

Santaquin, Utah

January 19, 2011

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

James Degraffenreid	Mayor
Filip Askerlund	Councilmember
Martin Green	Councilmember
James Linford	Councilmember
Riek Steele	Councilmember
Brent Vincent	Councilmember

Also present:

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

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

AYE: Council member Green
 Council member Linford
 Mayor James Degraffenreid
 NAY:
 Council member Askerlund
 Council member Vincent

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

RESOLUTION NO. 01-04-2011

A RESOLUTION EXECUTING THE ISSUANCE AND CONFIRMING THE SALE OF (A) \$6,034,000 SEWER REVENUE BONDS, SERIES 2011A-1 AND (B) \$2,912,000 SEWER REVENUE BONDS, SERIES 2011A-2 (FEDERALLY TAXABLE) OF SANTAQUIN CITY, UTAH (THE "ISSUER"), PREVIOUSLY AUTHORIZED PURSUANT TO A RESOLUTION ADOPTED ON MAY 19, 2010, FOR THE PURPOSE OF FINANCING THE CONSTRUCTION OF A MECHANICAL WASTEWATER TREATMENT PLANT AND THE ADDITION OF A COLLECTION SYSTEM AND RELATED IMPROVEMENTS; PRESCRIBING THE FORM OF BONDS, THE TERMS AND CONDITIONS OF ISSUANCE, AND THE SECURITY THEREFOR; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS 2011A EXECUTING RESOLUTION; AND RELATED MATTERS.

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

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

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

WHEREAS, the May Resolution authorized the issuance of not more than \$9,000,000 Sewer Revenue Bonds to finance the construction of the Series 2011 Project; and

WHEREAS, subsequent to the adoption of the May Resolution, the Issuer published a "Notice of Public Hearing and Bonds to be Issued" (the "Notice") once each week for two consecutive weeks in The Payson Chronicle, a newspaper having general circulation in Santaquin City, Utah, on the Utah Public Meeting Notice Website

(<http://pmn.utah.gov>) no less than fourteen (14) days prior to said hearing; and on the Utah Legal Notices website (www.utahlegals.com) created under Section 45-1-101, Utah Code Annotated 1953, as amended, no less than fourteen (14) days prior to said hearing; and

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

WHEREAS, the Issuer held a public hearing on Wednesday, June 16, 2010 at the Issuer's offices in Santaquin, Utah, at which the public had the opportunity to provide input with respect to (i) the issuance of the Bonds and (ii) any potential economic impact that the improvements, facility or property financed in whole or in part with the proceeds of the Series 2011A Bonds may have on the private sector; and

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

WHEREAS, the Issuer hereby desires to authorize the issuance of its Sewer Revenue Bonds, Series 2011A (the "Series 2011A Bonds") in the total principal amount of \$9,000,000 pursuant to the May Resolution and this executing resolution (the "2011A Executing Resolution," and together with the May Resolution, the "2011A Bond Resolution"); and

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

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

WHEREAS, the Issuer has been advised that its System will generate sufficient Revenues to pay for operation and maintenance of the System as well as debt service on all proposed and outstanding obligations secured by the Revenues of the System, including the Series 2011A Bonds; and

WHEREAS, the Issuer desires to accept the offer of the State of Utah Department of Environmental Quality, Water Quality Board (the "Water Quality Board") to purchase the Series 2011A-1 Bonds for the total principal amount of \$6,034,000, and to confirm the sale of the Series 2011A-1 Bonds to the Water Quality Board; and

WHEREAS, the Issuer desires to accept the offer of the United States of America, acting through the U.S. Department of Agriculture, Rural Utilities Services, (“USDA”) to purchase the Series 2011A-2 Bonds for the total principal amount of \$2,912,000, and to confirm the sale of the Series 2011A-2 Bonds to the USDA;

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

ARTICLE I

DEFINITIONS

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

“Annual Debt Service” means the annual payment of principal, premium or penalty, if any, and interest to be paid by the Issuer during any Sinking Fund Year on the Series 2011A Bonds and all Outstanding Parity Bonds or other forms of indebtedness issued on a parity with the Series 2011A Bonds and which are secured by the Revenues of the System.

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

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

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

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

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

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

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

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

“Default” and “Event of Default” mean with respect to any default or event of default under this Resolution any occurrence or event specified in and defined by Section 6.1 hereof.

“Depository Bank” means a “Qualified Depository” as defined in the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated, 1953, as amended, selected by the Issuer to receive deposits for the Revenue Account as herein described, the deposits of which shall be insured by the Federal Deposit Insurance Corporation.

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

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

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

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

“Issuer” means the City of Santaquin, Utah, or its successors.

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

“Operation and Maintenance Expenses” means all expenses reasonably incurred in connection with the operation and maintenance of the System, whether incurred by the Issuer or paid to any other municipality or company pursuant to contract or otherwise, repairs and renewals (other than capital improvements) necessary to keep the System in efficient operating condition, the cost of audits hereinafter required, fees of the paying agents on the Bonds, payment of premiums for insurance on the System hereafter required and, generally, all expenses, exclusive of depreciation, which under generally accepted accounting practices are properly allocable to operation and maintenance of the System, but only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the System shall be included.

“Outstanding Parity Bonds” means collectively, the Issuer’s Outstanding (a) \$1,000,000 Parity Sewer Revenue Bonds, Series 1993A, (b) \$1,307,000 Parity Sewer Revenue Bonds, Series 1993B, (c) \$509,200 Parity Sewer Revenue Bonds, Series 1993C, and (d) \$333,000 Parity Sewer Revenue Bonds, Series 1993D.

“Parity Bonds” means any bonds hereafter issued by the Issuer on a parity with the Series 2011A Bonds herein authorized and the Outstanding Parity Bonds pursuant to the conditions and restrictions set forth in Section 5.2 below.

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

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

“Prior Bond Resolution” means the Bond Resolution adopted by the Issuer on July 20, 1993.

