STORM WATER AND REFUSE COLLECTION REVENUE BONDS, SERIES 2016 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$6,000,000 (THE “SERIES 2016 BOND”); APPOINTING A PRICING COMMITTEE; AUTHORIZING A FIFTH SUPPLEMENTAL INDENTURE, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING ALL OTHER ACTIONS NECESSARY AND DESIRABLE FOR THIS FINANCING; AND RELATED MATTERS**

**8.2 MOTION: APPROVAL OF SITE PLAN FOR A TWO LOT SUBDIVISION TO BE LOCATED AT APPROXIMATELY 286 WEST 5600 SOUTH**

Site Plan Approval for a 2 lot residential subdivision to be located at 286 West 5600 South .

**8.3 MOTION/ORDINANCE 16-05: AN ORDINANCE OF THE CITY OF WASHINGTON TERRACE, UTAH, ADOPTING SECTION 10.18.010 ALLOWING FOR ROAD CLASSIFICATION AND LIMITED ACCESS FACILITIES; ADOPTING SECTION 17.44.205 RELATING TO LANDSCAPING REQUIREMENTS FOR ARTERIAL AND COLLECTOR ROADS**

An ordinance allowing City Council to designate certain roads “limited access facilities”, and restrict homes on those roads from being built or designed with driveways accessing the roads. It also addresses the landscaping on the arterial roads.

**8.4 MOTION/ORDINANCE 16-06: AMENDING SECTION 17.12.050 RELATING TO RESIDENTIAL YARD SETBACKS**

An ordinance amending the side yard setback requirements from 8-5 feet minimum to 5-5 feet minimum in the R-1-6 zones.

**8.5 PRESENTATION/DISCUSSION: PUBLIC WORKS FACILITY UPDATE**

**9. COUNCIL COMMUNICATION WITH STAFF**

This is a discussion item only. No final action will be taken.

**10. ADMINISTRATION REPORTS**

This is an opportunity for staff to address the Council pertaining to administrative items.

**11. UPCOMING EVENTS**

September 14-16<sup>th</sup> :ULCT Conference to be held in Salt Lake City

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September 20<sup>th</sup>: City Council Meeting 6:00 p.m.  
September 29, 2016 Planning Commission Meeting (tentative)

**12. ADJOURN THE MEETING: MAYOR ALLEN**

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4 **City of Washington Terrace**

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6 **Minutes of a Regular City Council meeting**  
7 **Held on August 16, 2016**  
8 **City Hall, 5249 South 400 East, Washington Terrace City,**  
9 **County of Weber, State of Utah**  
10

11  
12 **MAYOR, COUNCIL, AND STAFF MEMBERS PRESENT**

13 Mayor Mark C. Allen  
14 Council Member Scott Monsen  
15 Council Member Blair Brown  
16 Council Member Robert Jensen  
17 Council Member Scott Barker  
18 Council Member Val Shupe – excused  
19 Public Works Director Steve Harris  
20 City Manager Tom Hanson  
21 City Recorder Amy Rodriguez  
22 Lt. Jason Talbot, Weber County Sheriff  
23

24 **Others Present**

25 Charles and Reba Allen, Ulis Gardiner, Johnathan Ward from Zions Bank, Gary Klema  
26

27 **1. ROLL CALL 6:00 p.m.**

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29 **2. PLEDGE OF ALLEGIANCE**

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31 **3. WELCOME**

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33 **4. CONSENT ITEMS**

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35 **4.1 APPROVAL OF AGENDA**

36 **4.2 APPROVAL OF JULY 19, 2016, MINUTES**

37 Items 4.1 and 4.2 were approved by general consent.  
38

39 **5. CITIZEN COMMENTS**

40 There were no citizen comments.  
41

42 **6. COUNCIL/STAFF RESPONSE AND CONSIDERATION TO CITIZEN**  
43 **COMMENTS**

44 Due to lack of citizen comments in item 5, item 6 in unnecessary.  
45

46  
47 **7. NEW BUSINESS**

48 **7.1 MOTION/RESOLUTION 16-13: A RESOLUTION AUTHORIZING NOTICE**  
49 **OF NOT MORE THAN \$6,000,000 IN WATER, SEWER AND REFUSE**

50 **COLLECTION REVENUE BONDS, IN ONE OR MORE SERIES, FOR A PUBLIC**  
51 **WORKS BUILDING; FIXING THE MAXIMUM PRINCIPAL AMOUNT,**  
52 **MATURITY, INTEREST RATE, AND DISCOUNT; PROVIDING FOR THE**  
53 **PUBLICATION OF A NOTICE OF PUBLIC HEARING AND BONDS TO BE**  
54 **ISSUED; PROVIDING FOR THE RUNNING OF A CONTEST PERIOD; AND**  
55 **RELATED MATTERS.**

56 Financial Advisor Johnathan Ward presented to Council. He stated that the bond process  
57 is lengthy and the Resolution tonight sets the parameters of the bonds. He stated that they  
58 are built wider than expected under current conditions today to allow for changes in the  
59 market, bid pricing, construction prices and other factors. He stated that the parameters are  
60 set for the bond to be up to \$6,000,000.

61 He stated that the bonds are built to be marketable. He stated that the bonds are built at a  
62 25 year term limit; however it is not expected that the debt will be that long.

63 He stated that there will be a public hearing at the next meeting so that citizens can voice  
64 their concerns about the bonds or project. Ward stated that the 30 day contest period  
65 would be triggered by this resolution.

66 Ward stated that there will be an authorizing resolution delegating authority to the City  
67 Manager and Finance Director to finalize the terms and conditions of the bonds subject to  
68 the parameters set tonight.

69 Ward stated that the City will procure a bond rating and sale of the bonds will take place  
70 in January 2017.

71 Council Member Monsen asked what the anticipated interest rate would be now if we  
72 closed at this time. Ward stated that the bonds will sell at multiple interest rates at every  
73 principal payment when the coupons are paid every year. He stated that it could range  
74 between 1.5 to 5 percent.

75 Ward stated that the rate will be locked in at the time of sale, with the weighted average  
76 is expected to be at 2.255 percent. He stated that he doesn't expect any rate increases. He  
77 stated that he does not expect a dramatic increase by January. Ward stated that the City  
78 does not have a lot of outstanding debt. Ward stated that there will be a meeting with the  
79 rating agency within the next few months in San Francisco. He stated that by keeping our  
80 AA rating, the City can maintain the low interest rate. Council Member Jensen asked if the  
81 market is shy right now going into an election year. Ward stated that he believes it is a  
82 great time, stating that there has been no slow- down in investor bonds. Ward stated that  
83 January is historically a good time to sell bonds and expects great results.

84  
85 **Motion by Council Member Jensen**  
86 **Seconded by Council Member Barker**  
87 **To approve Resolution 16-13**  
88 **Parameters Resolution**  
89 **Approved (3-1)**  
90 **Roll Call Vote:**  
91 **Council Member Monsen- Aye**  
92 **Council Member Brown –Nay**  
93 **Council Member Jensen- Aye**  
94 **Council Member Barker- Aye**  
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96  
97

98 **7.2 DISCUSSION/MOTION: AWARD CONTRACT FOR ARCHITECTURAL AND**  
99 **ENGINEERING DESIGN FOR THE PUBLIC WORKS FACILITY**  
100

101 Harris stated that staff has gone out for a request for proposal for the architectural and engineering  
102 design for the public works building. The design is to be completed by the end of the year so that  
103 the City can receive bids at the beginning of the year.

104 Harris stated that 7 firms answered the proposals. He stated 3 firms were interviewed.

105 Harris stated 4 things were evaluated, with cost being one of the items. Harris stated the bids for  
106 cost ranged between \$107,415.00-234,424.00.

107 He stated that ability, experience, and expertise were the other aspects of the decision process.

108 Harris stated that Cartwright Engineering was chosen by the review team. The bid is \$107,415.00,  
109 however staff is asking for approval up to \$125,000 to account for any changes in the pricing or  
110 any unforeseen issues.

111 Harris stated that the firm has previously worked for the City.

112 Harris stated that it was found that the steel building that staff had originally planned to move  
113 over to the new location does not have the bracing or structural integrity to be moved and staff  
114 has chosen not to move forward with that option.

115 Harris stated that Cartwright has great experience with metal structures. Harris stated that staff  
116 will be part of the final drawings and the project will go out to bid for construction with the  
117 specifications drawn up by Cartwright.

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119  
120 **Motion by Council Member Barker**  
121 **Seconded by Council Member Jensen**  
122 **To award the contract for architectural and**  
123 **Engineering design for the public works facility**  
124 **To the firm of Cartwright Engineering AEC.**  
125 **The motion included authorizing the amount**  
126 **Up to \$125,000**  
127 **Approved unanimously (4-0)**  
128

129 **7.3 PRESENTATION: MOSQUITO ABATEMENT UPDATE**

130 Mayor Allen thanked Council Member Jensen for serving on the Board. Council Member Jensen stated  
131 that the City does not see as many mosquitoes as the west part of the County. He stated that larvae  
132 samples have been sent every week for testing and all the samples show zero for West Nile virus in  
133 Weber County. Council Member Jensen stating that one of the more active cities with the West Nile virus  
134 is St. George.

135 Council Member Jensen gave an example of city requests for mosquito spraying of areas, noting that  
136 there have been 105 requests for spraying in Plain City, while Washington Terrace City has had 1 request  
137 and is attributed to Terrace Days.

138 Council Member Jensen stated that the mosquitos are not born with Zika, and that there is no evidence of  
139 any Zika born virus in the United States, noting that the virus may be coming in through produce or other  
140 instances.

141 Council Member Monsen asked if Zika was particular to a certain species of mosquito. Council Member  
142 Jensen stated that he has not heard of any certain type of species, but noted that transmission can take  
143 place from any blood meal that has the virus to a mosquito that feeds off of it.

144 Council Member Jensen stated that there were articles that appeared in the AP wires stating that the  
145 county sprayed a farmer's land on the west side of the county and fogged his beehive. Council Member  
146 Jensen wanted to clarify that the situation was checked out be the Director and although the beehive was  
147 affected, there were a total of 12 bees killed.

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**8. COUNCIL COMMUNICATION WITH STAFF**

There were no communications with staff.

**9. ADMINISTRATION REPORTS**

There were no administration reports.

**10. UPCOMING EVENTS**

August 25<sup>th</sup>: Planning Commission meeting 6:00 p.m.

September 5<sup>th</sup>: City Offices closed in observance of Labor Day

September 6<sup>th</sup>: City Council Meeting 6:00 p.m.

September 14-16<sup>th</sup>: ULCT Conference to be held in Salt Lake City

September 20<sup>th</sup>: City Council Meeting 6:00 p.m.

**11. ADJOURN THE MEETING: MAYOR ALLEN**

Mayor Allen adjourned the meeting at 6:45 p.m.

**12. RIBBON CUTTING CEREMONY AT VICTORY PARK 7:00 P.M.**

Council will attend a ribbon cutting ceremony held at Victory Park, located at 300 East 4400 South, Washington Terrace.

\_\_\_\_\_  
Date Approved

\_\_\_\_\_  
City Recorder

## City Council Staff Report

**Author:** Tom Hanson  
**Subject:** Authorizing Resolution  
**Date:** September 6, 2016  
**Type of Item:** Resolution



**Summary:** In order to move forward with the bonding for the Public Works Project we need to take care of two items that work hand-in-hand to prepare for future approval of the issuance of bonds. The first item to consider is the Parameter's Resolution that will set the maximum parameters for the bond issuance. (Completed in the August 9<sup>th</sup> meeting)

The second item is the Authorizing Resolution that formally delegate's authority to the City Manager and Finance Director to enter into an agreement in behalf of the city based on the parameters set by the Council.

Details of the bond will come back to the City Council for approval and will include a thorough outline of the process fees, insurances, and interest rates associated with the bond.

### **Description:**

A. **Topic:** Authorizing Resolution

B. **Background:** In order to issue bonds in behalf of the city there is a series of steps that need to be taken before entering into an agreement for financing. Two of these steps are the Parameters Resolution and the Authorization Resolution. As described in the Summary, the Parameters Resolution is a formal directive from the Council that limits the amount of the issuance of bonds not to exceed \$6,000,000. (Completed in the August 9<sup>th</sup> meeting)

This formal directive sets the upper limit of bond issuance, fees, insurances and the overall cost of acquiring funding and the actual financing of the shop project. In order to make sure that we do not delay the funding process it has been advised that we open the parameter to include the \$5,000,000 for the shop budget and the additional \$1,000,000 for other fees and buy downs that may apply. This will allow for any buy down of interest rates, or self-insurance that may be advantageous to the issuance. The cost of issuance and any fees associated with the bonding is part of the worst case scenario of \$7,000,000 for the total cost of the shop project that includes interest and issuance costs.

In addition to the Parameters Resolution, the city also has a requirement to authorize individuals to enter into an agreement for bonding that reflects the direction of the Mayor and Council. It is recommended and customary that the Finance Director and City Manager perform this function in behalf of the City. The City Manager and Finance

Director are intimately acquainted with the bond process, work directly with the Financial Advisor and are positioned to represent the city in a way that will benefit the issuance.

- C. **Analysis:** The Parameters Resolution and Authorization Resolution were authored in order to comply with laws and directives that govern municipality bonding activities. It is understood that Zions Public Finance and BCJ Law have complied with all regulations associated with these resolutions and therefore staff recommends approving the Authorization Resolution as submitted.

**CITY OF WASHINGTON TERRACE, UTAH  
WATER, SEWER, STORM WATER AND REFUSE COLLECTION  
REVENUE BOND, SERIES 2016  
AUTHORIZING RESOLUTION  
SEPTEMBER 6, 2016**

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF CITY OF WASHINGTON TERRACE, WEBER COUNTY, UTAH (THE “ISSUER”) AUTHORIZING THE TERMS AND CONDITIONS OF THE ISSUANCE AND SALE BY THE ISSUER OF ITS WATER, SEWER, STORM WATER AND REFUSE COLLECTION REVENUE BONDS, SERIES 2016 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$6,000,000 (THE “SERIES 2016 BOND”); APPOINTING A PRICING COMMITTEE; AUTHORIZING A FIFTH SUPPLEMENTAL INDENTURE, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING ALL OTHER ACTIONS NECESSARY AND DESIRABLE FOR THIS FINANCING; AND RELATED MATTERS.

WHEREAS, the City Council (the “Council”) of the City of Washington Terrace, Weber County, Utah (the “Issuer”) desires (i) to finance the relevant improvements to the applicable utility systems, including a public works building (the “Project”), and related improvements, (ii) funding a deposit to a debt service reserve fund, if desirable, and (iii) to pay the costs associated with said financing; and

WHEREAS, in order to accomplish the purposes set forth in the preceding recital, the Issuer desires to issue its Water, Sewer, Storm Water and Refuse Collection Revenue Bonds, Series 2016 in the maximum aggregate principal amount of \$6,000,000 (the “Series 2016 Bonds”) pursuant to this Resolution, a General Indenture of Trust dated as of June 1, 2001 between the Issuer and U.S. Bank National Association as Trustee (the “Trustee”), which is attached hereto as Exhibit "B" (the “General Indenture”), and the Fifth Supplemental Indenture of Trust dated as of the first of the month in which the series 2016 Bonds are issued between the Issuer and the Trustee, in substantially the form presented to the meeting at which this Resolution was adopted and which is attached hereto as Exhibit "C" (the “Fifth Supplemental Indenture”); and

WHEREAS, the Act, the Local Government Bonding Act, Title 14, Chapter 11, Utah Code Annotated 1953, as amended (the “Act”), provides that the Issuer may, by resolution, delegate to one or more officers of Issuer the authority to: (i) in accordance with and within the parameters set forth in the August 16, 2016 Parameters Resolution, approve the final interest rate or rates, price, principal amount, maturity or maturities, redemption features, and other terms of the 2016 Bond(s); and (ii) approve and execute all documents relating to the issuance of the 2016 Bond(s).

WHEREAS, the Issuer desires to delegate to its City Manager and Finance Director (together, the "Pricing Committee") the authority, in accordance with the August 16, 2016 Parameters Resolution and this Resolution, the authority to approve the final interest rate or rates, price, principal amount, maturity or maturities, redemption features, and other terms of the Bonds; and select an underwriter or purchaser:

WHEREAS, the Series 2016 Bonds shall be payable solely from the Net Revenues and other moneys pledged therefore in the General Indenture and the Fifth Supplemental Indenture (collectively, the "Indenture"), and shall not constitute or give rise to a general obligation or liability of the Issuer or constitute a charge against its general credit or taxing powers:

NOW THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Washington Terrace, Weber County, Utah, as follows:

Section 1. The terms defined or described in the recitals hereto shall have the same meanings when used in the body of this Resolution.

Section 2. All actions heretofore taken (not inconsistent with the provisions of this Resolution), by the Council and by the officers of the Issuer directed toward the issuance and sale of the Series 2016 Bonds, are hereby ratified, approved and confirmed.

Section 3. The Fifth Supplemental Indenture attached hereto as Exhibit "C" is in all respects hereby authorized and approved in preliminary form, and the Mayor and - City Recorder are hereby authorized and directed to finalize and execute and deliver the same on behalf of the Issuer.

Section 4. For the purposes set forth in the Fifth Supplemental Indenture the Issuer hereby authorizes the issuance of the Series 2016 Bonds which shall be designated "City of Washington Terrace, Weber County, Utah Water, Sewer, Storm Water and Refuse Collection Revenue Bonds, Series 2016".

Section 5. The Issuer hereby authorizes the issuance of the Series 2016 Bonds in the maximum aggregate principal amount of \$6,000,000. The Series 2016 Bonds shall bear interest, shall be dated, shall be issued as fully registered Bonds, and shall mature as provided in the Fifth Supplemental Indenture as shall be approved by the Pricing Committee, as authorized by Section 11-14-302 of the Act, provided that the principal amount, interest rate or rates, maturity and discount shall not exceed the maximums set forth in August 16, 2016 parameters resolution of \$6,000,000 aggregate principal amount of its Series 2016 Bonds, in one or more series, to bear interest at the rate or rates of not to exceed 5.5% per annum, to mature in not more than twenty-five (25) years from their date or dates, and to be sold at a price not less than ninety-eight percent (98%) of the total principal amount thereof.

Section 6. The Mayor and City Recorder are hereby authorized and directed, and the power is hereby delegated to them, to execute and deliver the Series 2016 Bonds

and the Indenture and all documents relating to the issuance of the Series 2016 Bonds on behalf of the Issuer, with such additions, modifications, deletions and changes thereto as may be deemed necessary or appropriate and approved by the Mayor, whose execution thereof on behalf of the Issuer shall conclusively establish such necessity, appropriateness and approval with respect to all such additions, modifications, deletions and changes incorporated therein.

Section 7. The Series 2016 Bonds shall be sold to an Underwriter or Purchaser as authorized and approved by the City Manager and Finance Director.

Section 8. Upon their issuance, the Series 2016 Bonds will constitute special limited obligations of the Issuer payable solely from and to the extent of the sources set forth in the Series 2016 Bonds and the Indenture. No provision of this Resolution, the Indenture, any Bond Purchase Contract or Bid, the Official Statement, the Series 2016 Bonds, or any other instrument, shall be construed as creating a general obligation of the Issuer, or of creating a general obligation of the State of Utah or any political subdivision thereof, or as incurring or creating a charge upon the general credit of the Issuer or its taxing powers.

Section 9. The appropriate officials of the Issuer, and each of them, are hereby authorized and directed to execute and deliver for and on behalf of the Issuer any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein.

Section 10. After the Series 2016 Bonds are delivered by the Trustee to the selected Underwriter or Purchaser, and upon receipt of payment therefore, this Resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Series 2016 Bonds are deemed to have been duly discharged in accordance with the terms and provisions of the Indenture.

Section 11. For purposes of and in accordance with Section 265 of the Code, the Issuer hereby designates the Series 2016 Bonds as an issue qualifying for the exception for certain qualified tax-exempt obligations to the rule denying banks and other financial institutions 100% of the deduction for interest expenses which is allocable to tax-exempt interest. The Issuer reasonably anticipates that the total amount of tax-exempt obligations (other than obligations described in Section 265(b)(3)(C) (ii) of the Code) which will be issued by the Issuer and by any aggregated issuer during calendar year 2016 will not exceed \$10,000,000. For purposes of this Section, "aggregated issuer" means any entity which, (i) issues obligations on behalf of the Issuer, (ii) derives its issuing authority from the Issuer, or (iii) is directly or indirectly controlled by the Issuer within the meaning of Treasury Regulation Section 1.150-1(e). The Issuer hereby represents that (a) it has not created and does not intend to create and does not expect to benefit from any entity formed or availed of to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and (b) the total amount of obligations so designated by the Issuer and all aggregated issuers for the calendar year 2016 does not exceed \$10,000,000.

Section 12. The General Indenture, and form of the Fifth Supplemental Indenture, and Preliminary Official Statement (as defined herein) authorized and approved hereby are authorized and approved with such additions, modifications, deletions and changes thereto as may be deemed necessary or appropriate and approved by the Mayor, whose execution thereof on behalf of the Issuer shall conclusively establish such necessity, appropriateness and approval with respect to all such additions, modifications, deletions and changes incorporated therein.

Section 13. The Issuer hereby ratifies the preparation, distribution and use of the Preliminary Official Statement in the form attached hereto as Exhibit D in the marketing of the Series 2016 Bonds and hereby authorizes and approves the Official Statement. The Mayor is hereby authorized to finalize and execute the final Official Statement evidencing its acceptance by the Issuer.

Section 14. In accordance with the provisions of the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, the Issuer has designated the Standard Examiner as the official newspaper of the Issuer authorized to publish legal notices for the Issuer, and in accordance with Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, the City Recorder has caused a “Notice of Public Hearing and Bonds to be Issued” to be published once a week for two consecutive weeks, with the first publication at least 14 days before this date and to post it on the Public Notice website at least 14 days before this date in the Standard Examiner, a newspaper having general circulation in the Issuer and has caused a copy of a Parameters Resolution (together with all exhibits hereto) to be kept on file in the office of the City Recorder of the Issuer for public examination during regular business hours for at least thirty (30) days from and after the publication thereof.

Section 15. It is hereby declared that all parts of this Resolution are severable, and if any section, clause or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of any such section, clause or provision shall not affect the remaining sections, clauses or provisions of this Resolution.

Section 16. All resolutions, orders and regulations or parts thereof heretofore adopted or passed which are in conflict herewith are, to the extent of such conflict, hereby repealed. This repealer shall not be construed so as to revive any resolution, order, regulation or part thereof heretofore repealed.

Section 17. The City Recorder is directed to complete the attached Record of Proceedings.

Section 18. This Resolution shall take effect immediately upon its approval and adoption.

PASSED, APPROVED AND ADOPTED this September 6, 2016.

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Mayor

ATTEST:

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City Recorder

( S E A L )

EXHIBIT "A"

RECORD OF PROCEEDINGS

The City Council (the "Council") of the City of Washington Terrace, Weber County, Utah (the "Issuer"), met in public session at the regular meeting place of the Council at 5249 S 400 E in Washington Terrace, Utah, on September 6, 2016, at the hour of 6:00 p.m., or as soon thereafter as feasible, with the following members of the Council being present:

Mark C. Allen	Mayor
Scott Barker	Council member
Blair Brown	Council member
Robert Jensen	Council member
Scott Monsen	Council member
Val Shupe	Council member

Also present:

Tom Hanson	City Manager
Shari Garrett	Finance Director
Amy Rodriguez	City Recorder

Absent:

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

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

YEA:

NAY:

The Resolution was then signed by the Mayor in open meeting and recorded by the City Recorder in the official records of the Issuer.

**CERTIFICATE OF CITY RECORDER**

I, Amy Rodriguez, the duly appointed and qualified City Recorder of the City of Washington Terrace, Weber County, Utah (the "Issuer"), do hereby certify that the attached Resolution is a true, accurate and complete copy thereof as adopted by the City Council at a regular meeting duly held on September 6, 2016 (the "Meeting"). The Meeting was called and noticed as required by law as is evidenced by the attached Certificate of Compliance with Open Meeting Law. The persons present and the result of the vote taken at the Meeting are all as shown above. The Resolution, with all exhibits attached, was deposited in my office on September 6, 2016 and is officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my signature and impressed hereon the official seal of the Issuer, this September 6, 2016.

( S E A L )

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City Recorder

CERTIFICATE OF COMPLIANCE WITH  
OPEN MEETING LAW

I, Amy Rodriguez, the undersigned City Recorder of City of Washington Terrace, Weber County, Utah (the "Issuer"), do hereby certify, according to the records of the Issuer in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-6(2), 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 September 6, 2016 public meeting, held by the Issuer as follows:

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

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

(c) By posting the Notice on the Utah Public Notice Website at least 24 hours prior to the meeting.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this September 6, 2016.

---

City Recorder

( S E A L )

*[Attach Schedule 1, Meeting Notice]*

EXHIBIT "B"

GENERAL INDENTURE OF TRUST

(See Transcript Document No. \_\_\_\_)

EXHIBIT "C"

FIFTH SUPPLEMENTAL INDENTURE OF TRUST

(See Transcript Document No. \_\_\_\_)

EXHIBIT D

PRELIMINARY OFFICIAL STATEMENT

(See Transcript Document No. \_\_)

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CITY OF WASHINGTON TERRACE, WEBER COUNTY, UTAH  
WATER, SEWER AND REFUSE COLLECTION REVENUE BONDS

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GENERAL INDENTURE OF TRUST

Dated as of June 1, 2001

By and Between

CITY OF WASHINGTON TERRACE, WEBER COUNTY, UTAH

and

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION  
as Trustee

as Amended and Supplemented by  
Supplemental Indenture of Trust Adopted  
October 1, 2010

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EXHIBIT A	- FORM OF REQUISITION	

THIS GENERAL INDENTURE OF TRUST, dated as of June 1, 2001, by and between CITY OF WASHINGTON TERRACE, WEBER COUNTY, UTAH, a political subdivision and body politic duly organized and existing under the Constitution and laws of the State of Utah (the "Issuer"), and WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, a national bank duly organized and existing under the laws of the United States of America, authorized by law to accept and execute trusts and having its principal office in Salt Lake City, Utah (the "Trustee"),

WITNESSETH:

WHEREAS, the Issuer desires to finance improvements to its existing water facility, sewer facility and refuse collection facility (collectively, the "System"), including, but not limited to, additions, extensions, buildings and other improvements to house and operate said facilities, to refund and retire existing obligations which are secured by the Revenues (as herein defined) of the System, to fund debt service reserves, and to pay issuance expenses to be incurred in connection with the issuance and sale of the Bonds herein authorized and defined; and

WHEREAS, the Issuer intends to obtain Revenues from the System sufficient to pay Operation and Maintenance Expenses (as herein defined) of the System as well as debt service on the Bonds; and

WHEREAS, the Revenues, after payment of Operation and Maintenance Expenses (as herein defined) of the System (the "Net Revenues"), will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Bonds herein authorized and the Issuer desires to pledge said Net Revenues toward the payment of the principal and interest on said Bonds; and

WHEREAS, pursuant to the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (collectively, the "Act"), the Issuer is authorized to issue its bonds payable from a special fund into which the Net Revenues of the Issuer may be pledged.

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

For and in consideration of the promises, the mutual covenants of the Issuer and the Trustee, the purchase from time to time of the Bonds by the Registered Owners thereof and the issuance by Reserve Instrument Providers from time to time of Reserve Instruments, and in order to secure the payment of the principal of and premium, if any, and interest on the Bonds and of all Reserve Instrument Repayment Obligations according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein, in the Bonds and in all Reserve Instrument Agreements, the Issuer does hereby convey, assign and pledge unto the Trustee and unto its successors in trust forever all right, title and interest of the Issuer in and to (i) the Net Revenues, (ii) all moneys in funds and accounts held by the Trustee hereunder (except the Rebate Fund), and (iii) all other rights hereinafter granted, *first*, for the further securing of the Bonds, and *second*, for the further securing of all Reserve Instrument

Repayment Obligations, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby and hereafter conveyed and assigned, or agreed or intended so to be, to the Trustee and its respective successors and assigns in such trust forever;

IN TRUST NEVERTHELESS, upon the terms and trust set forth in this Indenture, *first*, for the equal and proportionate benefit, security and protection of all Registered Owners of the Bonds issued pursuant to and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any Bond over any other Bond by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Indenture; and *second*, for the equal and proportionate benefit, security and protection of all Reserve Instrument Providers, without privilege, priority or distinction as to the lien or otherwise of any Reserve Instrument Repayment Obligation over any of the others by reason of time of issuance, delivery or expiration thereof or otherwise for any cause whatsoever;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns shall well and truly pay, or cause to be paid, the principal and premium, if any, on the Bonds and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds, and all Reserve Instrument Repayment Obligations, according to the true intent and meaning thereof, or shall provide, as permitted by this Indenture, for the payment thereof as provided in Article X hereof, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, then upon such final payments or provisions for such payments by the Issuer, this Indenture, and the rights hereby granted, shall terminate; otherwise this Indenture shall remain in full force and effect.

The terms and conditions upon which the Bonds are to be executed, authenticated, delivered, secured and accepted by all persons who from time to time shall be or become Registered Owners thereof, and the trusts and conditions upon which the Net Revenues are to be held and disposed, which said trusts and conditions the Trustee hereby accepts, are as follows:

## ARTICLE I

### DEFINITIONS

*Section 1.1. Definitions.* As used in this Indenture, the following terms shall have the following meanings unless the context otherwise clearly indicates:

*"Additional Bonds"* means all Bonds issued under this Indenture other than the Initial Bonds.

*"Aggregate Annual Debt Service Requirement"* means the total principal, interest and premium payments due and payable for any one Bond Fund Year (less capitalized interest and principal payable on any bond anticipation notes) on all Series of Bonds Outstanding or any specified portion thereof, *provided, however*, that, on or after the Defeasance Date, for purposes

of determining Aggregate Debt Service under Sections 6.1(a) of the Indenture, when calculating interest payable at a variable rate which cannot be ascertained for any particular Fiscal Year, it shall be assumed that the applicable Bonds will bear interest at the average of the variable rates applicable to such Bonds during any 24-month period (or a shorter period, commencing on the date of issuance of the Bonds) ending within 60 days prior to the date of computation, or, with respect to any Bonds for which such an average of the variable rates cannot be determined, at a rate certified by the Issuer's financial advisor, underwriter or other agent, including a remarketing agent, to be the rate of interest such Bonds would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security, and bearing interest at a variable rate computed in a comparable manner.

*"Authorized Representative"* means the Mayor and/or the Chief Administrative Officer.

*"Average Aggregate Debt Service"* means, as of any date of calculation, the amount obtained by dividing (i) the sum of the principal, interest and premium payments by all series of Bonds then Outstanding for each Fiscal Year during which any Bonds are or will be Outstanding by (ii) the number of such Fiscal Years. For purposes of determining Average Aggregate Debt Service under Sections 2.13(b) of the Indenture, when calculating interest payable at a variable rate which cannot be ascertained for any particular Fiscal Year, it shall be assumed that the applicable Bonds will bear interest at the average of the variable rates applicable to such Bonds during any 24-month period (or a shorter period, commencing on the date of issuance of the Bonds) ending within 60 days prior to the date of computation, or, with respect to any Bonds for which such an average of the variable rates cannot be determined, at a rate certified by the Issuer's financial advisor, underwriter or other agent, including a remarketing agent, to be the rate of interest such Bonds would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security, and bearing interest at a variable rate computed in a comparable manner.

*"Bond Fund"* means the City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Bond Fund created in Section 3.3 hereof to be held by the Trustee and administered pursuant to Section 5.3 hereof.

*"Bond Fund Year"* means the 12-month period beginning July 1 of each year and ending on the next succeeding June 30, except that the first Bond Fund Year shall begin on the date of delivery of the Bonds and shall end on the next succeeding June 30.

*"Bondholder," "Bondowner," "Registered Owner" or "Owner"* means the registered owner of any Bonds herein authorized.

*"Bonds"* means Initial Bonds and any Additional Bonds.

*"Business Day"* means any day (i) on which banking business is transacted, but not including any day on which banks are authorized to be closed in New York City or in the city in which the Trustee has its principal corporate trust office and (ii) on which the New York Stock Exchange is open.

"*Chief Administrative Officer*" means the Chief Administrative Officer of the Issuer or any successor thereto.

"*City Recorder*" means the City Recorder of the Issuer or any successor to the duties of such office.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Construction Fund*" means the City of Washington Terrace, Weber County, Utah Revenue Water, Sewer and Refuse Collection Revenue Construction Fund created in Section 3.1 hereof to be held by the Trustee and administered pursuant to Section 5.1 hereof.

"*Cost*" or "*Costs*" or "*Cost of Completion*," or any phrase of similar import, in connection with a Project or with the refunding of any bonds, means all costs and expenses which are properly chargeable thereto under generally accepted accounting principles or which are incidental to the financing, acquisition and construction of a Project, or the refunding of any bonds, including, without limiting the generality of the foregoing:

- (a) amounts payable to contractors and costs incident to the award of contracts;
- (b) cost of labor, facilities and services furnished by the Issuer and its employees or others, materials and supplies purchased by the Issuer or others and permits and licenses obtained by the Issuer or others;
- (c) engineering, architectural, legal, planning, underwriting, accounting and other professional and advisory fees;
- (d) premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same;
- (e) interest expenses, including interest on the Series of Bonds relating to a Project;
- (f) printing, engraving and other expenses of financing, including premiums for municipal bond insurance, fees of financial rating services and fees for issuance of bank letters of credit or similar banking arrangements and costs of issuing the Series of Bonds relating to a Project;
- (g) costs, fees and expenses in connection with the acquisition of real and personal property or rights therein, including premiums for title insurance;
- (h) costs of equipment purchased by the Issuer and necessary to the completion and proper operation of a Project;

- (i) amounts required to repay temporary or bond anticipation loans or notes made to finance the costs of a Project;
- (j) cost of site improvements performed by the Issuer in anticipation of a Project;
- (k) moneys necessary to fund the Funds created under this Indenture;
- (l) costs of the capitalization with proceeds of a Series of Bonds issued hereunder of any operation and maintenance expenses and other working capital appertaining to any facilities to be acquired for a Project and of any interest on a Series of Bonds for any period not exceeding the period estimated by the Issuer to effect the construction of a Project plus one year, as herein provided, of any discount on bonds or other securities, and of any reserves for the payment of the principal of and interest on a Series of Bonds, of any replacement expenses and of any other cost of issuance of a Series of Bonds or other securities, and Reserve Instrument Costs;
- (m) costs of amending any indenture or other instrument authorizing the issuance of or otherwise appertaining to a Series of Bonds;
- (n) all other expenses necessary or desirable and appertaining to a Project, as estimated or otherwise ascertained by the Issuer, including costs of contingencies for a Project; and
- (o) payment to the Issuer of such amounts, if any, as shall be necessary to reimburse the Issuer in full for advances and payments theretofore made or costs theretofore incurred by the Issuer for any item of Costs.

In the case of any project for refunding or redeeming any bonds or other obligations, "Cost" includes, without limiting the generality of the foregoing, the items listed in (c), (e), (f) and (k) above, advertising and other expenses related to the redemption of such bonds to be redeemed and the redemption price of such bonds (and the accrued interest payable on redemption to the extent not otherwise provided for). Whenever Costs are required to be itemized, such itemization shall, to the extent practicable, correspond with the items listed above.

"Debt Service Reserve Fund" means the City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Debt Service Reserve Fund created in Section 3.5 hereof to be held by the Trustee and administered pursuant to Section 5.5 hereof.