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

“Revenues” means all gross income and revenues of any kind, from any source whatsoever, derived from the operation of the System, including, without limitation, all fees, rates, connection charges, impact fees imposed with respect to the Project and other charges, the gross revenues of all improvements, additions, and extensions of the System hereafter constructed or acquired, and all interest earned by and profits derived from the sale of investments made with the income and Revenues.

“Series 2011A Escrow Account” means an account to be held in escrow by the Escrow Agent pursuant to the Escrow Agreement, said account to be used for the purpose of depositing the proceeds of the sale of the Series 2011A Bonds and accounting for said proceeds pursuant to the terms of the Escrow Agreement.

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

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

“Series 2011 Project” means the construction of a mechanical wastewater treatment plan and the addition of a collection system and related improvements.

“Series 2011A-1 Reserve Account Requirement” means, with respect to the Series 2011A-1 Bonds, an amount equal to \$384,940, the maximum annual debt service on the Series 2011A-1 Bonds, which amount shall be built up in one hundred twenty (120) monthly Series 2011A-1 Reserve Fund Installments.

“Series 2011A-2 Reserve Account Requirement” means, with respect to the Series 2011A-2 Bonds, an amount equal to \$133,836, the maximum annual debt service on the Series 2011A-2 Bonds, which amount shall be built up in one hundred twenty (120) monthly Series 2011A-2 Reserve Fund Installments.

“Sinking Fund Year” means the twelve-month period beginning on July 1 of the calendar year and ending on the next succeeding June 30; provided, however, that the first sinking Fund Year will begin on the delivery date of the Series 2011A Bonds and will end on the next succeeding June 30.

“State Bonds” means the fully registered Series 2011A-1 Bonds issued in substantially the form set forth in Exhibit B in the denominations equal to the aggregate principal amount of the Series 2011A-1 Bonds.

“System” means, collectively, the complete sewer facilities of the Issuer, as such facilities now exist, and any other properties now or hereafter owned or operated by the Issuer relating to said facilities and as may hereafter be improved and extended, including specifically all properties of every nature owned by the Issuer and used or useful in the

operation of said system, including real estate, personal and intangible properties, contracts, franchises, leases, whether lying within or without the boundaries of the Issuer, including the whole and each and every part of the sewer facilities of the Issuer, including the Series 2011 Project to be acquired and constructed pursuant to this 2011A Executing Resolution, and all real, personal and mixed property, of every nature now or hereafter owned by the Issuer and used or useful in the operation of said System, together with all improvements, extensions, enlargements, additions, and repairs thereto which may be made while the Series 2011A Bonds remain outstanding.

“USDA” means the United States of America, acting through the U.S. Department of Agriculture, Rural Utilities Services, and its agents.

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

ARTICLE II

ISSUANCE OF SERIES 2011A-1 BONDS

Section 2.1 Principal Amount, Designation, Series, and Interest Rate. The Series 2011A-1 Bonds are hereby authorized for issuance to (a) finance the construction of the 2011 Project and (b) pay costs incurred in connection with the issuance of the Series 2011A-1 Bonds. The Series 2011A-1 Bonds shall be limited to \$6,034,000 in aggregate principal amount, shall be issued (i) if issued as State Bonds, in the form set forth in Exhibit B and (ii) if issued as Exchange Bonds, in the form set forth in Exhibit C, in fully registered form, shall bear interest accruing from date of delivery of the Series 2011A-1 Bonds, at the rate of one percent (1%) per annum on the unpaid balance of the principal sum and shall be payable as specified herein. If issued as Exchange Bonds, the Series 2011A-1 Bonds shall be in the denomination of \$1,000 or any integral multiple thereof. The Series 2011A-1 Bonds shall be numbered from one (1) consecutively upward in order of delivery by the Registrar. The Series 2011A-1 Bonds shall be designated as, and shall be distinguished from the bonds of all other series by the title, "Santaquin City, Utah Sewer Revenue Bonds, Series 2011A-1."

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

The Series 2011A-1 Bonds are issued on a parity with the Series 2011A-2 Bonds and the Outstanding Parity Bonds such that the Series 2011A-1 Bonds are secured by a pledge of the Net Revenues of the Issuer's System, which pledge is on a parity with the pledge of said Series 2011A-2 Bonds and the Outstanding Parity Bonds.

Section 2.3 Date and Maturities. The Series 2011A-1 Bonds shall be dated as of their date of delivery and shall be paid as provided in this Section 2.3. The Series 2011A-1 Bonds shall be initially issued as one fully registered State Bond.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, shall be payable upon presentation of the applicable Series 2011A-1 Bond at the offices of the Paying Agent for endorsement or surrender, or of any successor Paying Agent. Payment of interest shall be made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof at his address as it appears on the registration books of the Issuer maintained by the Registrar or at such other address as is furnished to the Registrar in writing by such Registered Owner. All payments shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America.

So long as the Water Quality Board is the Registered Owner of the Series 2011A-1 Bonds, payments of principal and interest shall be made by check or draft and mailed to the Water Quality Board as the Registered Owner at the address shown on the registration books maintained by the City Recorder.

The Issuer shall make an interest only payment on January 1, 2011, and January 1, 2012. The principal payments for each year, together with accrued but unpaid interest on the total principal sum outstanding beginning January 1 and continuing on each January 1 thereafter until the Total Principal Sum shall be paid in full, are as follows:

<u>January 1</u>	<u>Principal Maturing</u>	<u>January 1</u>	<u>Principal Maturing</u>
2012	Interest Only	2023	\$348,000
2013	\$314,000	2024	352,000
2014	317,000	2025	355,000
2015	320,000	2026	359,000
2016	324,000	2027	362,000
2017	328,000	2028	366,000
2018	331,000	2029	369,000
2019	334,000	2030	141,000
2020	338,000		
2021	341,000		
2022	345,000		

If less than \$6,034,000 is advanced on the Series 2011A-1 Bonds, the repayment period shall be shortened and the number of monthly principal installments shall be reduced in inverse order of principal payment (and the amount of the final remaining principal installment shall be reduced, if required) to correspond to the total Repayable Principal Amount of the Series 2011A-1 Bonds.