"Debt Service Reserve Requirement" means with respect to each Series of Bonds issued pursuant to this Indenture, and unless otherwise provided in the related Supplemental Indenture, an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of its initial purchase price to the public, (ii) the maximum Aggregate Annual Debt Service Requirement during any Bond Fund Year for such Series of Bonds, and (iii) 125% of the average Aggregate Annual Debt Service Requirement for such Series of Bonds; *provided, however,* that in the event any Series of Additional Bonds is issued to refund only a portion and

not all of the then Outstanding Bonds of any other Series of Bonds issued pursuant to the Indenture (the "*Prior Bonds*"), then the portion of such Series of Prior Bonds that remain Outstanding immediately after the issuance of such Additional Bonds and the portion of such Additional Bonds that is allocable to the refunding of such Series of Prior Bonds shall be combined and treated as a single Series for purpose of determining the Debt Service Reserve Requirement relating to such combined Series. The Debt Service Reserve Requirement may be funded by a Reserve Instrument as herein provided. Each Subaccount of the Debt Service Reserve Fund shall only be used with respect to the related Series of Bonds.

"*Direct Obligations*" means noncallable Government Obligations.

"*Event of Default*" means with respect to any default or event of default hereunder any occurrence or event specified in and defined by Section 7.1 hereof.

"*Fiscal Year*" means the 12-month period beginning July 1 of each year and ending June 30 of the following year, or such other fiscal year of the Issuer as may be determined by the Issuer or as may be prescribed by law.

"*Government Obligations*" means solely one or more of the following:

- (a) State and Local Government Series issued by the United States Treasury ("*SLGS*");
- (b) United States Treasury bills, notes and bonds, as traded on the open market;
- (c) Zero Coupon United States Treasury Bonds; and
- (d) Any other direct obligations of or obligations unconditionally guaranteed by, the United States of America (including, without limitation, obligations commonly referred to as "*REFCORP strips*").

"*Gross Proceeds*" shall mean with respect to any Series of Bonds the gross proceeds of such Series of Bonds as defined in Section 148(f)(6)(B) of the Code and Section 1.148-1(b) of the Regulations.

"*Indenture*" means this Indenture of Trust as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms of this Indenture.

"*Initial Bonds*" means the first Series of Bonds issued under this Indenture.

"*Interest Payment Date*" means the stated maturity date of an installment of interest on the Bonds.

"*Issuer*" means City of Washington Terrace, Weber County, Utah and its successors.

"Mayor" means the Mayor of the Issuer or any successor to the duties of such office.

"Moody's" means Moody's Investors Service, Inc.

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

"Operation and Maintenance Expenses" means all expenses reasonably incurred in connection with the operation and maintenance of the System, whether incurred by the Issuer or paid to any other entity pursuant to contract or otherwise, necessary to keep the System in efficient operating condition, including cost of audits hereinafter required, payment of promotional and marketing expenses and real estate brokerage fees, payment of premiums for the insurance hereinafter required, Reserve Instrument Costs and, generally all expenses, exclusive of depreciation, which under generally accepted accounting practices are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the System shall be included.

"Outstanding" or "Bonds Outstanding" means at any date all Bonds which have not been canceled which have been or are being authenticated and delivered by the Trustee under this Indenture, except:

(a) Any Bond or portion thereof which at the time has been paid or deemed paid pursuant to Article X of this Indenture; and

(b) Any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered hereunder, unless proof satisfactory to the Trustee is presented that such Bond is held by a bona fide holder in due course.

"Owner(s)" or "Registered Owner(s)" means the registered owner(s) of the Bonds according to the registration books of the Issuer maintained by the Trustee as Registrar for the Bonds pursuant to Section 2.6, Section 6.5 and Section 11.5 hereof.

"Paying Agent" means the Trustee, appointed as the initial paying agent for the Bonds pursuant to Section 6.6 and Section 11.5 hereof, and any additional or successor paying agent appointed pursuant hereto.

"Project" means the acquisition or construction of additions or improvements to the Issuer's System.

"Qualified Engineer" means any registered or licensed engineer or architect or engineer or firm of such engineers or architects and engineers generally recognized to be qualified in engineering matters relating to construction and maintenance of municipal water and sewer systems, appointed and paid by the Issuer, who shall not have any substantial interest, direct or indirect, with the Issuer, but who may be regularly retained to make annual or other periodic reports of the Issuer.

"*Qualified Engineer*" may include any registered or licensed engineer employed by the Issuer.

"*Qualified Investments*" means any of the following securities:

- (a) Government Obligations;
- (b) Obligations of any of the following federal agencies which obligations represent full faith and credit obligations of the United States of America: the Export-Import Bank of the United States; the Government National Mortgage Association; the Federal Financing Bank; the Farmer's Home Administration; the Federal Housing Administration; the Maritime Administration; General Services Administration; Small Business Administration; or the Department of Housing and Urban Development (PHA's);
- (c) Money market funds rated "AAAm" or "AAAm-G" or better by S & P, including funds from which the Trustee or its affiliates receives fees for investment advisory or other services;
- (d) Commercial paper which is rated at the time of purchase in the single highest classification, P-1 by Moody's or A-1+ by S & P, and which matures not more than 270 days after the date of purchase;
- (e) Bonds, notes or other evidences of indebtedness rated "AAA" by S & P and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;
- (f) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S & P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);
- (g) The fund held by the Treasurer for the State of Utah and commonly known as the Utah State Public Treasurer's Investment Fund; and
- (h) Any investments or securities permitted for investment of public funds under the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated 1953, as amended.

"*Rate Covenant Requirement*" has the meaning assigned to such term in Section 6.1(a).

*"Rebatable Arbitrage"* shall mean with respect to any Series of Bonds the amount (determinable as of each Rebate Calculation Date) of rebatable arbitrage payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Regulations.

*"Rebate Calculation Date"* means, with respect to each Series of Bonds, the interest payment date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the Initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last bond for such Series.

*"Rebate Fund"* means the City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Rebate Fund created in Section 3.8 hereof to be held by the Trustee and administered pursuant to Section 5.8 hereof.

*"Registrar"* means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the initial registrar for the Bonds pursuant to Section 2.6, Section 6.5 and Section 11.5 hereof, and any additional or successor registrar appointed pursuant hereto.

*"Refuse Collection System"* means that portion of the System used for refuse collection.

*"Regular Record Date"* means the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date.

*"Regulations,"* and all references thereto, shall mean and include applicable final, proposed and temporary United States Treasury Regulations promulgated with respect to Sections 103 and 141 through 150 of the Code, including all amendments thereto made hereafter.

*"Repair and Replacement Fund"* means the City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Repair and Replacement Fund created in Section 3.7 hereof to be held by the Trustee and administered pursuant to Section 5.7 hereof.

*"Repair and Replacement Reserve Requirement"* means the amount or amounts from time to time required under each Supplemental Indenture to be on deposit in the Repair and Replacement Fund.

*"Reserve Instrument"* means a device or instrument issued by a Reserve Instrument Issuer to satisfy all or any portion of the Debt Service Reserve Requirement applicable to a Series of Bonds. The term "Reserve Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, surety bonds, standby bond purchase agreements, lines of credit and other devices.

*"Reserve Instrument Agreement"* means any agreement entered into by the Issuer and a Reserve Instrument Provider pursuant to a Supplemental Indenture and providing for the issuance by such Reserve Instrument Provider of a Reserve Instrument.

*"Reserve Instrument Costs"* means, with respect to any Reserve Instrument, all fees, premiums, expenses and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument Issuer pursuant to a Reserve Instrument Agreement or the Supplemental Indenture authorizing the use of such Reserve Instrument.

*"Reserve Instrument Coverage"* means, as of any date of calculation, the aggregate amount available to be paid to the Trustee pursuant hereto under all Reserve Instruments.

*"Reserve Instrument Fund"* means the City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Reserve Instrument Fund created in Section 3.6 hereof to be held by the Trustee and administered pursuant to Section 5.6 hereof.

*"Reserve Instrument Limit"* means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into the Debt Service Reserve Fund assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the payment of principal of the Bonds.

*"Reserve Instrument Provider"* means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Reserve Instrument.

*"Reserve Instrument Repayment Obligations"* means, as of any date of calculation and with respect to any Reserve Instrument Agreement, those outstanding amounts payable by the Issuer under such Reserve Instrument Agreement to repay the Reserve Instrument Provider for payments previously made by it pursuant to a Reserve Instrument. There shall not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs.

*"Revenue Fund"* means the City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Fund created in Section 3.2 hereof in the hands of the Issuer to be administered pursuant to Section 5.2 hereof.

*"Revenues"* means all revenues, fees, impact fees (to the extent legally pledged by the Issuer with respect to System improvements financed with Bond Proceeds), income, rents and receipts (including any interest subsidy payments received by the Issuer with respect to the Bonds) received or earned by the Issuer from or attributable to the ownership and operation of the System, together with all interest earned by and profits derived from the sale of investments in the related funds thereof.

*"S & P"* means Standard & Poor's Corporation.

"*Security Instrument*" means an outstanding instrument or other device (other than a Reserve Instrument) issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term "Security Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices.

"*Security Instrument Costs*" means, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer.

"*Security Instrument Issuer*" means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Security Instrument.

"*Security Instrument Repayment Obligations*" means, as of any date of calculation and with respect to any Security Instrument, any outstanding amounts payable by the Issuer for payments made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs.

"*Serial Bonds*" means those Bonds other than Term Bonds.

"*Series*" means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

"*Sewer System*" means the portion of the System utilized for sewer services.

"*Sinking Fund Account*" means the City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Sinking Fund Account of the Bond Fund created in Section 3.4 hereof to be held by the Trustee and administered pursuant to Section 5.4 hereof.

"*Sinking Fund Installment*" means the amount of money which is required to be deposited into the Sinking Fund Account in each Bond Fund Year as specified in the Supplemental Indenture authorizing the Bonds of a Series for the retirement of Term Bonds of such Series, if any (whether at maturity or by redemption). The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited pursuant to Section 5.4(c) toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

"*Special Record Date*" means such date as may be fixed for the payment of defaulted interest on the Bonds in accordance with this Indenture.

"State" means the State of Utah.

"Storm Water System" means the Issuer's storm water drainage system.

"Supplemental Indenture" means any indenture between the Issuer and the Trustee entered into pursuant to and in compliance with the provisions of Article IX hereof.

"System" means the Issuer's Water System, Storm Water System, Sewer System, and Refuse Collection System, together with any additions, repairs, renewals, replacements, expansions, extensions and improvements to said System, or any part thereof, hereafter acquired or constructed, and together with all lands, easements, interests in land, licenses, water rights and rights of way of the Issuer and all other works, property, structures, equipment of the Issuer and contract rights and other tangible and intangible assets of the Issuer now or hereafter owned or used in connection with, or related to said System.

"Term Bonds" means the Bonds which shall be subject to retirement by operation of mandatory sinking fund redemptions from the Sinking Fund Account.

"Trustee" means Wells Fargo Bank Northwest, National Association, Salt Lake City, Utah, or any successor company resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee hereunder.

"Year" means any twelve consecutive month period.

"Water System" means the Issuer's water supply and distribution system.

*Section 1.2. Indenture to Constitute Contract.* In consideration of the purchase and acceptance from time to time of any and all of the Bonds authorized to be issued hereunder by the Registered Owners thereof, and the issuance from time to time of any and all Reserve Instruments by Reserve Instrument Providers pursuant hereto, this Indenture shall be deemed to be and shall constitute a contract between the Issuer and the Owners from time to time of the Bonds and the Reserve Instrument Providers; and the pledge made in this Indenture and the covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be, *first*, for the equal benefit, protection and security of the Owners of any and all of the Bonds all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Indenture, and *second*, for the equal benefit, protection and security of the Reserve Instrument Providers of any and all of the Reserve Instruments which, regardless of the time or times of their issuance, delivery or termination, shall be of equal rank without preference, priority or distinction of any Reserve Instrument over any other thereof.

*Section 1.3. Construction.* This Indenture, except where the context by clear implication herein otherwise requires, shall be construed as follows:

- (a) The terms "hereby," "hereof," "herein," "hereto," "hereunder," and any similar terms used in this Indenture shall refer to this Indenture in its entirety unless the context clearly indicates otherwise.
- (b) Words in the singular number include the plural, and words in the plural include the singular.
- (c) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender refer to any gender.
- (d) Articles, sections, subsections, paragraphs and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections, paragraphs and subparagraphs hereof so numbered or otherwise so designated.
- (e) The titles or leadlines applied to articles, sections and subsections herein are inserted only as a matter of convenience and ease in reference and in no way define, limit or describe the scope or intent of any provisions of this Indenture.
- (f) Any securities payable from any Revenues held by the Issuer shall not be deemed to be outstanding for the purpose of consents hereunder or for any other purpose provided herein.

## ARTICLE II

### THE BONDS

*Section 2.1. Authorization of Bonds.* There is hereby created for issuance hereunder an issue of Bonds which may, if and when authorized by Supplemental Indenture, be issued in one or more separate Series. Each Series of Bonds shall be authorized by a Supplemental Indenture, which shall state the purpose or purposes for which each such Series of Bonds is being issued. The aggregate principal amount of Bonds which may be issued shall not be limited except as provided herein or as may be limited by law provided that the aggregate principal amount of Bonds of each such Series shall not exceed the amount specified in the Supplemental Indenture authorizing each such Series of Bonds.

*Section 2.2. Description of Bonds; Payment.* (a) The Bonds of each Series issued under the provisions hereof may be issued only as registered bonds. Unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds, bonds of each Series shall be in the denomination of Five Thousand Dollars (\$5,000) each or any integral multiple thereof, shall be numbered consecutively from R-1 upwards and shall bear interest payable on June 1 and December 1.

(b) The Bonds of each Series issued hereunder shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate permitted by law on the date of initial issuance of Bonds of such Series, and be payable on the days, shall be stated to mature on the days and in the years and shall be subject to redemption prior to their respective maturities, all as set forth in the Supplemental Indenture authorizing such Series of Bonds. The Bonds of each Series shall be designated "Water, Sewer and Refuse Collection Revenue [Refunding] Bonds, 20\_\_ Series \_\_," in each case inserting the year in which the Bonds are issued and an identifying Series letter.

(c) Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America, as at the respective time of payment, shall be legal tender for payment of public and private debts. Payment of the interest on any Bond shall be made to the person appearing on the Bond registration books of the Registrar hereinafter provided for as the Registered Owner thereof by check or draft mailed to the Registered Owner at his address as it appears on such registration books or to owners of \$1,000,000 or more in aggregate principal amount of Bonds (or owners of 100% of any Series then Outstanding) by wire transfer to a bank account designated by the Registered Owner in written instructions furnished to the Trustee. Unless otherwise specified in the related Supplemental Indenture, the interest on Bonds so payable, and punctually paid and duly provided for, on any Interest Payment Date will be paid to the person who is the Registered Owner thereof at the close of business on the Regular Record Date for such interest. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner of any Bond on such Regular Record Date, and may be paid to the person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof to be given to such Registered Owner not less than ten days prior to such Special Record Date. The principal of and premium, if any, on Bonds are payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee as Paying Agent, except as otherwise provided by Supplemental Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions hereof as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board or otherwise, as may be specified in the Supplemental Indenture authorizing such Series of Bonds.

*Section 2.3. Execution; Limited Obligation.* The Bonds shall be executed on behalf of the Issuer with the manual or official facsimile signature of its Mayor, countersigned with the manual or official facsimile signature of the City Recorder, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Issuer. In case any officer, the facsimile of whose signature shall appear on the Bonds, shall cease to be such officer before the delivery of such Bonds, such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. The Bonds, together with interest thereon, shall be limited obligations of the Issuer payable solely from the Net Revenues (except to the extent paid out of moneys attributable to the Bond proceeds or other funds created hereunder or the income from the temporary investment thereof).

The Bonds shall be a valid claim of the respective Registered Owners thereof only against the Net Revenues and other moneys in funds and accounts held by the Trustee hereunder (except the Rebate Fund) and the Issuer hereby pledges and assigns the same for the equal and ratable payment of the Bonds, and the Net Revenues shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized herein. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

The provisions of this Section relating to the execution of Bonds may be changed as they apply to the Bonds of any Series by the Supplemental Indenture authorizing such Series of Bonds.

*Section 2.4. Authentication and Delivery of Bonds.* (a) The Issuer shall deliver executed Bonds of each Series to the Trustee for authentication. Subject to the satisfaction of the conditions for authentication of Bonds set forth herein, the Trustee shall authenticate such Bonds, and deliver them upon the order of the Issuer to the purchasers thereof (or hold them on their behalf) upon the payment by the purchasers to the Trustee for the account of the Issuer of the purchase price therefor. Delivery by the Trustee shall be full acquittal to the purchasers for the purchase price of such Bonds, and such purchasers shall be under no obligation to see to the application thereof. The proceeds of the sale of such Bonds shall, however, be disposed of only as provided herein and in the Supplemental Indenture.

(b) No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit hereunder, unless and until a certificate of authentication on such Bond substantially in the form set forth in the Supplemental Indenture authorizing such Bond shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

(c) Prior to the authentication by the Trustee of each Series of Bonds there shall have been filed with the Trustee:

(i) A copy, duly certified by the City Recorder, of this Indenture (to the extent not theretofore so filed) and the Supplemental Indenture authorizing such Series of Bonds.

(ii) A copy, certified by the City Recorder, of the proceedings of the Issuer's City Council approving the execution and delivery of the instruments specified in Subparagraph (i) above and the execution and delivery of such Series of Bonds, together with a certificate, dated as of the date of authentication of such Series of Bonds, of the City Recorder that such proceedings are still in force and effect without amendments except as shown in such proceedings.

(iii) A request and authorization to the Trustee of the Issuer to authenticate such Series of Bonds in the aggregate principal amount therein specified and deliver them to purchasers therein identified upon payment to the Trustee, for account of the Issuer, of the sum specified therein.

(iv) An opinion of Bond Counsel dated the date of authentication of such Series of Bonds to the effect that (a) the Issuer has duly authorized the execution and delivery of this Indenture and such Series of Bonds; (b) this Indenture has been duly executed and delivered by the Issuer and is the valid and binding obligation of the Issuer; (c) this Indenture creates the valid pledge which it purports to create of the Net Revenues; and (d) such Series of Bonds are valid and binding obligations of the Issuer, entitled to the benefits and security hereof.

*Section 2.5. Mutilated, Lost, Stolen or Destroyed Bonds.* In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like date, series, maturity and denomination as that mutilated, lost, stolen or destroyed; *provided* that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together in all cases with indemnity satisfactory to the Trustee and the Issuer. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Trustee may pay the same without surrender thereof upon compliance with the foregoing. The Trustee may charge the Registered Owner of such Bond with its reasonable fees and expenses in this connection. Any Bond issued pursuant to this Section shall be deemed part of the Series of the Bonds in respect of which it was issued and an original additional contractual obligation of the Issuer.

*Section 2.6. Registration of Bonds; Persons Treated as Owners.* The Issuer shall cause the books for the registration and for the transfer of the Bonds as provided herein to be kept by the Trustee which is hereby constituted and appointed the Registrar of the Issuer with respect to the Bonds, *provided, however*, that the Issuer may by Supplemental Indenture select a party other than the Trustee to act as Registrar with respect to the Series of Bonds issued under said Supplemental Indenture. Any Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any Bond at the principal corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by, the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same Series and the same maturity for a like aggregate principal amount as the Bond surrendered for transfer. Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series and the same maturity. The execution by the Issuer of any Bond of any authorized denomination shall constitute full and

due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Bond. The Issuer and the Trustee shall not be required to transfer or exchange any Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption.

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

The Trustee shall require the payment by the Bondholder requesting exchange or transfer of Bonds of any tax or other governmental charge and by the Issuer of any service charge of the Trustee as Registrar which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Bond shall be delivered.

*Section 2.7. Redemption Provisions.* The Term Bonds of each Series of Bonds shall be subject, to the extent provided in the Supplemental Indenture authorizing each such Series of Bonds, to redemption prior to maturity by operation of Sinking Fund Installments required to be made to the Sinking Fund Account. The Bonds of each Series shall further be subject to redemption prior to maturity at the option of the Issuer at such times and upon such terms as shall be fixed by such Supplemental Indenture. If less than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular units of Bonds, as determined in accordance with Section 2.9 herein, to be redeemed shall be selected by the Trustee in such manner as the Trustee, in its discretion, may deem proper in order to assure each Registered Owner of Bonds of such Series or maturity a fair opportunity to have their Bond or Bonds or portions thereof selected.

*Section 2.8. Notice of Redemption.* (a) In the event any of the Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 2.8. Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, notice of such redemption (i) shall be filed with the paying agent designated for the Bonds being redeemed; and (ii) shall be mailed by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall state the following information:

(i) the complete official name of the Bonds, including Series, to be redeemed, the identification numbers of Bonds and the CUSIP numbers, if any, of the Bonds being redeemed, *provided* that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;

(ii) any other descriptive information needed to identify accurately the Bonds being redeemed, including, but not limited to, the Original Issue Date of, and interest rate on, such Bonds;

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

(iv) the date of mailing of redemption notices, the record date for such purposes and the redemption date;

(v) the redemption price;

(vi) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

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

(b) In addition to the foregoing, further notice of any redemption of Bonds hereunder shall be given by the Trustee, at least two (2) Business Days in advance of the mailed notice to Registered Owners, by registered or certified mail or overnight delivery service, to all registered securities depositories then in the business of holding substantial amounts (as reasonably determined by the Trustee) of obligations of types comprising the Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Bonds. Such further notice shall contain the information required in clause (a) above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

(c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(d) Each notice of redemption may further state, in the case of redemption, at the option of the Issuer, that such redemption shall be conditioned upon receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and interest on such Bonds to be redeemed and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the

event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, one time, in the same manner in which the notice of redemption was given, that such moneys were not so received.

(e) A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Bonds or portions thereof redeemed but who failed to deliver Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds.

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

*Section 2.9. Partially Redeemed Fully Registered Bonds.* Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, in case any registered Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Issuer shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Issuer, a Bond or Bonds of the same Series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. Unless otherwise provided by Supplemental Indenture, a portion of any Bond of a denomination of more than the minimum denomination of such Series specified in the related Supplemental Indenture to be redeemed will be in the principal amount of such minimum denomination or an integral multiple thereof and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bonds by such minimum denomination.

*Section 2.10. Cancellation.* All Bonds which have been surrendered for payment, redemption or exchange, and Bonds purchased from any moneys held by the Trustee hereunder or surrendered to the Trustee by the Issuer, shall be canceled and cremated or otherwise destroyed by the Trustee and shall not be reissued, and a counterpart of the certificate of cremation or other destruction evidencing such cremation or other destruction shall be furnished by the Trustee to the Issuer; *provided, however,* that one or more new Bonds shall be issued for the unredeemed portion of any Bond without charge to the Registered Owner thereof.

*Section 2.11. Nonpresentation of Bonds.* Unless otherwise provided by Supplemental Indenture, in the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold

such fund or funds, without liability to the Registered Owner of such Bond for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part hereunder or on, or with respect to, said Bond. If any Bond shall not be presented for payment within six years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall, to the extent permitted by law, repay to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Registered Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money. The provisions of this Section are subject to the provisions of Title 67, Chapter 4a, Utah Code Annotated 1953, as amended.

*Section 2.12. Initial Bonds.* Subject to the provisions hereof, the Initial Bonds may be authenticated and delivered by the Trustee upon satisfaction of the conditions specified in Section 2.4(c) hereof and any additional conditions specified in the Supplemental Indenture authorizing such Series of Bonds. Section 2.13 shall not apply to the Initial Bonds.

*Section 2.13. Issuance of Additional Bonds.* No additional indebtedness, bonds or notes of the Issuer payable on a priority to the pledge of Net Revenues for the payment of the Bonds herein authorized shall be created or incurred without the prior written consent of the Owners of 100% of the Outstanding Bonds. In addition, no Additional Bonds or other indebtedness, bonds or notes of the Issuer payable on a parity with the Bonds herein authorized out of Net Revenues shall be created or incurred, unless the following requirements have been met:

(a) The Issuer has been in compliance for the most recent Fiscal Year with all covenants in the Indenture as evidenced by a certificate delivered to the Trustee prior to the issuance of the Additional Bonds.

(b) In the case of Additional Bonds issued for the purposes set forth in (e)(ii) below, the Issuer shall have delivered to the Trustee a certificate of the Issuer:

(i) setting forth the Estimated Net Revenues as herein described (assuming, if applicable, the completion of any additions, improvements, extensions, replacements or repairs to the System (collectively, the "Improvements") financed with proceeds of the Additional Bonds) either:

(A) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Improvements, if proceeds of the Additional Bonds are used to fund interest during the construction period, or

(B) if (i) is not the case, for the then current Bond Fund Year and each succeeding Bond Fund Year to and including the second Bond Fund Year succeeding the latest estimated date of completion of the Improvements; and

(ii) verifying that the Estimated Net Revenues as shown in (i) above for each of such Bond Fund Years are not less than 125% of the Average Aggregate Debt Service with respect to all of the Bonds and Additional Bonds which would then be Outstanding (after taking into account any principal reductions resulting from regularly scheduled principal or sinking fund redemption payments) and the Additional Bonds so proposed to be issued.

For purposes of this subsection (b), "Estimated Net Revenues" shall be determined as follows:

(A) The total Net Revenues of the System for the most recent Year immediately preceding the authentication and delivery of the Additional Bonds in which such information is available to the Issuer shall first be determined. For purposes of these calculations, Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Improvements financed with the proceeds of the Additional Bonds will be estimated for the applicable Bond Fund Years as determined in (b)(1)(i) or (ii) above.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, plus 100% of the estimated additional Net Revenues as calculated in (B) above.

(c) All payments required by this Indenture to be made into the Bond Fund must have been made in full, and there must be in the Debt Service Reserve Fund the full amount required by this Indenture to be accumulated therein at such time.

(d) The proceedings authorizing the Additional Bonds must raise the amount to which the Debt Service Reserve Fund shall be accumulated to an amount no less than the Debt Service Reserve Requirement of all Bonds then outstanding (excluding Bonds which are to be refunded with the proceeds of the Additional Bonds), including the Additional Bonds.

(e) The proceeds of the Additional Bonds must be used (i) to refund Bonds issued hereunder or other obligations of the Issuer (including the funding of necessary reserves and the payment of costs of issuance) or (ii) to make additions, improvements, extensions, replacements or repairs to the System (including the funding of necessary reserves and the payment of costs of issuance).

(f) No Event of Default shall have occurred and be continuing hereunder. This paragraph (f) shall not preclude the issuance of Additional Bonds if (i) the issuance of such Additional Bonds otherwise complies with the provisions hereof and (ii) such Event of Default will cease to continue upon the issuance of the Additional Bonds and the application of the proceeds thereof.

*Section 2.14. Temporary Bonds.* (a) Until the definitive Bonds of any Series are prepared, the Issuer may execute, in the same manner as is provided in Section 2.3 hereof, and upon the request of the Issuer, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Issuer, and with such omissions, insertions and variations not inconsistent with this Indenture as may be appropriate to temporary Bonds. The Issuer at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds, for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Registered Owner thereof, deliver in exchange therefor, definitive Bonds, of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant hereto.

(b) If the Issuer shall authorize the issuance of temporary Bonds in more than one denomination, the Registered Owner of any temporary Bond or Bonds may, at his option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount, series and maturity of any other authorized denomination or denominations, and thereupon the Issuer shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered, shall deliver a temporary Bond or Bonds of like aggregate principal amount, series and maturity in such other authorized denomination or denominations as shall be requested by such Registered Owner.

(c) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

*Section 2.15. Form of Bonds.* For each Series of Bonds, the text of such Bonds and the Trustee's Authentication Certificate shall be in substantially the forms thereof set forth in the Supplemental Indenture authorizing the issuance of such Bonds, with such omissions, insertions and variations not inconsistent with the terms hereof as may be necessary, desirable, authorized and permitted hereby.

*Section 2.16. Covenant Against Creating or Permitting Liens.* Except for the pledge of Net Revenues to secure payment of the Bonds hereunder, the Net Revenues are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; *provided, however,* that nothing contained herein shall prevent the Issuer from issuing, if and to the extent permitted by law, indebtedness having a lien on Net Revenues subordinated to that of the Bonds.

### ARTICLE III

#### CREATION OF FUNDS AND ACCOUNTS

*Section 3.1. Creation of Construction Fund.* There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Construction Fund." There is hereby created and ordered established in the custody of the Trustee a separate account within the Construction Fund for each Project to be designated by the name of the applicable Project and, if applicable, a separate account for each Series of Bonds and for all grant moneys to be received by the Issuer for deposit in the Construction Fund. (Said Construction Fund and applicable accounts thereunder are herein defined as the "Construction Fund.")

*Section 3.2. Creation of Revenue Fund.* There is hereby created and ordered established with the Issuer a revenue fund in the name of the Issuer to be designated "City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Fund" (herein defined as the "Revenue Fund"). For accounting purposes, the Revenue Fund may be redesignated by different account names by the Issuer from time to time.

*Section 3.3. Creation of Bond Fund.* There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Bond Fund" (herein defined as the "Bond Fund").

*Section 3.4. Creation of Sinking Fund Account.* There is hereby created and ordered established in the custody of the Trustee as a separate account within the Bond Fund a special trust fund in the name of the Issuer to be designated "City of Washington Terrace, Weber County, Utah Sinking Fund Account" (herein defined as the "Sinking Fund Account").

*Section 3.5. Creation of Debt Service Reserve Fund.* There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Debt Service Reserve Fund" (herein defined as the "Debt Service Reserve Fund").

*Section 3.6. Creation of Reserve Instrument Fund.* There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Reserve Instrument Fund" (herein defined as the "Reserve Instrument Fund").

*Section 3.7. Creation of Repair and Replacement Fund.* There is hereby created and ordered established in the custody of the Issuer a special fund in the name of the Issuer to be designated "City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse

Collection Revenue Repair and Replacement Fund" (herein defined as the "Repair and Replacement Fund").

*Section 3.8. Creation of Rebate Fund.* There is hereby created and ordered established in the custody of the Trustee a special trust fund in the name of the Issuer to be designated "City of Washington Terrace, Weber County, Utah Water, Sewer and Refuse Collection Revenue Rebate Fund" (herein defined as the "Rebate Fund").

*Section 3.9. Creation of Funds.* Notwithstanding anything contained herein to the contrary, the Trustee need not create any of the funds or accounts referenced in this Article III until such funds or accounts shall be utilized as provided in a Supplemental Indenture authorizing a Series of Bonds. By Supplemental Indenture the Issuer may authorize the creation of additional funds and accounts within any funds.

#### ARTICLE IV

##### APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, the proceeds, including accrued interest and premium, if any, received from the sale of each Series of Bonds, shall be applied by the Issuer simultaneously with the delivery of such Bonds by the Trustee to the purchaser thereof, as follows:

- (a) The accrued interest, if any, shall be deposited in the Bond Fund;
- (b) The amount, if any, required to make the amount in the related Subaccount of the Debt Service Reserve Fund after such deposit equal to the Debt Service Reserve Requirement for such Series of Bonds, less the Reserve Instrument Coverage of all Reserve Instruments which are then in effect, shall be deposited into the Debt Service Reserve Fund; and
- (c) The balance of the moneys remaining after making all the deposits and payments provided for in Paragraphs (a) and (b) shall be paid into the appropriate account in the Construction Fund.

#### ARTICLE V

##### USE OF FUNDS

*Section 5.1. Use of Construction Fund.* (a) So long as an Event of Default shall not have occurred and be continuing and except as otherwise provided in a related Supplemental Indenture, moneys deposited in the appropriate account in the Construction Fund shall be paid out by the Trustee in order to pay the Cost of a Project, in each case within three Business Days (or within such longer period as is reasonably required to liquidate investments in the

Construction Fund if required to make such payment) after the receipt by the Trustee of a written requisition in substantially the form as Exhibit "A" attached hereto, stating the following:

(i) that the Trustee shall disburse sums in the manner specified by and at the direction of the Issuer to the person or entity designated in such written requisition, and that the amount set forth therein is justly due and owing and constitutes a Cost of a Project based upon audited, itemized claims substantiated in support thereof;

(ii) that the amount remaining in the applicable account in the Construction Fund after such disbursement is made, together with the amount of unencumbered Net Revenues, if any, which the Issuer reasonably estimates will be deposited in the applicable account in the Construction Fund during the period of construction of a Project from the investment of moneys on deposit in the applicable account in the Construction Fund, will, together with any other moneys lawfully available for payment of the Cost of a Project and after payment of the amount requested in said requisition, be sufficient to pay the Cost of Completion for a Project in accordance with the plans and specifications therefor then in effect; it being understood that no moneys from the applicable account in the Construction Fund may be expended unless, after giving effect thereto, the funds remaining in the applicable account in the Construction Fund, together with such other funds and income and lawfully available monies, are sufficient to pay the Cost of Completion for a Project.

(b) Upon receipt of such requisition, the Trustee shall pay the obligation set forth in such requisition out of moneys in the applicable account in the Construction Fund. In making such payments the Trustee may rely upon such requisition.

(c) The Issuer shall deliver to the Trustee, within 90 days after the completion of a Project, a certificate stating:

(i) that such Project has been fully completed in accordance with the plans and specifications therefor, as amended from time to time, and stating the date of completion for such Project; and

(ii) that the Issuer is of the opinion that such Project has been fully paid for and no claim or claims exist against the Issuer or against such Project out of which a lien based on furnishing labor or material exists or might ripen; *provided, however*, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the Issuer intends to contest such claim or claims, in which event such claim or claims shall be described to the Trustee.

(d) In the event the certificate filed with the Trustee pursuant to Paragraph (c) above shall state that there is a claim or claims in controversy which create or might ripen into a lien, there shall be filed with the Trustee a similar certificate when and as such claim or claims shall have been fully paid or otherwise discharged.

(e) The Trustee and the Issuer shall keep and maintain adequate records pertaining to each account within the Construction Fund and all disbursements therefrom.

(f) Unless otherwise specified in a Supplemental Indenture, upon completion of a Project and payment of all costs and expenses incident thereto and the filing with the Trustee of documents required by this Section 5.1, any balance remaining in the applicable account in the Construction Fund relating to such Project shall be deposited in the Bond Fund, to be applied, as directed by the Issuer, (i) toward the redemption of the Series of Bonds issued to finance such Project or (ii) to pay principal and/or interest next falling due with respect to such Series of Bonds.

(g) The Trustee shall, to the extent there are no other available funds held under the Indenture, use the remaining funds in the Construction Fund to pay principal and interest on the Bonds at any time in the event of a payment default hereunder.

*Section 5.2. Use of Revenue Fund.* All Revenues shall be accounted for and maintained by the Issuer in the Revenue Fund, which fund shall be kept separate and apart from all other accounts of the Issuer and which shall be expended and used by the Issuer only in the manner and order of priority specified below:

(a) As a first charge and lien on the Revenues, the Issuer shall cause to be paid from the Revenue Fund from time to time as the Issuer shall determine, all Operation and Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

(b) As a second charge and lien on the Revenues, *i.e.*, from the Net Revenues, the Issuer shall, on or before the first day of each month, transfer and deposit into the Bond Fund, from the Revenue Fund, an amount equal to:

(i) approximately one-sixth (or one-twelfth in the event the Supplemental Indenture provides that interest on the Bonds authorized thereunder is payable annually instead of semiannually) of the interest falling due on the Bonds on the next succeeding interest payment date established for the Bonds, *provided, however*, that in the event that less than six (or twelve, if applicable) months will transpire prior to the first interest payment date following the issuance of a Series of Bonds, the Issuer shall transfer an amount equal to a fraction the numerator of which is one and the denominator of which is the number of full months to transpire prior to such Interest Payment Date times the amount of interest falling due on the Bonds on the next succeeding interest payment date established for the Bonds; plus

(ii) approximately one-twelfth of the principal and premium and Sinking Fund Installments, if any, falling due on the next succeeding interest payment date established for the Bonds on which principal is due, *provided, however*, that in the event principal on a Series of Bonds is due on the first Interest Payment Date following the issuance of such Series, the Issuer shall

deposit an amount equal to a fraction the numerator of which is one and the denominator of which is the number of full months to transpire prior to such Interest Payment Date times the amount of principal and premium and Sinking Fund Installment, if any, due on such Interest Payment Date.