Section 2.4 Optional Redemption and Redemption Prices. Each principal payment of the Series 2011A-1 Bonds is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer in the order determined by the Issuer, upon notice as provided in Section 2.5 hereof with respect to Exchange Bonds, and upon at least thirty (30) days' prior written

notice of the amount of prepayment and the date scheduled for prepayment to the Water Quality Board with respect to the Series 2011A-1 Bonds, and at a redemption price equal to 100% of the principal amount to be prepaid or redeemed, plus accrued interest, if any, to the date of redemption.

Section 2.5 Notice of Redemption for Exchange Bonds.

(a) In the event any of the Exchange Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 2.5. Notice of such redemption shall be mailed by first class mail, postage prepaid, to all Registered Owners of Exchange Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least thirty (30) days but not more than forty-five (45) days prior to the date fixed for redemption. Such notice shall state the following information:

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

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

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

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

(v) the redemption price;

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

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

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

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

Notice of redemption shall be given, not more than forty-five (45) days nor less than thirty (30) days prior to the redemption date, to Registered Owners of the Exchange Bonds, or portions thereof, to be redeemed. A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Exchange Bonds or portions thereof redeemed but who failed to deliver Series 2011A-1 Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Registered Owner of such Series 2011A-1 Bonds receives the notice. Receipt of such notice, shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Registered Owners shall not affect the validity of the proceedings for the redemption of the Series 2011A-1 Bonds.

In case any Exchange Bond is to be redeemed in part only, the notice of redemption which relates to such Exchange Bond shall state also that on or after the redemption date, upon surrender of such Series 2011 Bond, a new Series 2011A-1 Bond in principal amount equal to the unredeemed portion of such Series 2011A-1 Bond will be issued.

Section 2.6 Execution and Delivery of the Series 2011A-1 Bonds. The Mayor is hereby authorized to execute by manual or facsimile signature the Series 2011A-1 Bonds and the City Recorder to countersign by manual or facsimile signature the Series 2011A-1 Bonds and to have imprinted, engraved, lithographed, stamped or otherwise placed on the Series 2011A-1 Bonds the official seal of the Issuer. The City Recorder is hereby authorized to deliver to the Water Quality Board the Series 2011A-1 Bonds upon payment to the Issuer of the proceeds.

Section 2.7 Delinquent Payment. Payments of principal and/or interest on the Series 2011A-1 Bonds which are delinquent from the due date thereof shall draw interest at the rate of eighteen percent (18%) per annum on the delinquent payment from said due date until paid in full.

Section 2.8 Exchange of State Bonds. As long as the Water Quality Board is the sole Registered Owner of the Series 2011A-1 Bonds, the Series 2011A-1 Bonds shall be issued only as the State Bonds in the form prescribed in Exhibit B. It is recognized that the Water Quality Board may sell or otherwise transfer the Series 2011A-1 Bonds pursuant to the provisions of the State Financing Consolidation Act, Title 63, Chapter 65, Utah Code Annotated 1953, as amended, or otherwise. In the event the Water Quality Board determines to sell or otherwise transfer all or a portion of the Series 2011A-1 Bonds pursuant to the State Financing Consolidation Act, or otherwise, the Series 2011A-1 Bonds shall be exchanged at the office of the Paying Agent for a like aggregate principal amount of Exchange Bonds in accordance with the provisions of this Section 2.8 and Section 4.1 hereof. Exchange Bonds may thereafter be exchanged from time to time for other Exchange Bonds in accordance with Section 4.1 hereof. Any Series 2011A-1 Bond, or any portion thereof, which is sold or otherwise transferred or liquidated by the Water Quality Board pursuant to the State Financing Consolidation Act, or otherwise, shall be in the form of an Exchange Bond prescribed in Exhibit B, and shall

be executed pursuant to authorization contained in Section 2.6 hereof. Each principal payment on the Series 2011A-1 Bonds not previously paid or canceled shall be represented by an equivalent principal amount of Exchange Bonds, in authorized denominations, and of like maturity. The Issuer and its officers shall execute and deliver such documents and perform such acts as may reasonably be required by the Issuer to accomplish the exchange of the Series 2011A-1 Bonds for Exchange Bonds, provided that the Water Quality Board shall pay or cause to be paid all costs and other charges incident to such exchange and the Issuer shall have no obligation to pay any such costs or charges.

ARTICLE III

ISSUANCE OF SERIES 2011A-2 BONDS

Section 3.1 Principal Amount, Interest Rate, Designation, and Series. Series 2011A-2 Bonds are hereby authorized to be issued by the Issuer in the principal amount of \$2,912,000 for the purpose of financing the costs of the 2011 Project and costs of issuance of the Series 2011A-2 Bonds.

The Series 2011A-2 Bonds shall be dated as of the date of their delivery, shall be in the aggregate principal amount of \$2,912,000 and shall bear interest on the unpaid principal balance at the rate of interest of no more than three and one-quarter percent (3.25%) per annum from the issue date until paid as established by the USDA in its letter committing to purchase the Series 2011A-2 Bonds from the Issuer. Both principal and interest on the Series 2011A-2 Bonds shall be payable in lawful money of the United States of America to the Registered Owner of the Series 2011A-2 Bonds at the address of such owner shown on the registration books of the Issuer.

The Series 2011A-2 Bonds shall be issued on a parity with the Issuer's Series 2011A-1 Bonds and the Outstanding Parity Bonds, such that the Series 2011A-2 Bonds are secured by a pledge of the Net Revenues of the Issuer's System, which pledge is on a parity with and equal to the pledge of the Series 2011A-1 Bonds and the Outstanding Parity Bonds.