(In lieu of monthly payments, a Supplemental Indenture may provide for semiannual payments to the Bond Fund, in which case the date of payment to the Trustee of an amount equal to the principal of, premium, if any, and interest falling due on the Bonds on the next succeeding Interest Payment Date shall be not less than fifteen days prior to said Interest Payment Date.)

(c) As a third charge and lien on the Net Revenues, the Issuer shall make the following monthly deposits:

(i) To the extent the Debt Service Reserve Requirement is not funded with a Reserve Instrument or Instruments, to the Debt Service Reserve Fund any amounts required hereby and by any Supplemental Indenture to accumulate therein the Debt Service Reserve Requirement at the times and in the amounts provided herein and in any Supplemental Indenture, or a ratable portion (based on the amount to be transferred pursuant to Subparagraph (ii) of this Paragraph) of remaining Net Revenues if less than the amount necessary. Moneys in the Debt Service Reserve Fund shall be used only to prevent deficiencies in the payment of the principal of or interest on the Bonds resulting from a failure to deposit into the Bond Fund sufficient funds to pay debt service and Sinking Fund Installments on the Bonds. If funds shall have been withdrawn from the Debt Service Reserve Fund to pay debt service or Sinking Fund Installments, the Issuer shall deposit Net Revenues in the Debt Service Reserve Fund sufficient in amount to restore such moneys so withdrawn within one year with twelve (12) substantially equal payments during such one-year period. Moneys in each account in the Debt Service Reserve Fund shall be used only to prevent deficiencies in the payment of the principal of or interest on the applicable Series of Bonds for which such account was created.

(ii) Equally and ratably to the Reserve Instrument Fund, with respect to all Reserve Instruments which are in effect and are expected to continue in effect after the end of such month, such amount of the remaining Net Revenues, or a ratable portion (based on the amount to be transferred pursuant to Subparagraph (i) of this Paragraph) of the amount so remaining if less than the amount necessary, that is required to be paid, on or before the next such monthly transfer or deposit of Net Revenues into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, in order to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit.

(d) As a fourth charge and lien on the Net Revenues, the Issuer shall deposit in the Repair and Replacement Fund any amount required hereby and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding (or, after the issuance of

Additional Bonds, the amount required to be on deposit therein), from time to time, the Issuer shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Net Revenues of the System after payments required by Paragraphs (a), (b) and (c) above have been made, and other legally available moneys, until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. Subject to the provisions of the following Paragraph, this provision is not intended to limit, and shall not limit, the right of the Issuer to deposit additional moneys in the Repair and Replacement Fund from time to time as the Issuer may determine.

(e) Subject to making the foregoing deposits, the Issuer shall use the balance of the Net Revenues accounted for in the Revenue Fund for:

- (i) redemption of Bonds for cancellation prior to maturity by depositing the same into the Bond Fund;
- (ii) refinancing, refunding, or advance refunding of any Bonds; or
- (iii) for any other lawful municipal purpose.

*Section 5.3. Use of Bond Fund.* (a) The Trustee shall make deposits, as and when received, as follows:

- (i) the amounts provided for by Paragraph (a) of Article IV hereof shall be deposited into the Bond Fund;
- (ii) all moneys payable by the Issuer as specified in Section 5.2(b) hereof shall be deposited into the Bond Fund in the order named;
- (iii) any amount in the Construction Fund which shall be transferred to the Bond Fund to the extent required by Section 5.1(f) hereof upon completion of a Project;
- (iv) all moneys transferred to the Bond Fund from the Debt Service Reserve Fund or from a Reserve Instrument or Instruments then in effect as provided in Section 5.5 hereof; and
- (v) all other moneys received by the Trustee hereunder when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund, shall be deposited into the Bond Fund.

(b) Except as provided in Section 7.4 hereof and as provided in this Section and except as otherwise provided by Supplemental Indenture, moneys in the Bond Fund shall be expended solely for the following purposes and in the following order of priority:

- (i) the payment of principal of (including Sinking Fund Installments) and interest on the Bonds as the same become due; and

(ii) the payment of principal and interest accrued, if any, on the Bonds as the same become due upon redemption prior to maturity and such payments and redemption of Bonds in advance of their maturity shall be accounted for separately by the Trustee from the payments made by the Trustee pursuant to Subparagraph (i) of this Paragraph (b).

The Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and any paying agent for the purpose of paying said principal and interest.

(c) After payment in full of the principal of and interest on all Bonds issued hereunder (or after provision has been made for the payment thereof as provided herein so that such Bonds are no longer Outstanding); all outstanding Reserve Instrument Repayment Obligations in accordance with their respective terms; and the fees, charges and expenses of the Trustee, any paying agent and any other amounts required to be paid hereunder and under any Reserve Instrument Agreement; all amounts remaining in the Bond Fund shall be paid to the Issuer.

*Section 5.4. Use of Sinking Fund Account.* (a) The Trustee shall apply moneys in the Sinking Fund Account to the retirement of any Term Bonds required to be retired by operation of the Sinking Fund Account under the provisions of and in accordance with the Supplemental Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental Indenture or, at the direction of the Issuer, purchase of such Term Bonds in the open market prior to the date on which notice of the redemption of such Term Bonds is given pursuant hereto, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond Fund other than those in the Sinking Fund Account).

(b) On the maturity date of any Term Bonds, the Trustee shall apply the moneys on hand in the Sinking Fund Account for the payment of the principal of such Term Bonds.

(c) Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, amounts accumulated in the Bond Fund with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) shall, if so directed by the Issuer in a written request not less than 30 days before the due date of such Sinking Fund Installment, be applied by the Trustee to (1) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, (2) the redemption at the applicable sinking fund redemption price of such Bonds, if then redeemable by their terms, or (3) any combination of (1) and (2). All purchases of any Bonds pursuant to this subsection (c) shall be made at prices not exceeding the applicable sinking fund redemption price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Issuer shall direct the Trustee. The applicable sinking fund Redemption Price (or Principal amount of maturing bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Fund until such Sinking Fund Installment date for the purpose of calculating the amount of such Fund. As soon as practicable after the 60th day preceding the due date of any such Sinking Fund Installment, the

Trustee shall proceed to call for redemption on such due date, by giving notice as required by the Indenture, Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall payout of the Bond Fund to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment).

*Section 5.5. Use of Debt Service Reserve Fund.* Except as otherwise provided in this Section and Section 5.2(c) and subject to the immediately following sentence, moneys in the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the Debt Service Reserve Requirement. In calculating the amount on deposit in the Debt Service Reserve Fund, the amount of the Reserve Instrument Coverage will be treated as an amount on deposit in the Debt Service Reserve Fund. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify that the incremental increase, if any, in the Debt Service Reserve Requirement resulting from the issuance of such Series shall either be (i) deposited immediately upon the issuance and delivery of such Series from (a) proceeds from the sale thereof or from any other legally available source, or (b) by a Reserve Instrument or Instruments, or (c) any combination thereof, or (ii) deposited from available Net Revenues over a period not to exceed five years from the date of such issuance and delivery of such Series in not to exceed 60 equal monthly installments, or (iii) deposited from any combination of (i) and (ii) above. Funds on deposit in any Subaccount of the Debt Reserve Fund shall be used to make up any deficiencies in the Bond Fund only for each related Series of Bonds. If at any time the amount on deposit in any Subaccount of the Debt Service Reserve Fund is less than the minimum amount to be maintained therein under this Section, the Issuer, under Section 5.2(c) hereof, is required to make payment, within one year from the date such deficiency arises, directly to the Trustee for deposit into the Debt Service Reserve Fund, the amount of any such deficiency.

In the event funds on deposit in the Debt Service Reserve Fund are needed to make up any deficiencies in the Bond Fund as aforementioned, and there is insufficient cash available in the Debt Service Reserve Fund to make up such deficiency and Reserve Instruments are in effect, the Trustee shall immediately make a demand for payment on all Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof into the Bond Fund. Thereafter, the Issuer shall be obligated to reinstate the Reserve Instrument as provided in Section 5.2(c)(ii) herein.

No Reserve Instrument shall be allowed to expire or terminate unless and until cash has been deposited into the Debt Service Reserve Fund, or a new Reserve Instrument has been issued in place of the expiring or terminating Reserve Instrument, or any combination thereof in an amount or to provide coverage, as the case may be, at least equal to the amount required to be maintained in the Debt Service Reserve Fund.

Funds at any time on deposit in the Debt Service Reserve Fund in excess of the amount required to be maintained therein (taking into account the amount of Reserve Instrument Coverage) may at any time be transferred to the Bond Fund.

Amounts on deposit in any subaccount of the Debt Service Reserve Fund shall only be used to make up a deficiency in the Bond Fund with respect to the related Series of Bonds.

*Section 5.6. Use of Reserve Instrument Fund.* There shall be paid into the Reserve Instrument Fund the amounts required hereby and by a Supplemental Indenture to be so paid. The amounts in the Reserve Instrument Fund shall, from time to time, be applied by the Trustee on behalf of the Issuer to pay the amounts which are due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

*Section 5.7. Use of Repair and Replacement Fund.* All moneys in the Repair and Replacement Fund may be drawn on and used by the Issuer for the purpose of (a) paying the cost of unusual or extraordinary maintenance or repairs of the System; (b) paying the costs of any renewals, renovation, improvements, expansion or replacements to the System; and (c) paying the cost of any replacement of lines, equipment and other related facilities, to the extent the same are not paid as part of the ordinary and normal expense of the operation of the System.

Funds shall be deposited monthly from available Net Revenues in such amounts as may be required from time to time by each Supplemental Indenture until the Repair and Replacement Fund has an amount equivalent to the Repair and Replacement Requirement. Any deficiencies below the Repair and Replacement Requirement shall be made up from Net Revenues of the System available for such purposes. Funds at any time on deposit in the Repair and Replacement Fund in excess of the amount required to be maintained therein may, at any time, be transferred to the Issuer for any lawful purpose.

*Section 5.8. Use of Rebate Fund.* (a) The Trustee shall establish and thereafter maintain, so long as the Bonds are Outstanding, a Rebate Fund, which shall be held separate and apart from all other funds and accounts established under this Indenture and from all other moneys of the Trustee.

(b) All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee free and clear of the lien of the Indenture. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of Rebatable Arbitrage for all series of Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebatable Arbitrage is determined, less amounts of Rebatable Arbitrage theretofore paid to the United States for all series of Bonds, the Trustee shall, upon the Issuer's request, withdraw from the Rebate Fund and pay to the Issuer an amount not to exceed such excess.

(c) The Issuer shall determine the amount of Rebatable Arbitrage and the corresponding Required Rebate Deposit with respect to each Series of Bonds on each applicable Rebate Calculation Date. The Issuer shall retain records of all such determinations until six years after the retirement of the last Bond of a Series to which such records pertain. The Issuer

shall deposit into the Rebate Fund the Required Rebate Deposit, if any, with respect to each Series of Bonds (or instruct the Trustee to transfer to the Rebate Fund moneys representing such Required Rebate Deposit from the Funds and Accounts held under the Indenture other than the Rebate Fund). The Issuer shall instruct the Trustee to withdraw from the Rebate Fund and pay over to the United States Government with respect to each Series of Bonds: (1) not less frequently than once each five years commencing no later than 60 days after the first Rebate Calculation Date for such Series of Bonds and upon each fifth anniversary of such date, an amount which when added to all previous rebate payments made with respect to such Series of Bonds equals 90% of the sum of the Rebatable Arbitrage pertaining to such Series of Bonds plus the amount, if any, of Rebatable Arbitrage theretofore paid to the United States with respect to such Series of Bonds, and (2) not later than 60 days after the retirement of the last Bond of such Series, 100% of the Rebatable Arbitrage with respect to such Series. The determination of Rebatable Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Issuer from the Rebate Fund pursuant to the Indenture must be verified in writing by an independent public accountant or other qualified professional.

(d) The Trustee shall, at least 60 days prior to each Rebate Calculation Date, notify the Issuer of the requirements of this Section. By agreeing to give this notice, the Trustee assumes no responsibility whatsoever for compliance by the Issuer with the requirements of Section 148 of the Code or any successor. The Issuer expressly agrees that (notwithstanding any other provision of the Indenture) any failure of the Trustee to give any such notice, for any reason whatsoever, shall not cause the Trustee to be responsible for any failure of the Issuer to comply with the requirements of said Section 148 or any successor thereof.

(e) The Trustee, on behalf of the Issuer, shall keep and retain, until the date six years after the retirement of the last of the Bonds of each series, records with respect to each series of the Bonds and the investment and expenditure of proceeds thereof to comply with the aforementioned arbitrage rebate requirements, including without limitation a complete list of all investments and reinvestments of proceeds of each series of the Bonds. For purposes of the computation required by above, the Trustee shall, upon request, furnish to the Issuer all information in the Trustee's control which is necessary for such computations.

(f) The Issuer hereby covenants and agrees that it will not enter, and will not cause the Trustee to enter into, any transaction or cause any transaction to be entered into with respect to the investment of proceeds of the Bonds, or otherwise, which reduces the amount which may be required to be paid to the United States pursuant to the arbitrage rebate requirements specified hereinabove, because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on each series of the Bonds not been relevant to either party.

(g) The provisions of this Section may be amended or deleted, with respect to any or all series of the Bonds, from this Indenture upon receipt by the Issuer and the Trustee of an opinion of nationally recognized bond counsel that such amendment or deletion will not adversely affect the exclusion from gross income of interest on the Bonds.

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*Section 5.9. Investment of Funds.* All moneys in the Bond Fund, the Construction Fund, the Reserve Instrument Fund or the Debt Service Reserve Fund may, at the discretion and authorization of the Issuer, be invested by the Trustee in Qualified Investments. All moneys in the Rebate Fund may, at the discretion and authorization of the Issuer, be invested by the Trustee in Government Obligations. Such investments shall be held by the Trustee, and when the Trustee determines it necessary to use the moneys in the Funds for the purposes for which the Funds were created, it shall, at the discretion of the Issuer, liquidate at prevailing market prices as much of the investments as may be necessary and apply the proceeds to such purposes. All income derived from the investment of the Construction Fund, Bond Fund, the Reserve Instrument Fund and Rebate Fund shall be maintained in said respective Funds and disbursed along with the other moneys on deposit therein as herein provided. All income derived from the investment of the Debt Service Reserve Fund shall be disbursed in accordance with Section 5.5 hereof.

The Issuer may invest the amounts on deposit in the Revenue Fund and the Repair and Replacement Fund as permitted by applicable law.

In the event the Issuer shall be advised by nationally recognized municipal bond counsel that it is necessary to restrict or limit the yield on the investment of any moneys paid to or held by the Trustee in order to avoid the Bonds, or any Series thereof, being considered "arbitrage bonds" within the meaning of the Code or the Treasury Regulations proposed or promulgated thereunder, or to otherwise preserve the exclusion of interest payable or paid on any Bonds from gross income for federal income tax purposes, the Issuer may require the Trustee to take such steps as it may be advised by such counsel are necessary so to restrict or limit the yield on such investment, irrespective of whether the Trustee shares such opinion, and the Trustee agrees that it will take all such steps as the Issuer may require.

*Section 5.10. Trust Funds.* All moneys and securities received by the Trustee under the provisions of this Indenture shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the State or any political subdivision, body, agency, or instrumentality thereof or of the Issuer and shall not be subject to appropriation by any legislative body or otherwise. Such moneys and securities shall be held in trust and applied in accordance with the provisions hereof. Except as provided otherwise in Section 5.8 hereof, unless and until disbursed pursuant to the terms hereof, all such moneys and securities (and the income therefrom) shall be held by the Trustee as security for payment of the principal, premium, if any, and interest on the Bonds and the fees and expenses of the Trustee payable hereunder.

*Section 5.11. Method of Valuation and Frequency of Valuation.* In computing the amount in any fund or account, Qualified Investments shall be valued at cost, exclusive of accrued interest. With respect to all funds and accounts, valuation shall occur annually, except in the event of a withdrawal from the Debt Service Reserve Fund, whereupon securities shall be valued immediately after such withdrawal.

## ARTICLE VI

### GENERAL COVENANTS

*Section 6.1. General Covenants.* The Issuer hereby covenants and agrees with each and every Registered Owner of the Bonds issued hereunder and Reserve Instrument Provider as follows:

(a) While any of the principal of or interest on the Bonds are outstanding and unpaid, or any Reserve Instrument Repayment Obligations are outstanding, the rates including connection fees, for all services supplied by the System to the Issuer and to its inhabitants and to all customers within or without the boundaries of the Issuer, shall be sufficient to pay the Operation and Maintenance Expenses for the System and to provide Net Revenues for each Bond Fund Year of not less than 125% of the Aggregate Annual Debt Service Requirement for the forthcoming year, plus an amount sufficient to fund the Debt Service Reserve Fund in the time, rate and manner specified in the Indenture, or if a Reserve Instrument shall be in effect with respect to any of the Bonds Outstanding, the Reserve Instrument Repayment Obligations which the Issuer anticipates will be due and payable for the forthcoming year (the "*Rate Covenant Requirement*"); *provided, however,* that such rates must be reasonable rates for the type, kind and character of the service rendered. The Issuer agrees that should its annual financial statement for the prior fiscal year made in accordance with the provisions of Section 6.1(d) disclose that, during the period covered by such financial statement, the Net Revenues were not at least equal to the Rate Covenant Requirement, the Issuer shall not be in default with respect to the foregoing covenant if, within 90 days after the date of such financial statement the Issuer revises the schedule of rates, charges and fees insofar as is practicable and revises Operation and Maintenance Costs so as to produce Net Revenues at least equal to the Rate Covenant Requirement.

(b) The Issuer will maintain the System in good condition and operate the same in an efficient manner.

(c) Each Registered Owner and Reserve Instrument Provider shall have a right, in addition to all other rights afforded it by the laws of the State, to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the Issuer to charge or collect reasonable rates for services supplied by the System sufficient to meet all requirements hereof and of any applicable Reserve Instrument Agreement.

(d) So long as any principal and interest payments of the Bonds are Outstanding, or any Reserve Instrument Repayment Obligations are outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each Registered Owner and Reserve Instrument Provider, or any duly authorized agent or agents thereof shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System. Except as

otherwise provided herein, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Bond Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the System, and that such audit will be available for inspection by each Registered Owner and Reserve Instrument Provider.

All expenses incurred in compiling the information required by this Section shall be regarded and paid as an Operation and Maintenance Expense.

*Section 6.2. First Lien Bonds; Equality of Liens.* The Bonds constitute an irrevocable first lien (but not necessarily an exclusive first lien) upon the Net Revenues. The Issuer covenants that the Bonds and any parity securities hereafter authorized to be issued and from time to time outstanding are equitably and ratably secured by a first lien on the Net Revenues and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the Bonds and any other such securities, it being the intention of the Issuer that there shall be no priority among the Bonds and any such additional parity first lien securities regardless of the fact that they may be actually issued and delivered at different times.

Any assignment or pledge from the Issuer to a Reserve Instrument Provider of (i) proceeds of the issuance and sale of Bonds, (ii) Net Revenues, or (iii) Funds established hereby, including investments, if any, thereof, is and shall be subordinate to the assignment and pledge effected hereby to the Registered Owners of the Bonds.

*Section 6.3. Payment of Principal and Interest.* The Issuer covenants that it will punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder, and any Reserve Instrument Repayment Obligations, in strict conformity with the terms of the Bonds, this Indenture and any Reserve Instrument Agreement, according to the true intent and meaning hereof and thereof. The principal of and interest on the Bonds and any Reserve Instrument Repayment Obligations are payable solely from the Net Revenues (except to the extent paid out of moneys attributable to Bond proceeds or other funds created hereunder or the income from the temporary investment thereof), which payments are hereby specifically pledged and assigned to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds, this Indenture or any Reserve Instrument Agreement should be considered as pledging any other funds or assets of the Issuer for the payment of the Bonds or any Reserve Instrument Repayment Obligations except for the Net Revenues pledged for such purpose hereunder.

*Section 6.4. Performance of Covenants; Issuer.* The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained herein, and in any and every Bond and Reserve Instrument Agreement executed, authenticated and delivered hereunder. The Issuer represents that it is duly authorized under the Constitution of the State to issue the Bonds authorized hereby and to execute this Indenture, that all actions on its part for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken, and that the Bonds in the hands of the Registered

Owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

*Section 6.5. List of Bondholders.* The Trustee will keep on file at its principal office a list of the names and addresses of the Registered Owners of all Bonds which are from time to time registered on the registration books in the hands of the Trustee as Registrar for the Bonds. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Issuer or by the Registered Owners (or a designated representative thereof) of 10% or more in principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative to be evidenced to the reasonable satisfaction of the Trustee.

*Section 6.6. Designation of Additional Paying Agents.* The Issuer hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate paying agents, if any, and for the making available of funds hereunder, but only to the extent such funds are made available to the Issuer from Bond proceeds or other Funds created hereunder or the income from the temporary investment thereof, for the payment of such of the Bonds as shall be presented when due at the principal corporate trust office of the Trustee, or its successor in trust hereunder, or at the principal corporate trust office of said alternate paying agents.

*Section 6.7. Tax Exemption of Bonds.* The Issuer recognizes that Section 149(a) of the Code requires bonds to be issued and to remain in fully registered form in order that interest thereon not be includible in gross income for purposes of federal income taxation under laws in force at the time the bonds are delivered. Bonds issued pursuant to this Indenture, the interest on which is not includible in gross income for federal income tax purposes, are referred to in this Section 6.7 as "tax-exempt Bonds." Pursuant to the provisions thereof, the Issuer agrees that it will not take any action to permit tax-exempt Bonds issued hereunder to be issued in, or converted into, bearer or coupon form, unless the Issuer first receives an opinion from nationally recognized bond counsel that such action will not result in the interest on any Bonds becoming includible in gross income for purposes of federal income taxes then in effect.

The Issuer's Mayor and City Recorder are hereby authorized and directed to execute such certificates as shall be necessary to establish that tax-exempt Bonds issued hereunder are not "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations promulgated or proposed thereunder, including Treasury Regulation Sections 1.148-1 through 1.148-11, 1.149 and 1.150-1 through 1.150-2 as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Issuer covenants and certifies to and for the benefit of the Registered Owners of such Bonds that no use will be made of the proceeds of the issue and sale of such Bonds, or any funds or accounts of the Issuer which may be deemed to be available proceeds of such Bonds, pursuant to Section 148 of the Code and applicable regulations (proposed or promulgated) which use, if it had been reasonably expected on the date of issuance of such Bonds, would have caused the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. Pursuant to this covenant, the Issuer obligates itself to comply throughout the term of such Bonds with the requirements of Section 148 of the Code and the regulations proposed or promulgated thereunder.

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

*Section 6.8. Expeditious Construction.* The Issuer shall complete the acquisition and construction of each Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

*Section 6.9. Management of System.* The Issuer, in order to assure the efficient management and operation of the System and to assure each Registered Owner and Reserve Instrument Provider from time to time that the System will be operated on sound business principles, will employ competent and experienced management for the System, will use its best efforts to see that the System is at all times operated and maintained in first-class repair and condition and in such manner that the operating efficiency thereof shall be of the highest character.

*Section 6.10. Use of Legally Available Moneys.* Notwithstanding any other provisions hereof, nothing herein shall be construed to prevent the Issuer from (i) paying all or any part of the Operation and Maintenance Expenses from any funds available to the Issuer for such purpose, (ii) depositing any funds available to the Issuer for such purpose in any account in the Bond Fund for the payment of the interest on, premium, if any, or the principal of any Bonds issued under provisions hereof or for the redemption of any such Bonds, or (iii) depositing any funds available to the Issuer for such purpose in the Reserve Instrument Fund for the payment of any amounts payable under any applicable Reserve Instrument Agreement.

*Section 6.11. Payment of Taxes.* The Issuer covenants that all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon the System or upon any part thereof or upon any income therefrom will be paid when the same shall become due, that no lien or charge upon the System or any part thereof or upon any Revenues thereof, except for the lien and charge thereon created hereunder and securing the Bonds, will be created or permitted to be created ranking equally with or prior to the Bonds (except for the parity lien thereon of Additional Bonds issued from time to time hereunder and under Supplemental Indentures hereto), and that all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or upon the Revenues thereof will be paid or discharged, or adequate provision will be made for the payment or discharge of such claims and demands within 60 days after the same shall accrue; *provided, however,* that nothing in this Section contained shall require any such lien or charge to be paid or discharged or provision made therefor so long as the validity of such lien or charge shall be contested in good faith and by appropriate legal proceedings.

*Section 6.12. Insurance.* The Issuer, in its operation of the System, will self-insure or carry insurance, including, but not limited to, workmen's compensation insurance and public liability insurance, in such amounts and to such extent as is normally carried by others operating public utilities of the same type. The cost of such insurance shall be considered an Operation and Maintenance Expense of the System. In the event of loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged. Any remainder shall be paid into the Bond Fund.

*Section 6.13. Instruments of Further Assurance.* The Issuer and the Trustee mutually covenant that they will, from time to time, each upon the written request of the other, execute and deliver such further instruments and take or cause to be taken such further actions as may be reasonable and as may be required by the other to carry out the purposes hereof; *provided, however,* that no such instruments or action shall involve any personal liability of the Trustee or members of the governing body of the Issuer or any official thereof.

*Section 6.14. Covenant Not to Sell.* The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until all principal of and interest on the Bonds, and all Reserve Instrument Repayment Obligations, have been paid in full, except that the Issuer may sell any portion of said property which shall have been replaced by other property of at least equal value, or which shall cease to be necessary for the efficient operation of the System, *provided, however,* that in the event of any sale as aforesaid, the proceeds of such sale shall be paid into the Bond Fund.

*Section 6.15. Billing Procedure.* The Issuer shall submit a monthly billing for services rendered to persons who are liable for the payment of charges for such services, and shall require that each such bill be paid in full as a unit, and refuse to permit payment of a portion without payment of the remainder. Any bill not paid within thirty (30) days from the date it is mailed to the customer shall be deemed delinquent. The Issuer hereby agrees that if any bill remains delinquent for more than sixty (60) days, it will initiate proceedings to cause all service to the user concerned to be cut off immediately.

## ARTICLE VII

### EVENTS OF DEFAULT; REMEDIES

*Section 7.1. Events of Default.* Each of the following events is hereby declared an "Event of Default":

(a) if payment of any installment of interest on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable, or

(b) if payment of the principal of or the redemption premium, if any, on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund hereunder or otherwise; or

*Section 7.2. Remedies; Rights of Registered Owners.* Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding or to enforce any obligations of the Issuer hereunder.

If an Event of Default shall have occurred, and if requested so to do by Registered Owners of 51% in aggregate principal amount of the Bonds then Outstanding and indemnified as provided in Section 8.1 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Registered Owners.

No remedy by the terms hereof conferred upon or reserved to the Trustee (or to the Registered Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Registered Owners hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Registered Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

*Section 7.3. Right of Registered Owners to Direct Proceedings.* Anything herein to the contrary notwithstanding, the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions hereof, or for the appointment of a receiver or any other proceedings hereunder; *provided*, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

*Section 7.4. Application of Moneys.* All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund shall be applied in the following order:

(a) To the payment of the principal of, premium, if any, and interest then due and payable on the Bonds as follows:

(i) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST—To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND—To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions hereof), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(iii) To the payment of all obligations then due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amounts of such moneys available for such application and the likelihood of additional moneys becoming available for such application in the future; *provided, however,* that the discretion of the Trustee to apply moneys shall not permit the Trustee to fail to liquidate investments in the Bond Fund and the Debt Service Reserve Fund and apply amounts credited to such funds to the payment of debt service on the dates it is due. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such dates shall cease to accrue.

*Section 7.5. Remedies Vested in Trustee.* All rights of action (including the right to file proof of claims) hereunder or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings related thereto and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the Registered Owners of the Outstanding Bonds.

*Section 7.6. Rights and Remedies of Registered Owners.* Except as provided in the last sentence of this Section, no Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless an Event of Default has occurred of which the Trustee has been notified as provided in Section 8.1(g), or of which by said Section it is deemed to have notice, nor unless also Registered Owners of 51% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 8.1 hereof nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its, his or their own name or names. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trust hereof, and to any action or cause of action for the enforcement hereof, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Registered Owner of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien hereof by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Bonds then Outstanding. Nothing herein contained shall, however, affect or impair the right of any Registered Owner to enforce the covenants of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder held by such Registered Owner at the time, place, from the source and in the manner in said Bonds expressed.

*Section 7.7. Termination of Proceedings.* In case the Trustee shall have proceeded to enforce any right hereunder by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

*Section 7.8. Waivers of Events of Default.* Subject to Section 8.1(g) hereof, the Trustee may in its discretion waive any Event of Default hereunder and its consequences and shall do so upon the written request of the Registered Owners of (a) a majority in aggregate principal amount of all the Bonds then outstanding in respect of which Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding in the case of any other Event of Default; *provided, however,* that there shall not be waived

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(i) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

*Section 7.9. Cooperation of Issuer.* In the case of any Event of Default hereunder, the Issuer shall cooperate with the Trustee and use its best efforts to protect the Registered Owners.

## ARTICLE VIII

### THE TRUSTEE

*Section 8.1. Acceptance of the Trusts.* The Trustee accepts the trusts imposed upon it hereby, and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, but no implied covenants or obligations shall be read into this Indenture against the Trustee.

(a) The Trustee may execute any of the trusts or powers thereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of counsel. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer; but the Trustee may require of the Issuer full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property herein conveyed. The Trustee shall not be responsible or liable for any loss suffered in

connection with any investment of funds made by it in accordance with the provisions hereof.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder, except as specifically set forth herein. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant hereto upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by its Mayor and attested by its City Recorder as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in Paragraph (g) of this Section, or of which by said Paragraph it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the City Recorder of the Issuer under its seal to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder, except an Event of Default described in Section 7.1(a) or (b), unless the Trustee shall be specifically notified in writing of such Default by the Issuer or by the Registered Owners of at least 25% in the aggregate principal amount of any Series of the Bonds then Outstanding and all notices or other instruments required hereby to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid.

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(h) At any and all reasonable times and upon reasonable prior written notice, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect all books, papers and records of the Issuer pertaining to the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) Notwithstanding anything elsewhere herein contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview hereof, any showing, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the trustee.

(k) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(l) If any Event of Default hereunder shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it hereby and shall use the same degree of care as a prudent man would exercise or use in the circumstances in the conduct of his own affairs.

(m) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Bondholders or Reserve Instrument Providers, pursuant to the provisions of this Indenture, unless such Bondholders or Reserve Instrument Providers shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(n) The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture or any supplement hereto.

*Section 8.2. Fees, Charges and Expenses of Trustee.* The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its services rendered as Trustee hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and Registrar for the Bonds as hereinabove provided. Upon an Event of Default, but only upon an Event of

Default, the Trustee shall have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs and expenses incurred.

*Section 8.3. Notice to Registered Owners If Event of Default Occurs.* If an Event of Default occurs of which the Trustee is by Section 8.1(g) hereof required to take notice or if notice of Default be given as in said Section provided, then the Trustee shall give written notice thereof by registered or certified mail to all Registered Owners of all Bonds then Outstanding shown on the registration books of the Bonds kept by the Trustee as Registrar for the Bonds.

*Section 8.4. Intervention by Trustee.* In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interest of Registered Owners of the Bonds, the Trustee may intervene on behalf of such Owners and shall do so if requested in writing by the Registered Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction,

*Section 8.5. Successor Trustee.* Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed of conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

*Section 8.6. Resignation by the Trustee.* The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving written notice to the Issuer, served personally or by registered mail, and by registered or certified mail to each Reserve Instrument Provider and Registered Owner of Bonds then Outstanding, and such resignation shall take effect upon the appointment of a successor Trustee by the Registered Owners or by the Issuer as provided in Section 8.8 hereof; *provided, however,* that if no successor Trustee has been appointed within 60 days of the date of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it deems proper and prescribes, appoint a successor Trustee.

*Section 8.7. Removal of the Trustee.* The Trustee may be removed at any time, by an instrument or concurrent instruments (i) in writing delivered to the Trustee, and signed by the Issuer, unless there exists any Event of Default, or (ii) in writing delivered to the Trustee and the Issuer, and signed by the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding if an Event of Default exists; *provided* that such instrument or instruments concurrently appoint a successor Trustee meeting the qualifications set forth herein.

*Section 8.8. Appointment of Successor Trustee; Temporary Trustee.* In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Issuer (or, if an Event of Default exists, by the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorneys in fact, duly authorized; *provided, nevertheless*, that in case of such vacancy the Issuer by an instrument executed by its Mayor and attested by its City Recorder under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Registered Owners in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Registered Owners). Every successor Trustee appointed pursuant to the provisions of this Section or otherwise shall be a trust company or bank in good standing having a reported capital and surplus of not less than \$50,000,000.

Each Reserve Instrument Provider shall be notified immediately upon the resignation or termination of the Trustee and provided with a list of candidates for the office of successor Trustee.

*Section 8.9. Concerning Any Successor Trustee.* Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of the successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed or recorded by the successor Trustee in each recording office, if any, where the Indenture shall have been filed or recorded.

*Section 8.10. Trustee Protected in Relying upon Indenture, Etc.* The indentures, opinions, certificates and other instruments provided for herein may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

*Section 8.11. Successor Trustee; Paying Agent and Bond Registrar.* In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be Trustee, Registrar and Paying Agent hereunder, and the successor Trustee shall become such Trustee, Registrar and Paying Agent for the Bonds.

*Section 8.12. Trust Estate May Be Vested in Separate or Co-Trustee.* It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation hereunder, and in particular in case of the enforcement of remedies on Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies herein granted to the Trustee or hold title to the trust estate, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended hereby to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vested in such separate or co-trustee, but only to the extent necessary to enable the separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request of such trustee or co-trustee, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

*Section 8.13. Annual Accounting.* The Trustee shall prepare an annual accounting for each Bond Fund Year by the end of the month following each such Bond Fund Year showing in reasonable detail all financial transactions relating to the funds and accounts held by the Trustee hereunder during the accounting period and the balance in any funds or accounts created hereby as of the beginning and close of such accounting period, and shall mail the same to the Issuer, and to each Reserve Instrument Provider requesting the same. The Trustee shall also make available for inspection by any Registered Owner a copy of said annual accounting (with the names and addresses of Registered Owners receiving payment of debt service on the Bonds deleted therefrom) and shall mail the same if requested in writing to do so by Registered Owners of at least 25% in aggregate principal amount of Bonds then Outstanding to the designee of said Owners specified in said written request at the address therein designated. On or before the end

of the month following each Bond Fund Year, the Trustee shall, upon written request, provide to the Issuer and the Issuer's independent auditor representations as to the accuracy of the facts contained in the financial reports that were delivered by the Trustee during the Bond Fund Year just ended.