Section 3.2 Advances of Proceeds. On or before fifteen (15) days prior to each disbursement, prior to the payment by the Issuer of costs of construction of the 2011 Project, or at such other time as shall be specified by the USDA, the Issuer shall provide to the USDA a certificate setting forth a schedule of the costs of construction which the Issuer estimates will become due and payable by the Issuer during the next thirty-day period. Advances made by the USDA on the basis of such certificates shall be deposited in the Series 2011A-2 Subaccount. All such advances shall be in the amount of \$1,000 or any integral multiple thereof. Upon receipt of evidence of deposit of each advance in the Series 2011A-2 Subaccount, the Trustee shall give telephonic authorization followed by written confirmation to the USDA to stamp or write the date and amount of such advance made by the USDA in the appropriate place on the Certificate of Dates of Payment and Amount appearing on the Series 2011A-2 Bonds. Each advance made by the USDA on the Series 2011A-2 Bonds shall constitute proceeds of the Series 2011A-2 Bonds and shall be deemed to constitute the full purchase price of the corresponding principal amount of the Series 2011A-2 Bonds noted on the Certificate of Dates of Payment and Amount appearing on the Series 2011A-2 Bonds. As advances are made by the USDA, they shall be deemed to represent principal payments in the order of their maturity.

Section 3.3 Date and Maturities. The Series 2011A-2 Bonds shall be dated as of their date of delivery and shall be paid as follows:

One interest-only installment beginning on the first anniversary date of the date of delivery of the Series 2011A-2 Bonds and thereafter, monthly principal and interest

installments of \$11,153 beginning one month after the interest-only installment is paid and continuing each month thereafter until the Total Loan Commitment with interest thereon has been paid, but in any event not to exceed 40 years from the date of delivery of the Series 2011A-2 Bonds.

If less than \$2,912,000 is advanced on the Series 2011A-2 Bonds, the repayment period shall be shortened and the number of monthly principal installments shall be reduced in inverse order of payment (and the amount of the final remaining principal payment shall be reduced, if required) to correspond to the maximum principal amount of the Series 2011A-2 Bonds.

Section 3.4 Optional Redemption and Redemption Prices. The Issuer hereby reserves the right, at its option, to prepay the principal amount of the Series 2011A-2 Bonds outstanding, in whole or, in the manner hereinafter provided, in part, at any time.

Prepayments shall be made on the date, at the place and in the manner provided herein for making regularly scheduled installment payments. No partial prepayment shall extend or postpone the due date of any subsequent monthly Installment. All prepayments shall be applied to principal last falling due on the Series 2011A-2 Bonds and shall be in the amount of principal being prepaid, together with accrued interest thereon to the date of prepayment, and shall be made without penalty or additional interest or charges.

Notice of any prepayment of principal on the Fully Registered Bonds, or of the call for redemption of any of the Serial Bonds, shall be given as provided in the Series 2011A-2 Bond forms set forth in Exhibits D and E of this Resolution. Interest on any Series 2011A-2 Bond subject to prepayment or redemption shall cease to accrue as to the amount of principal being prepaid or redeemed after the date fixed for prepayment or redemption if notice has been properly given and funds (or securities in which such funds are invested) equal to the amount of prepayment or redemption price shall have been deposited at the place of payment at that time.

Except as otherwise provided herein, every payment on the Series 2011A-2 Bonds shall be applied first to interest computed to the date of payment and then to principal.

Section 3.5 Execution and Delivery of Series 2011A-2 Bonds. The Mayor is hereby authorized to execute by manual or facsimile signature the Series 2011A-2 Bond and the City Recorder to countersign by manual or facsimile signature the Series 2011A-2 Bonds and to have imprinted, engraved, lithographed, stamped, or otherwise placed on the Series 2011A-2 Bonds the official seal of the Issuer. The Trustee is hereby authorized to authenticate and deliver to USDA the Series 2011A-2 Bonds upon payment to the Issuer of the proceeds of the Series 2011A-2 Bonds. The Treasurer is further authorized and directed to certify to the monthly Installment payments to be set forth in the Installment Payment Certificate on the Series 2011A-2 Bonds.

The Series 2011A-2 Bonds are issued under the provisions of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Fully Registered Bond and each of any Serial Bonds issued as hereinafter

prescribed shall contain a recital that they are issued under the authority of said Act, and the recitals to such effect contained in the bond forms set forth in Exhibits D and E hereof are hereby approved. Such recitals shall conclusively impart full compliance with all of the provisions of the 2011A Executing Resolution and the Series 2011A-2 Bonds shall be incontestable for any cause whatsoever after their delivery for value. The principal of and interest on the Series 2011A-2 Bond shall be payable only out of one hundred percent (100%) of the Net Revenues, and in no event shall said Series 2011A-2 Bonds be deemed to constitute an indebtedness of the Issuer within the meaning of any State, constitutional or statutory limitation or a charge against the general credit or taxing power of the Issuer.

Section 3.6 Approval of Sale. Subject to the final determination and approval of the interest rate, the sale of the Series 2011A-2 Bonds to USDA is hereby authorized and approved. USDA has requested, and the Issuer has agreed, that the obligation of the Issuer thereunder shall be represented in the form of a single, Fully Registered Bond without coupons, and that the Registered Owner thereof shall have the right to convert said Fully Registered Bond to Serial Bonds in registered form, at its own expense.

Section 3.7 Exchange for Serial Bonds. The Serial Bonds which may be issued upon conversion of the Fully Registered Bond, as provided in Section 3.5 hereof, shall mature annually on the anniversary of the date of the original Bond of each of the remaining years of the original term of the Series 2011A-2 Bonds, shall be dated as of the date when the conversion is effected, and shall be in such denominations, as will permit them to mature within the original term of the Fully Registered Bond in substantially the same amount(s) of principal and interest as are required to be paid annually on the Fully Registered Bond as set forth in the Amortization Schedule referred to therein, during each of the remaining years of the original term of the Fully Registered Bond, except that Bond Number 1 of the series may be in a different denomination if necessary, and additional denominations may be used if necessitated by the redemption provisions set forth in the Serial Bonds upon redemption thereof. The Serial Bonds shall be in substantially the form as set forth in Exhibit E.

Section 3.8 Defeasance of Series 2011A-2 Bonds. Notwithstanding anything herein to the contrary, the Series 2011A-2 Bonds shall be deemed paid only upon the payment in full of the principal of and interest on said Series 2011A-2 Bonds in accordance with the terms thereof.

Section 3.9 Enforcement of Resolution With Respect to Series 2011A-2 Bonds. Notwithstanding anything herein to the contrary, so long as USDA is the Registered Owner of the Series 2011A-2 Bonds, it may deal directly with the Issuer in the servicing and enforcement of said Series 2011A-2 Bonds; and further provided that no remedial action may be taken by USDA which favors one Bondholder over another.

Section 3.10 Short Lived Assets Replacement Fund. The Issuer hereby establishes a short lived assets replacement fund with respect to the Series 2011A-2 Bonds (the "USDA Replacement Fund") held by the Issuer and shall deposit therein (prior to the end of each Sinking Fund Year) an amount equal to of \$28,890 and must

continue said annual deposits until the Series 2011A-2 Bond are redeemed. The USDA Replacement Fund shall not serve as security for the payment of principal or interest on the Series 2011A-2 Bonds. The Issuer shall limit the use of moneys on deposit in the USDA Replacement Fund to the construction of Capital Facilities (as herein defined) for its System. No disbursements shall be made from said fund unless and until the Issuer has given at least thirty-one (31) days' advance written notice to the USDA specifying the amount of the proposed disbursement and the purpose for which said disbursement will be made. The Issuer shall not, however, be required to obtain the consent of the USDA prior to making any disbursement from said fund. For purposes of this Section 3.10, "Capital Facilities" means the replacement of obsolete equipment or facilities whose useful life has expired, extensions, or additions to the System, and other capital improvements necessary to keep the System in good operational condition.

ARTICLE IV

REGISTRATION, PAYMENT, AND FLOW OF FUNDS

Section 4.1 Execution of and Registration of Series 2011A Bonds; Persons Treated as Owners. The Series 2011A Bonds shall be signed by the Issuer and the Issuer shall cause books for the registration and for the transfer of the Series 2011A Bonds to be kept by the City Recorder who is hereby appointed the Registrar of the Issuer with respect to the Series 2011A Bonds. Any Series 2011A Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2011A Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any Series 2011A Bond duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same maturity and series for a like aggregate principal amount as the Series 2011A Bond surrendered for transfer. Series 2011A Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Series 2011A Bonds of the same series or other authorized denominations and the same maturity. The execution by the Issuer of any Series 2011A Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Registrar shall thereby be authorized to deliver such Series 2011A Bond. The Registrar shall not be required to transfer or exchange any Exchange Bond at any time following the mailing of notice calling such Series 2011A Bond for redemption.

Series 2011A Bonds surrendered for payment, redemption or exchange, shall be promptly canceled and destroyed by the Issuer.

The Issuer, the Registrar and the Paying Agent may treat and consider the person in whose name each Series 2011A Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and for all other purposes whatsoever, and neither the Issuer, nor the Registrar nor the Paying Agent shall be affected by any notice to the contrary. Payment of any Series 2011A Bond shall be made only to or upon order of the Registered Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2011A Bond to the extent of the sum or sums so paid.

The Issuer may require the payment by the Registered Owner requesting exchange or transfer of Series 2011A Bonds of any tax or other governmental charge and any service charge which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Series 2011A Bond shall be delivered.

Section 4.2 Deposit of Bond Proceeds. The proceeds from the sale of the Series 2011A Bonds (together with the required Issuer contributions) shall be deposited upon delivery in the Series 2011A Escrow Account and shall be disbursed pursuant to the provisions of the Escrow Agreement. All monies deposited in the Series 2011A Escrow Account shall be used solely for the purpose of defraying all or a portion of the costs of acquiring the necessary property and constructing improvements, additions, and extensions to the System, including any architectural, engineering, legal, fiscal agent and other expenses incidental thereto. Any unexpended proceeds of the Series 2011A Bonds remaining in the Series 2011A Escrow Account after completion of the Series 2011A Project shall be paid immediately into an account to be designated the "Series 2011A Account" established within the "Santaquin City, Utah County, Utah, Parity Sewer Revenue Bond, Series 1993A and 1993B Bond Fund," hereinafter referred to as the "Bond Fund" established under the Prior Bond Resolution and reaffirmed hereunder, and shall be used only for the prepayment of the Series 2011A Bonds on a pro-rata basis between the Series 2011A-1 Bonds and the Series 2011-2 Bonds proportional to their respective principal amounts outstanding. Principal last to become due shall be prepaid first, and in the event less than all of the principal amount of the Series 2011A Bonds maturing on the last due date are to be redeemed, the Issuer shall select those portions of the Series 2011A Bond to be prepaid. Proceeds from the sale of the Series 2011A Bonds on deposit in the Series 2011A Escrow Account, may at the discretion of the Issuer, be invested by the Escrow Agent as provided in the Escrow Agreement. Following the transfer of unexpended funds from the Series 2011A Escrow Account to the Bond Fund, the Series 2011A Escrow Account will be closed.

Section 4.3 The Bonds Constitute Special Limited Obligations. Notwithstanding anything in this 2011A Executing Resolution elsewhere contained, the principal and interest on the Bonds shall be payable out of 100% of the Net Revenues, and in no event shall the Bonds be deemed or construed to be a general indebtedness of the Issuer or payable from any funds of the Issuer other than those derived from the operation of the System or from proceeds of the Bonds.

The Issuer may, in its sole discretion, but without obligation and subject to the Constitution, laws, and budgetary requirements of the State of Utah, make available properly budgeted and legally available funds to defray any insufficiency of Net Revenues to pay the Bonds; provided however, the Issuer has not covenanted and cannot covenant to make said funds available and has not pledged any of such funds for such purpose.