*Section 8.14. Indemnification.* Subject to the provisions of Section 8.1(a) of this Indenture, the Issuer shall indemnify and save Trustee harmless against any liabilities it may incur in the exercise and performance of its powers and duties hereunder, other than those due to its own negligence or willful misconduct.

*Section 8.15. Trustee's Right to Own and Deal in Bonds.* The bank or trust company acting as Trustee under this Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by this Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee under this Indenture.

## ARTICLE IX

### SUPPLEMENTAL INDENTURES

*Section 9.1. Supplemental Indentures Not Requiring Consent of Registered Owners or Reserve Instrument Providers.* The Issuer and the Trustee may, without the consent of, or notice to, any of the Registered Owners or Reserve Instrument Providers, enter into an indenture or indentures supplemental hereto, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) To provide for the issuance of the Initial Bonds or the Additional Bonds in accordance with the provisions of Section 2.13 hereof;
- (b) To cure any ambiguity or formal defect or omission herein;
- (c) To grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or any of them which shall not adversely affect the interests of any Reserve Instrument Providers;
- (d) To subject to this Indenture additional Revenues or other revenues, properties, collateral or security;
- (e) To make any other change hereto which, in the judgment of the Trustee, is not materially prejudicial to the interests of the Registered Owners, the Trustee or any Reserve Instrument Provider;
- (f) To provide for the appointment of a successor Trustee, a Paying Agent, a separate or co-trustee, or Registrar;

(g) If the Bonds affected by such change are rated by a rating agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected, provided that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the related Security Instrument Issuer;

(h) To provide for Security Instrument Repayment Obligations to be paid on a parity with principal of and interest on the Bonds or to provide for Security Instrument Issuers to be subrogated to the rights of the Bondholders to the extent that Bonds payments are made pursuant to the respective Security Instruments; and

(i) if the Bonds affected by such change are secured by a Security Instrument, to make any change approved in writing by the related Security Instrument Issuer.

*Section 9.2. Supplemental Indentures Requiring Consent of Registered Owners and Reserve Instrument Providers; Waivers and Consents by Registered Owners.* Exclusive of Supplemental Indentures covered by Section 9.1 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Registered Owners of 66-2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to (i) consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein or in any Supplemental Indenture, or (ii) waive or consent to the taking by the Issuer of any action prohibited, or the omission by the Issuer of the taking of any action required, by any of the provisions hereof or of any indenture supplemental hereto; *provided, however*, that nothing in this Section contained shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bond, without the consent of the Registered Owner of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by any Fund established hereunder applicable to any Bonds without the consent of the Registered Owners of all the Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Bonds, the Registered Owners of which are required to consent to any such waiver or Supplemental Indenture, or (d) affect the rights of the Registered Owners of less than all Bonds then outstanding, without the consent of the Registered Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken. In addition, no supplement hereto shall modify the rights, duties or immunities of the Trustee, without the written consent of the Trustee. If a Reserve Instrument is in effect with respect to any Series of Bonds Outstanding and if a proposed modification or amendment would affect such Series of Bonds, then, except as provided in the immediately preceding paragraph, neither this Indenture nor any Supplemental Indenture with respect to such Series of Bonds shall be modified or amended at any time without the prior written consent of the related Reserve Instrument Provider.

## ARTICLE X

### DISCHARGE OF INDENTURE

If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the Registered Owners of the Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee all sums of moneys due or to become due according to the provisions hereof, and to all Reserve Instrument Providers all sums of money due or to become due accordingly to the provisions of any Reserve Instrument Agreements, then these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien hereof, and release, assign and deliver unto the Issuer any and all the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee, held by the Trustee, or otherwise subject to the lien hereof, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds or the payment of amounts pursuant to any Reserve Instrument Agreements.

Any Bond shall be deemed to be paid within the meaning of this Article when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided herein, or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment, or (ii) Direct Obligations, maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any paying agent pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits hereof, except for the purposes of any such payment from such moneys or Direct Obligations.

Notwithstanding the foregoing, in the case of Bonds, which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

(a) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted hereby);

(b) to instruct the Trustee to call for redemption pursuant hereto any Bonds to be redeemed prior to maturity pursuant to Subparagraph (i) above; and

(c) if the Bonds to be redeemed will not be redeemed within 90 days of such deposit, to instruct the Trustee to mail, as soon as practicable, in the manner prescribed

by Article II hereof, a notice to the Registered Owners of such Bonds that the deposit required by this Section has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds as specified in Subparagraph (i) above.

Any moneys so deposited with the Trustee as provided in this Article may at the direction of the Issuer also be invested and reinvested in Direct Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Direct Obligations in the hands of the Trustee pursuant to this Article which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in that fund; *provided, however*, that before any excess moneys shall be deposited in the Bond Fund, the Trustee shall first obtain a written verification from a certified public accountant that the moneys remaining on deposit with the Trustee and invested in Direct Obligations after such transfer to the Bond Fund shall be sufficient in amount to pay principal and interest on the Bonds when due and payable.

No such deposit under this Article shall be made or accepted hereunder and no use made of any such deposit unless the Trustee shall have received an opinion of nationally recognized municipal bond counsel to the effect that such deposit and use would not cause the Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

Notwithstanding any provision of any other Article hereof which may be contrary to the provisions of this Article, all moneys or Direct Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or Direct Obligations have been so set aside in trust.

Anything in Article VIII hereof to the contrary notwithstanding, if moneys or Direct Obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the Registered Owner of each Bond affected thereby.

## ARTICLE XI

### MISCELLANEOUS

*Section 11.1. Consents, Etc., of Registered Owners.* Any consent, request, direction, approval, objection or other instrument required hereby to be executed by the Registered Owners may be in any number of concurrent writings of similar tenor and may be executed by such Registered Owners in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes hereof, and shall be conclusive in favor of the Trustee with

regard to any action taken under such request or other instrument, namely, the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

*Section 11.2. Limitation of Rights.* With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, the Registered Owners of the Bonds and the Reserve Instrument Providers, any legal or equitable right, remedy or claim under or in respect hereto or any covenants, conditions and provisions herein contained, this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Registered Owners of the Bonds and the Reserve Instrument Providers as herein provided.

*Section 11.3. Severability.* If any provision hereof shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections herein contained shall not affect the remaining portions hereof, or any part thereof.

*Section 11.4. Notices.* It shall be sufficient service of any notice, request, complaint, demand or other paper on the Issuer if the same shall be duly mailed by registered or certified mail addressed to it at 275 East 4425 South, Washington Terrace, Utah 84405, Attention: Mayor, or to such address as the Issuer may from time to time file with the Trustee. It shall be sufficient service of any notice or other paper on the Trustee if the same shall be duly mailed by registered or certified mail addressed to it at Wells Fargo Bank Northwest, National Association, 79 South Main, Salt Lake City, Utah 84111, Attention: Corporate Trust Services, or to such other address as the Trustee may from time to time file with the Issuer.

*Section 11.5. Trustee as Paying Agent and Registrar.* Trustee is hereby designated and agrees to act as principal Paying Agent and Bond Registrar for and in respect to the Bonds.

*Section 11.6. Counterparts.* This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*Section 11.7. Applicable Law.* This Indenture shall be governed exclusively by the applicable laws of the State.

*Section 11.8. Immunity of Officers and Directors.* No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement herein contained against any past, present or future officer, or other public official, employee, or agent of the Issuer.

*Section 11.9. Holidays.* If any date for the payment of principal of or interest on the Bonds is a day on which banking institutions in Salt Lake City, Utah are permitted to remain closed throughout (a "Holiday"), then such payment shall be due on the first day thereafter which is not a Holiday and no interest shall accrue for the period between such Holiday and such first day thereafter.

*Section 11.10. Effective Date.* This Indenture shall become effective immediately.

*Section 11.11. Compliance with Municipal Bond Act and Refunding Bond Act.* It is hereby declared by the Issuer's City Council that it is the intention of the Issuer by the execution of this Indenture to comply in all respects with the provisions of the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended; and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, as applicable.

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By

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By

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed as of the date first written above.

CITY OF WASHINGTON TERRACE, WEBER  
COUNTY, UTAH, as Issuer

By /s/ Mark C. Allen  
Mayor

ATTEST:

By /s/ Sari' C. Petersen  
City Recorder

(SEAL)

WELLS FARGO BANK NORTHWEST, NATIONAL  
ASSOCIATION, as Trustee

By /s/ Carl J. Mathis  
Title: Trust Officer

ATTEST:

By /s/ Morgan Brady  
Title: Trust Officer

(SEAL)

EXHIBIT "A"

FORM OF REQUISITION

Re: City of Washington Terrace, Weber County, Utah  
Water, Sewer and Refuse Collection Revenue Bonds, Series \_\_\_\_\_  
in the sum of \$ \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_, Utah 84 \_\_\_\_\_

You are hereby authorized to disburse from the Series \_\_\_\_\_ Subaccount of the Construction Fund with regard to the above-referenced bond issue the following:

REQUISITION NUMBER: \_\_\_\_\_

NAME AND ADDRESS OF PAYEE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

AMOUNT: \$ \_\_\_\_\_

PURPOSE FOR WHICH EXPENSE HAS BEEN INCURRED: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Each obligation, item of cost, or expense mentioned herein has been properly incurred, is a proper charge against the Series \_\_\_\_\_ Subaccount of the Construction Fund based upon audited, itemized claims substantiated in support thereof, and has not been the basis for a previous withdrawal.

The amount remaining in the Series \_\_\_\_\_ Subaccount of the Construction Fund after such disbursement is made, together with the amount of unencumbered Revenues, if any, which the Issuer reasonably estimates will be deposited in the Series \_\_\_\_\_ Subaccount of the

Construction Fund during the period of construction of the Project from the investment of moneys on deposit in the Series \_\_\_\_\_ Subaccount of the Construction Fund, will, together with any other moneys lawfully available for payment of the Cost of the Project and after payment of the amount requested in said requisition, be sufficient to pay the Cost of Completion for the Project in accordance with the plans and specifications therefor then in effect; it being understood that no moneys from the Series \_\_\_\_\_ Subaccount of the Construction Fund may be expended unless, after giving effect thereto, the funds remaining in the Series \_\_\_\_\_ Subaccount of the Construction Fund, together with such other funds and income and lawfully available moneys, are sufficient to pay the Cost of Completion for the Project.

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

By: \_\_\_\_\_

Its: \_\_\_\_\_



## City Council Staff Report

Building & Planning

**Item:** Two (2) lot split of parcel #07-381-0002  
**Author:** Building & Planning Dept.  
**Subject:** Plat approval for Jacob Rosser/Developer at approximately 286 West 5600 South  
**Date:** September 6, 2016  
**Type of Item:** Action

**Summary Recommendations:** Approval to subdivide parcel #07-381-0002 to create a two (2) lot subdivision. The proposed split and request is by the owner Jacob Rosser/Developer.

### Description:

- A. **Topic:** to subdivide Parcel #07-381-0002 into two (2) lots. (see attached plat for details)
- B. **Background:** The property is located on the corner at approximately 286 West 5600 South. This lot is most likely a part of the original Phase but was never divided off of the existing current lot at 286 West 5600 South. A Public Hearing was held at Planning Commission on August 25, 2016, and was given a favorable recommendation to approve.

The following list is items the development has complied with.

- Zoning R-1-10. This is a permitted use and complies with Subdivision standards for a corner lot. 17.12.040, area and density regulation, Area and density regulations in the single-family residential zones are as follows: R-1-10, Corner lot Area (Sq Ft ) 7,000 Sq Ft minimum.
- The subdivision and lot split has been reviewed by this department and conforms to the Washington Terrace City Municipal Code,
- Complies with Setback requirements, lot sizes, and frontage distances as required.
- The developer has submitted his application and has paid for the application.
- The developer we be putting a house that resembles the house located at 484 West 5700 South (Combe Rd), square footage of 4300, Two car garage and total evaluation of over \$400,000.00. It should be compatible with the surrounding homes.

C. **Staff recommendation:** Staff recommends approval

### Alternatives:

A. **Approve the Request:**

The City Council may approve the Jacob Rosser subdivision plat as presented.

B. **Deny the Request:**

The City Council can deny the applicants request

C. **Continue the Item:**

The City Council could table the item to a later meeting, for action at that time and by giving direction of concerns to staff and developer.

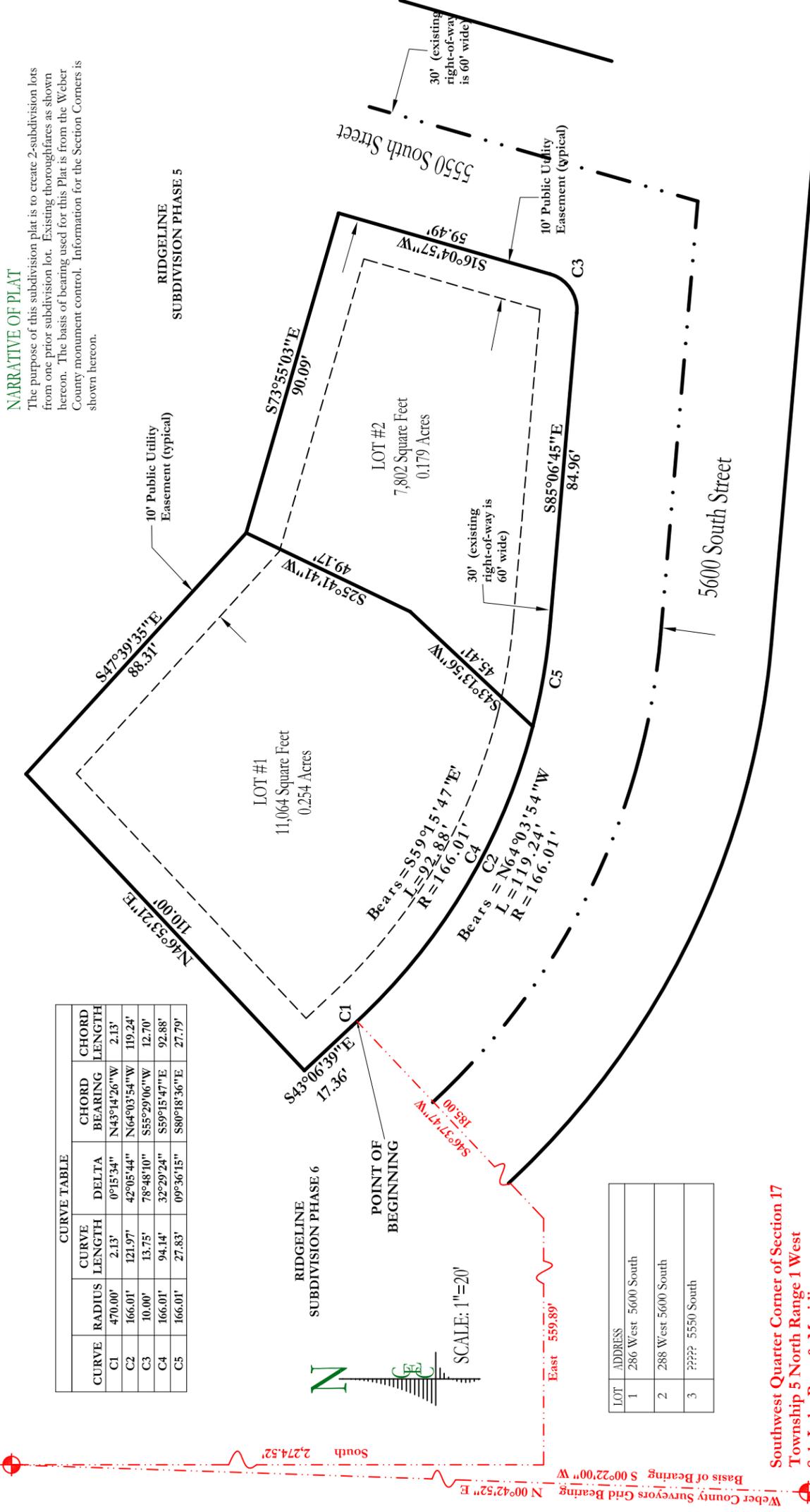
# JACOB ROSSER FAMILY SUBDIVISION - NOT TO BE RECORDED

A PART OF THE SOUTHWEST QUARTER OF SECTION 17,  
TOWNSHIP 5 NORTH, RANGE 1 WEST, SALT LAKE BASE & MERIDIAN  
WASHINGTON TERRACE CITY

AUGUST 2016

West Quarter Corner of Section 17  
Township 5 North Range 1 West  
Salt Lake Base & Meridian

CURVE TABLE					
CURVE	RADIUS	CHORD LENGTH	DELTA	CHORD BEARING	CHORD LENGTH
C1	470.00'	2.13'	0°15'34"	N43°14'26"W	2.13'
C2	166.01'	121.97'	42°05'44"	N64°03'54"W	119.24'
C3	10.00'	13.75'	78°48'10"	S55°29'06"W	12.70'
C4	166.01'	94.14'	32°29'24"	S59°15'47"E	92.88'
C5	166.01'	27.83'	09°36'15"	S80°18'36"E	27.79'



## SURVEYORS CERTIFICATE

I, Dick N. Mechem, do hereby certify that I am a registered land surveyor, and that I hold license number 155649, as prescribed under the laws of the State of Utah. I further certify that by authority of the Owners, I have directed a survey of the tract of land as shown on this plat as described below and that the referenced markers shown on this plat are located as indicated and are sufficient to retrace or restore this survey, that the information shown herein is sufficient to accurately establish that lateral boundaries of the below described tract of real property and of each of the lots, located on said tract.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Dick N. Mechem - License No. 155649

## BOUNDARY DESCRIPTION

Being a part of the Southwest Quarter of Section 17, Township 5 North, Range 1 West, Salt Lake Base and Meridian, and described as follows:

Beginning at a Point 2,274.52 feet South and 559.89 feet East and N46°37'47"E 185.00 feet from the West Quarter Corner of Section 17, Township 5 North, Range 1 West, Salt Lake Base and Meridian and running:

Thence N43°14'26"W 2.13 feet; Thence N43°06'39"W 17.36 feet; Thence N46°53'21"E 110.00 feet; Thence S47°39'35"E 88.31 feet; Thence 73°55'03"E 90.09 feet; Thence S16°04'57"W 34.43 feet; Thence to the right 13.75 feet along the arc of a curve having a radius of 10.00 feet whose long chord bears S55°29'06"W 13.70 feet; Thence S85°06'45"E 84.96 feet; Thence to the right 121.97 feet along the arc of a curve having a radius 166.01 feet whose long chord bears N64°03'54"W 119.24 feet; to the Point of Beginning.