Section 4.4 Flow of Funds. From and after the earlier of the delivery date of the Series 2011A Bonds, and until all the Series 2011A Bonds have been fully paid, the Revenues shall be set aside into the Parity Sewer Revenue Fund referred to herein as "Revenue Fund", established under the Prior Bond Resolution, to be held by the Depository Bank. The Issuer will thereafter make accounting allocations of the funds deposited in said Revenue Fund for the following purposes and in the following priority:

- (a) From the amounts in the Revenue Fund there shall first be paid all Operation and Maintenance Expenses of the System. For this purpose the Issuer

shall establish on its books an account known as the "Expense Account" to which shall be allocated monthly, on or before the tenth (10th) day of each month, such portion of the Revenue Fund as is estimated to be required for Operation and Maintenance Expenses of the System for the following month. There shall be allocated to the Expense Account from time to time during the month such additional amounts as may be required to make payments of Operation and Maintenance Expenses for which the amounts theretofore allocated to the Expense Account are insufficient. At the end of each Sinking Fund Year all amounts in the Expense Account in excess of that required to pay Operation and Maintenance Expenses then due shall be transferred to the Bond Fund established as hereinafter provided.

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

(i) There shall be allocated moneys in an amount sufficient to assure, to the extent of the availability of Net Revenues from the System, the prompt payment of the Series 2011A Bonds as shall become due and on all bonds or obligations issued in parity therewith, including the Outstanding Parity Bonds. The amount to be so set aside with respect to (a) the Series 2011A-1 Bonds shall, as nearly as may be practicable, be set aside and allocated to the Bond Fund monthly, on or before the tenth (10th) day of each month, beginning January 1, 2011, and shall equal approximately one-twelfth (1/12) of the annual principal payment next falling due on the Series 2011A-1 Bonds, and (b) the Series 2011A-2 Bonds shall, as nearly as may be practicable, be set aside and allocated to the Bond Fund monthly, on or before the tenth day of each month, beginning the month following the initial delivery of the Series 2011A-2 Bonds and shall equal the monthly principal and interest installment determined herein, to the end that there will be sufficient funds allocated to the Bond Fund to pay the principal on the Series 2011A Bonds and principal and interest on all bonds or obligations issued in parity therewith, including the Outstanding Parity Bonds, as and when the same become due. Amounts allocated to the Bond Fund shall be used solely for the purpose of paying principal on the Series 2011A Bonds and principal and interest on all bonds or obligations issued in parity therewith, including the Outstanding Parity Bonds, and shall not be reallocated, transferred, or paid out for any other purpose. (In the event insufficient moneys are available to make prompt payment of the full principal on the Series 2011A Bonds, as shall become due and the principal and interest on all bonds and obligations issued in parity therewith, including the Outstanding Parity Bonds, such moneys shall be allocated pro rata based on the amount of principal next coming due to the monthly allocation requirement for each such bond.)

(ii) Of the amounts allocated to the Sinking Fund after there shall have been allocated the amounts required to be allocated under Section 4.1(b)(i), there shall be allocated (on a parity with the Reserve Account deposits required by the Prior Bond Resolution and Section 4.1(b)(iii) below) monthly on or before the tenth day of each month following delivery of the Series 2011A-1 Bonds, to an account established on the books of the Issuer known as the "Series 2011A-1 Reserve Account" to secure only the Series 2011A-1 Bonds, the sum of \$3,200 plus such additional amount as may be required to meet any annual installment to the Series 2011A-1 Reserve Account not therefore made in whole or in part, such allocations shall continue until there shall have been accumulated in the Series 2011A-1 Reserve Account an amount equal to \$384,940. Amounts allocated to the Series 2011A-1 Reserve Account shall be used to pay the principal and interest falling due on the Series 2011A-1 Bonds at any time when there are not sufficient funds in the Bond Accounts to pay the same, but pending such use may be invested as hereafter provided. When the Series 2011A-1 Reserve Account has been accumulated as in this paragraph provided, no further allocations to said Series 2011A-1 Reserve Account need be made unless payments from said Series 2011A-1 Reserve Account have reduced the same below the amount required by this paragraph, in which event allocations shall be resumed until such deficiency has been remedied; and

(iii) Of the amounts allocated to the Sinking Fund after there shall have been allocated the amounts required to be allocated under Sections 4.1(b) (i), (ii), and (iii), there shall be allocated (on a parity with the Reserve Account deposits required by the Prior Bond Resolution and Section 4.1(b)(ii) above) monthly on or before the tenth day of each month following delivery of the Series 2011A-2 Bonds, to an account established on the books of the Issuer known as the "Series 2011A-2 Reserve Account" to secure only the Series 2011A-2 Bonds, the sum of \$1,116 plus such additional amount as may be required to meet any annual installment to the Series 2011A-2 Reserve Account not therefore made in whole or in part, such allocations shall continue until there shall have been accumulated in the Series 2011A-2 Reserve Account an amount equal to \$133,836. Amounts allocated to the Series 2011A-2 Reserve Account shall be used to pay the principal and interest falling due on the Series 2011A-2 Bonds at any time when there are not sufficient funds in the Bond Accounts to pay the same, but pending such use may be invested as hereafter provided. When the Series 2011A-2 Reserve Account has been accumulated as in this paragraph provided, no further allocations to said Series 2011A-2 Reserve Account need be made unless payments from said Series 2011A-2 Reserve Account have reduced the same below the amount required by this paragraph, in which event allocations shall be resumed until such deficiency has been remedied; and

(iv) Of the amount allocated to the Bond Fund after there shall have been allocated the amounts required to be allocated under (i), (ii), and (iii) above, there shall be allocated annually, beginning January 1, 2011, to an account established on the books of the Issuer known as the "Series 2011A-1 Emergency Repair and Replacement Account" on a parity basis with all other emergency fund obligations with respect to the emergency fund established for the Outstanding Parity Bonds (collectively the "Emergency Repair and Replacement Funds"), the sum of \$19,248, plus such additional amount as may be required to meet any annual installment to the Emergency Repair and Replacement Account not theretofore made in whole or in part, such allocations shall continue until there shall have been accumulated in the Emergency Repair and Replacement Account an amount equal to \$192,470.

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

(v) Of the amount allocated to the Bond Fund after there shall have been allocated the amounts required to be allocated under (i), (ii), (iii), and (iv) above, there shall be allocated annually, to an account established on the books of the Issuer known as the USDA Replacement Fund, the sum of \$28,890 as required by Section 3.10 hereof.

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

(vii) If at any time, the Net Revenues derived by the Issuer from the operation of the System shall be insufficient to make any payment to

any of the above funds or accounts on the date or dates specified, the Issuer shall make good the amount of such deficiency by making additional payments out of the first available Net Revenues thereafter derived by the Issuer from the operation of the System.

Section 4.5 Investment of Funds. All money maintained on deposit in the Bond Fund, the Series 2011A-1 Reserve Account, the Series 2011A-2 Reserve Account, the Series 2011A-1 Emergency Repair and Replacement Account, the USDA Replacement Fund and in the Series 2011A Escrow Account shall be held as special and not as general deposits, the beneficial interest in which shall be in the registered owners from time to time of the Series 2011A Bonds. All money so maintained on deposit with the Issuer and the Escrow Agent shall be secured to the fullest extent required or permitted by the laws of the State of Utah pertaining to the securing of public deposits. All or part of the money in the Bond Fund and in the Series 2011A Escrow Account shall be invested by the Issuer or the Escrow Agent, as the case may be, in Permitted Investments, but any such investments so made shall always be such that the obligations mature or become optional for redemption in amounts and at times so as to assure the availability of the proceeds thereof when needed for the purpose for which such funds were created. Investment earnings on all such investments permitted hereunder shall be maintained in said funds or accounts and used for the purpose for which such fund or account was created. Whenever any money so invested from the Bond Fund or the Series 2011A Escrow Account is needed for the purpose for which such fund was created, such investments, to the amount necessary, shall be liquidated by the Depository at the direction of the Issuer, and the proceeds thereof applied to the required purpose. Thereafter, any investment earnings shall be transferred to the Bond Fund to be used to make payment on the Series 2011A Bonds.

Section 4.6 Series 2011A Bonds as Parity Bonds. The Series 2011A Bonds are issued as Parity Additional Bonds under the Prior Bond Resolution. The Issuer hereby certifies that the requirements set forth in the Prior Bond Resolution have been and will be complied with or waived by the applicable holders of Outstanding Parity Bonds in connection with the issuance of the Series 2011A Bonds. The Series 2011A Bonds are issued on a parity with the Outstanding Parity Bonds. To the extent inconsistencies between this 2011A Executing Resolution and the Prior Bond Resolution exist, the terms in this 2011A Executing Resolution shall prevail.

ARTICLE V

COVENANTS

Section 5.1 Covenants of Issuer. The Issuer hereby covenants and agrees with each and every holder of the Series 2011A Bonds the following:

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

(b) The rates for all sewer service supplied by the System to the Issuer and its inhabitants and to all customers within or without the boundaries of the Issuer shall be sufficient for the retirement and/or redemption of the Series 2011A Bonds and the Outstanding Parity Bonds, provided such rates must be reasonable rates for the type, kind, and character of the service rendered. There shall be no free service and there shall be charged against all users of the System, excluding the Issuer, such rates and amounts as shall be adequate to meet the debt service payments on the Series 2011A Bonds and any Parity Bonds (as defined in the Prior Bond Resolution) and the Outstanding Parity Bonds when due, and to make available for purposes having priority junior to the Bond Fund in the application of the Net Revenues in each Sinking Fund Year, at least twenty-five percent (25%) of the Annual Debt Service for each such year. All Net Revenues, including those received from the Issuer, shall be subject to distribution for the payment of the cost of operating and maintaining the System, and the payment of the Series 2011A Bonds and the Outstanding Parity Bonds, as hereinabove provided.

(c) Each Bondholder shall have a right, in addition to all other rights afforded it by the laws of Utah, to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the Issuer to charge and collect reasonable rates for services supplied by the System sufficient to meet all requirements of this 2011A Executing Resolution.

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

(e) So long as any Bonds remain outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each Bondholder or any duly authorized agent or agents of such holder shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System and all properties constituting the System. Except as otherwise provided herein, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Sinking Fund Year cause an audit of such books and accounts to be made by an

independent firm of certified public accountants, showing the receipts and disbursements for account of the System, and that such audit will be available for inspection by each Bondholder; provided, however, during such periods of time as the Water Quality Board and USDA are the Registered Owners of any of the State Bonds, each such audit will be supplied to the Water Quality Board and the USDA as soon as completed without prior request therefor by the Water Quality Board or USDA. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

(i) A statement in detail of the income and expenditures of the System for such Sinking Fund Year;

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

(iii) The accountant's comments regarding the manner in which the Issuer has carried out the requirements of this 2011A Executing Resolution, and the accountant's recommendations for any change or improvement in the operation of the System;

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

(v) An analysis of all funds and accounts created in this 2011A Executing Resolution, setting out all deposits and disbursements made during the Sinking Fund Year and the amount in each fund or account at the end of the Sinking Fund Year;

(vi) The number of sewer connections within the boundaries of the Issuer, and applications for sewer service on hand at the end of the Sinking Fund Year;

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

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

The Bondholders may, upon written request from the Issuer setting forth the reasons why a certified audit is not necessary or is impractical, waive the audit requirements for any particular Sinking Fund Year set forth in this Section 5.1(e), provided, however, that such waiver shall not apply to the reporting requirements of the Issuer set forth in Section 5.1(f) herein.

(f) In addition to the reporting requirements set forth in Section 5.1(e) above, the Issuer shall submit to the Water Quality Board and USDA within one hundred eighty (180) days following the close of each Sinking Fund Year, a

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

All expenses incurred in compiling the information required by this section shall be regarded and paid as an Operation and Maintenance Expense. If a Bondholder is other than the Water Quality Board or the USDA, the Issuer agrees to furnish a copy of such information to such Bondholder at its request after the close of each Sinking Fund Year. Any Bondholder shall have the right to discuss with the accountant compiling such information the contents thereof and to ask for such additional information as it may reasonably require.