Contains: 18,866 Sq. Ft. or 0.433 Acres

## OWNER'S DEDICATION

The Owners above described tract of land, having caused same to be subdivided into lots, hereby set apart and subdivide the same tract into lots as shown on this plat, hereafter known as the **JACOB ROSSER FAMILY SUBDIVISION**, and do hereby dedicate for the public use all those portions of said tract of land designated as public utility easements forever, for the public access and public utility use, and warrant, defend and save the Washington Terrace City harmless against any encumbrances on the dedicated easements which interfere with the City's use, operation, and maintenance of the said easement.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Owners: \_\_\_\_\_  
Jacob E. Rosser  
Nichole Rosser

## ACKNOWLEDGMENT

State of Utah  
County of Weber  
On the \_\_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared before me, who duly sworn, did say that they are the said owners of record and that the foregoing "Owners Dedication" was signed freely and voluntarily, and for the purposes therein expressed.

Notary Public  
Stamp

Drawing date: 11 August 2016

**CIVIL ENGINEERING CONSULTANTS, PLLC.**  
5141 SOUTH 1500 WEST  
RIVERDALE, UTAH 84405  
PHONE: 801.866.0550  
FAX: 801.866.0551

**MtnWest Surveying & Mapping, Inc.**  
1825 W. 4400 S. PO Box 207  
Roy, Utah 84067

**WASHINGTON TERRACE CITY PLANNING COMMISSION**  
Approved by the Washington Terrace City Planning Commission on this \_\_\_\_\_ day of \_\_\_\_\_, 2016.  
Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.  
Planning Commission Chairman

**WASHINGTON TERRACE CITY COUNCIL**  
This is to certify that this plat and the dedication of this plat along with the vacation of all prior easements and the dedication of all new easements were duly approved and accepted by the City Council of Washington Terrace City, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.  
Attest: \_\_\_\_\_ Mayor  
City Recorder

**WASHINGTON TERRACE CITY ATTORNEY**  
I hereby certify that I have examined the foregoing plat and description and in my opinion it conforms with the City Ordinances thereto and now in force and effect.  
Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.  
Washington Terrace City Attorney

**WASHINGTON TERRACE CITY ENGINEER**  
This is to certify that the requirements of all applicable statutes and ordinances prerequisite to City Engineer's approval of the foregoing plat and dedications have been complied with.  
Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.  
Washington Terrace City Engineer

**WEBER COUNTY RECORDER**  
Entry No. \_\_\_\_\_ fee paid \_\_\_\_\_ filed for record and recorded \_\_\_\_\_ at \_\_\_\_\_ in book of official records page \_\_\_\_\_. Recorded for  
By: \_\_\_\_\_ County Recorder



## City Council Staff Report

Building & Planning

**Author:** Planning Department  
**Subject:** Ordinance adopting Section 10.18.010 Allowing for Road Classification and Limited Access Facilities; Section 17.44.205 relating to Landscaping requirements for Arterial and Collective Roads  
**Date:** September 6, 2016  
**Type of Item:** Action

**Summary Recommendations:** Council may adopt Ordinance 16-05, approving Section 10.18.010 and allowing for Road Classification and Limited Access Facilities, and Section 17.44.205 landscaping requirements for arterial and collective roads.

### **Description:**

The purpose of Ordinance 16-05 is to limit, or not allow, residential driveways on to certain roadways, as designated as a limited access facility. The roads for limited access will be identified by the City Council. Section 17.44.205, addresses landscaping requirements for these types of lots/properties that will back up onto a limited access road. Landscaping Section 17.44.205, will describe the buffer area and maintenance of park strip areas and sidewalks.

With the possible growth coming into the City, the ordinance allows the City to exercise certain powers for the safety and health and well-being with orderly growth and reduce impact to traffic flow.

The Planning Commission held a public hearing on August 25, 2016, and recommended approval of the ordinance.

### **Alternatives:**

#### **A. Approve the Request:**

The City Council may approve Ordinance 16-05, Section 10.18.010 Section 17.44.205 as outlined

#### **B. Deny the Request:**

The City Council can deny the ordinance.

#### **C. Continue the Item:**

The City Council could table the item to a later meeting, for action at that time and by giving direction of concerns to staff and developer.

**Impacts:** none

**WASHINGTON TERRACE CITY  
ORDINANCE 16-05**

**ROAD CLASSIFICATION, LIMITED ACCESS, AND LANDSCAPING**

**AN ORDINANCE OF THE CITY OF WASHINGTON TERRACE,  
UTAH, ADOPTING SECTION 10.18.010 ALLOWING FOR ROAD  
CLASSIFICATION AND LIMITED ACCESS FACILITIES;  
ADOPTING SECTION 17.44.205 RELATING TO LANDSCAPING  
REQUIREMENTS FOR ARTERIAL AND COLLECTOR ROADS;  
SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Washington Terrace City (hereafter referred to as “City”) is a municipal corporation, duly organized and existing under the laws of the State of Utah;

**WHEREAS**, *Utah Code Annotated* §§ 10-8-84 and 10-8-60 authorizes the City to exercise certain police powers and nuisance abatement powers, including but not limited to providing for safety and preservation of health, promotion of prosperity, improve community well-being, peace and good order for the inhabitants of the City;

**WHEREAS**, Title 10, Chapter 9a, of the *Utah Code Annotated*, 1953, as amended, enables the City to regulate land use and development;

**WHEREAS**, after publication of the required notice, the Planning Commission held its public hearing on August 25, 2016, to take public comment on this Ordinance, and subsequently gave its recommendation to approve this Ordinance;

**WHEREAS**, the City Council received the recommendation from the Planning Commission and held its public meeting on September 6, 2016, and desires to act on this Ordinance;

**NOW, THEREFORE**, be it ordained by the City Council of Washington Terrace City as follows:

**Section 1: Repealer.** Any word other, sentence, paragraph, or phrase inconsistent with this Ordinance is hereby repealed and any reference thereto is hereby vacated.

**Section 2: Adoption.** Section 10.18.010 and Section 17.44.205 are hereby adopted to read as follows:

**10.18.010. Road Classification and Limited Access.**

1. Classification. Subject to approval by the City Manager, the City Engineer may designate, establish, regulate, or alter the road classification, including but not limited to:
  - a. Arterial Roads.
  - b. Collector Roads.
  - c. Other Roads.
2. Definitions. The following definitions apply:
  - a. “Limited access facility” is defined under Utah Code Annotated §72-1-102(11).
  - b. “Highway authority” under Utah Code Annotated 72-6-117 means the City.

3. Limited Access Designation. Upon recommendation from the City Engineer, the City Council acting as the highway authority, may designate, establish, regulate, or alter, and maintain “limited-access facilities.” The following City roads are hereby designated as limited access facilities:
  - a. \_\_\_\_\_ between \_\_\_\_\_ and \_\_\_\_\_.
  - b. \_\_\_\_\_ between \_\_\_\_\_ and \_\_\_\_\_.
4. Limited Access Regulations. Any road designed as a limited access facility under this Section, shall be subject to all or part of the limitations set forth in Utah Code Annotated §72-6-117, as specified in the limited access designation. No residential driveway is permitted to access any road designated as a limited access facility.

**17.44.205. Landscape requirements for certain roads.**

1. Applicability. The following provisions shall govern lots in any zone where a lot has a rear yard backing onto or a side yard adjoining an arterial or collector street as classified by the city.
2. Buffer Required. In all new development, a strip of land directly adjacent to the right-of-way line of the arterial or collector street shall be set aside to provide a buffer to enhance the streetscape and mitigate the impacts of the arterial or collector street adjacent to the rear or side of a lot.
  - a. This buffer shall be identified on the recorded plat in one of the following ways:
    - i. As a landscape easement; or
    - ii. As property owned in common by an owners association.
  - b. The buffer shall be a minimum of five (5) feet in width.
  - c. When the buffer is located in the rear or side yard of a lot, the buffer shall be a maximum of ten (10) feet.
3. Landscaping. The following landscaping requirements apply:
  - a. Trees shall be located on twenty (20) foot centers within the buffer area. Any trees shall be a variety as specified on the City’s recommended trees for park strips.
  - b. In the case where a lot is part of a subdivision and must face onto the arterial street, the required buffer and landscape theme shall be continued along the front of the lot.
  - c. Ground cover or high grade fabric shall be provided that is pervious and discourages weed growth.
  - d. A minimum of two (2) shrubs shall be provided between the required trees.
  - e. A six (6) foot solid or semi-private fence will be installed along the entire perimeter on the inside edge of the buffer area. For residential developments adjacent to Adams Avenue Parkway, a minimum eight (8) foot decorative masonry wall shall be installed along the entire perimeter on the inside edge of the landscape buffer area. The design of the masonry wall shall be consistent with the existing wall design as approved by the City Engineer.
  - f. Irrigation for the buffer area shall be provided either through a master meter or through separate irrigation systems provided from each lot along the edge of the buffer area.
  - g. The sidewalk and park strip shall be incorporated into the buffer area and may meander. Subject to any standards of the City or UDOT for state roads.
5. Installation and Maintenance. The following applies:
  - a. The developer shall be responsible for the installation of the buffer which shall be included in the financial guarantee for the development’s improvements. All improvements under this section are subject to a one (1) year guarantee by the developer.
  - b. Where an owners association is involved, the recorded declarations and covenants shall

include a provision providing for the collection of fees to maintain the buffer area. Maintenance of the buffer area shall also include the maintenance of the sidewalk and park strip area.

- c. Along major arterial roads and connecting collector roads that are linked to major entryways into the City, the City will have the option to assume responsibility for the maintenance and include a City entryway sign. In such a case, a one (1) year guarantee shall be required to cover the planted material and the irrigation system and drawings for the irrigation system must be submitted and approved by the City.

**Section 3: Severability.** If a court of competent jurisdiction determines that any part of this Ordinance is unconstitutional or invalid, then such portion of this Ordinance, or specific application of this Ordinance, shall be severed from the remainder, which remainder shall continue in full force and effect.

**Section 4: Effective date.** This Ordinance shall be effective immediately upon posting or publication after final passage.

ADOPTED AND APPROVED on this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
MARK C. ALLEN, Mayor,  
Washington Terrace City

ATTEST:

\_\_\_\_\_  
AMY RODRIGUEZ, City Recorder

RECORDED this \_\_\_\_ day of \_\_\_\_\_, 2016.

PUBLISHED OR POSTED this \_\_\_\_ day of \_\_\_\_\_, 2016.

**CERTIFICATE OF PASSAGE AND PUBLICATION OR POSTING**

According to the provision of U.C.A. §10-3-713, 1953 as amended, I, the municipal recorder of Washington Terrace City, hereby certify that foregoing Ordinance was duly passed and published, or posted at 1) \_\_\_\_\_ 2) \_\_\_\_\_ and 3) \_\_\_\_\_ on the above referenced dates.

\_\_\_\_\_  
AMY RODRIGUEZ, City Recorder



## City Council Staff Report

Building & Planning

**Author:** Planning Department

**Subject:** Amending Chapter 17.12.050 relating to Residential Yard setbacks, Changing Minimum side yard setback requirements from property lines

**Date:** September 6, 2016

**Item:** Discussion/Action

### Summary Recommendations:

By motion to approve the amendment to Chapter 17.12.050 Residential yard setbacks which changes the minimum setback requirements from side yard property lines. The impact will be in the R-1-6 zone only.

### Background:

Several new developments are coming into the city and the developers are attempting to try and bring a product that will be attractive for new buyers to purchase and will have curb appeal. The city has been approached and asked if the side yard setbacks could be reduced in the R-1-6 zone from 8 & 5 feet to 5 & 5 feet. By adopting this change, the developers will be able to incorporate three (3) car garages on to the lot, which is trending at this time. The Planning Commission held a public hearing on August 25, 2016, and gave a favorable recommendation to approve.

**Amendment:** the highlighted area are the changes/new amendments and the strike through are the old ordinance that are being deleted.

### 17.12.050 Minimum Front Yard Setbacks.

The minimum yard setback requirements in the single-family residential zones are as follows:

R-1-10: Front Yard Setback: 30 ft. min. Rear Yard: 30 ft. min. Side Yard Dwelling: 8 ft. min. on one side, with total of 18 ft. min. on both sides

R-1-8 Front Yard Setback: 30 ft. min. Rear Yard: 30 ft. min. Side Yard Dwelling: 8 ft. min. on one side, with total of 18 ft. min. on both sides

R-1-6 Front Yard Setback: 25 ft. min. Rear Yard: 25 ft. min. Side Yard Dwelling: 5 ft. min. on each one side, with total of ~~13~~ 10 ft. min. on both sides

### Alternatives:

#### A. Approve the Request:

Council may approve the ordinance allowing for side yard setbacks to have a 5ft. minimum on both sides.

#### B. Deny the Request:

The Council can deny the applicants request

#### C. Continue the Item:

The Council could table the item to a later meeting, for action at that time and by giving direction of concerns to staff and developer.

**WASHINGTON TERRACE CITY  
ORDINANCE 16-06**

**RESIDENTIAL YARD SETBACKS**

**AN ORDINANCE OF THE CITY OF WASHINGTON TERRACE,  
UTAH, AMENDING SECTION 17.12.050 RELATING TO  
RESIDENTIAL YARD SETBACKS; MAKING TECHNICAL  
CHANGES; SEVERABILITY; AND PROVIDING AN EFFECTIVE  
DATE.**

**WHEREAS**, Washington Terrace City (hereafter referred to as “City”) is a municipal corporation, duly organized and existing under the laws of the State of Utah;

**WHEREAS**, *Utah Code Annotated* §§ 10-8-84 and 10-8-60 authorizes the City to exercise certain police powers and nuisance abatement powers, including but not limited to providing for safety and preservation of health, promotion of prosperity, improve community well-being, peace and good order for the inhabitants of the City;

**WHEREAS**, Title 10, Chapter 9a, of the *Utah Code Annotated*, 1953, as amended, enables the City to regulate land use and development;

**WHEREAS**, after publication of the required notice, the Planning Commission held its public hearing on August 25, 2016, to take public comment on this Ordinance, and subsequently gave its recommendation to Approve this Ordinance;

**WHEREAS**, the City Council received the recommendation from the Planning Commission and held its public meeting on September 6, 2016, and desires to act on this Ordinance;

**NOW, THEREFORE**, be it ordained by the City Council of Washington Terrace City as follows:

**Section 1: Repealer.** Any word other, sentence, paragraph, or phrase inconsistent with this Ordinance is hereby repealed and any reference thereto is hereby vacated.

**Section 2: Adoption and Amendment.** Section 17.12.050 is hereby amended to read as follows:

**17.12.050 Minimum Front Yard Setbacks.**

The minimum yard setback requirements in the single-family residential zones are as follows:

R-1-10	R-1-8	R-1-6
Front Yard Setback: 30 ft. min.	Front Yard Setback: 30 ft. min.	Front Yard Setback: 25 ft. min.
Rear Yard: 30 ft. min.	Rear Yard: 30 ft. min.	Rear Yard: 25 ft. min.
Side Yard Dwelling: 8 ft. min. on one side, with total of 18 ft. min. on both sides	Side Yard Dwelling: 8 ft. min. on one side, with total of 18 ft. min. on both sides	Side Yard Dwelling: 5 ft. min. on <u>each</u> one side, with total of <del>4</del> <u>10</u> ft. min. on both sides
Side Yard for other main building: 20 ft. min.	Side Yard for other main building: 20 ft. min.	Side Yard for other main building: 20 ft. min.

1. Accessory buildings. The rear and side yard setback for accessory buildings is 1 foot, except where an accessory building rears on side yard of adjacent corner lot the set back in 10 feet in the R-1-10 and R-1-8 Zones, and 5 feet in the R-1-6 Zone.
2. Side setback for private garage. A private garage and other accessory buildings if located at least 6 ft. to rear of main building shall be set back a minimum 1 foot. No private garage to be closer than 10 feet to a dwelling on adjacent lot.
3. Corner lots side yard adjacent to street. Dwelling and accessory building shall be set back 20 feet in the R-1-10 and R-1-8 Zones, and 15 feet in the R-1-6 Zone.

**Section 3: Severability.** If a court of competent jurisdiction determines that any part of this Ordinance is unconstitutional or invalid, then such portion of this Ordinance, or specific application of this Ordinance, shall be severed from the remainder, which remainder shall continue in full force and effect.

**Section 4: Effective date.** This Ordinance shall be effective immediately upon posting or publication after final passage.

ADOPTED AND APPROVED on this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
MARK C. ALLEN, Mayor,  
Washington Terrace City

ATTEST:

\_\_\_\_\_  
AMY RODRIGUEZ, City Recorder

RECORDED this \_\_\_\_ day of \_\_\_\_\_, 2016.

PUBLISHED OR POSTED this \_\_\_\_ day of \_\_\_\_\_, 2016.

CERTIFICATE OF PASSAGE AND PUBLICATION OR POSTING  
According to the provision of U.C.A. §10-3-713, 1953 as amended, I, the municipal recorder of Washington Terrace City, hereby certify that foregoing Ordinance was duly passed and published, or posted at 1) \_\_\_\_\_ 2) \_\_\_\_\_ and 3) \_\_\_\_\_ on the above referenced dates.

\_\_\_\_\_  
AMY RODRIGUEZ, City Recorder