(g) Each Bondholder shall have the right at all reasonable times to inspect the System, and all records, accounts and data of the Issuer relating thereto, and upon request, the Issuer will furnish to it financial statements and other information relating to the Issuer and the System as it may from time to time reasonably require.

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

(i) The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until all Outstanding Parity Bonds and Series 2011A Bonds have been paid in full, except that the Issuer may sell any portion of said property which shall have been replaced by other property of at least equal value, or which shall cease to be necessary for the efficient operation of the System, provided, however, that in the event of any sale as aforesaid, the proceeds of such sale shall be paid into the Sinking Fund.

(j) The Issuer may consolidate the bills submitted for sewer service with those submitted for sewer service, if applicable, for those persons who are liable for the payment of charges for such services and require that each such consolidated bill be paid in full as a unit, and refuse to permit payment of one portion without payment of the remainder. Any bill not paid within thirty (30) days from the date it is mailed to the customer shall be deemed delinquent. The Issuer hereby agrees that if any sewer bill remains delinquent for more than sixty (60) days, it will initiate proceedings to cause all sewer service to the sewer user concerned to be cut off immediately.

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

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

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

(m) The Issuer will from time to time duly pay and discharge or cause to be paid all taxes, assessments and other governmental charges, if any, lawfully imposed upon the System or any part thereof or upon the Revenues, as well as any lawful claims for labor, materials or supplies which if unpaid might by law become a lien or charge upon the System or the Revenues or any part thereof or which might impair the security of the Series 2011A Bonds, except when the Issuer in good faith contests its liability to pay the same.

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

(o) The Issuer, in order to assure the efficient management and operation of the System and to assure the Bondholders from time to time that the System will be operated on sound business principles, will employ competent and experienced management for the System, will use its best efforts to see that the System is at all times operated and maintained in first-class repair and condition and in such manner that the operating efficiency thereof shall be of the highest character, and will use its best efforts to see that Operation and Maintenance Expenses are at no time in excess of the Revenues reasonably available for the payment thereof.

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

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

(r) The Issuer will file or cause to be filed with the Internal Revenue Service Center, Ogden, Utah 84201, on or before the fifteenth day of the second calendar month after the close of the calendar quarter in which the Series 2011A-1 Bonds are issued, a Form 8038-G, Information Return, with respect to the Series 2011A-1 Bonds.

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

(t) With respect to the Series 2011A-2 Bonds, the Mayor and City Recorder are hereby authorized and directed to execute for and on behalf of the Issuer Form FHA 400-1, "Equal Opportunity Agreement," to which is attached and made a part thereof an "Equal Opportunity Clause," Form FHA 400-2, to be incorporated in or attached as a rider to each construction contract involving \$10,000 or more, and also to execute for and on behalf of the Issuer Form FHA 400-4, "Non-Discrimination Agreement."

(u) The Issuer hereby finds, determines, and certifies with respect to the Series 2011A-2 Bonds that it is unable to obtain sufficient credit, exempt from USDA, at reasonable rates and terms, taking into consideration prevailing and private cooperative rates and terms in or near it for similar purposes and periods of time. The Issuer hereby covenants and agrees with USDA that if at any time while the Series 2011A-2 Bonds are held by USDA, it shall appear to USDA that the Issuer may be able to obtain credit from other sources at reasonable rates and terms for loans for similar purposes and periods of time, the Issuer, within the limitation of its then existing legal powers, and at USDA's request, will make an effort in good faith to pay in full all principal and accrued interest remaining on the Series 2011A-2 Bonds then held by USDA by issuing refunding bonds or otherwise.

Section 5.2 Additional Indebtedness. No additional indebtedness, bonds or notes of the Issuer payable on a priority superior to the Bonds out of the Net Revenues from the System shall be created or incurred by the Issuer without the prior written consent of all holders of the Bonds. Furthermore, the Bonds shall not be entitled to any priority one over the other in application of the Net Revenues of the System, regardless of the time or times of their issuance, it being the intention of the Issuer that there shall be no priority among the Bonds authorized to be issued pursuant to this 2011A Executing Resolution regardless of the fact that they may be actually issued and delivered at different times. It is expressly agreed and covenanted that the Issuer will not hereafter issue any bonds or obligations payable from the Net Revenues of the System, or any part thereof, or which constitutes a lien on such Net Revenues or on the System until all Bonds have been paid in full unless such additional bonds are issued in such manner that they are in all respects subordinate to the Bonds.

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

(a) The Bonds or any part thereof may be refunded. The refunding bonds so issued shall enjoy a lien on the Net Revenues on a parity with the Bonds except that if fewer than all of the Bonds outstanding at the time are so refunded, no refunding bonds shall bear interest at a rate higher or mature at a date earlier than the corresponding Bond refunded thereby without the consent of the owners and holders of all of the unrefunded Series of Bonds. In all other respects, refunding bonds may be secured in such manner and may be payable from such sources and be subject to other terms and provisions that may be provided in the resolution authorizing their issuance. Refunding bonds may be exchanged with

the consent of the Bondholder for not less than a like principal amount of the Bonds authorized to be refunded, may be sold or may be exchanged in part or sold in part. If sold, the proceeds of the sale not required for the payment of expenses shall be used to refund that portion of the Series of Bonds refunded.

(b) Additional bonds may be issued on a parity with the Bonds herein authorized if all of the following conditions are met at the time of the issuance of such additional bonds (herein referred to as "Parity Bonds"):

(i) The Net Revenues of the System in the sinking fund year preceding the year in which the Parity Bonds are to be issued were 125% of the average Annual Debt Service on all of the Bonds and Parity Bonds then outstanding and the Parity Bonds so proposed to be issued; provided, this limitation may be waived or modified by the written consent of the registered owners and holders of 100% of the principal amount of the Bonds then outstanding.

(ii) All payments required by this 2011A Executing Resolution to be made into the Sinking Fund must have been made in full and there must be in each reserve fund the full amount required by this 2011A Executing Resolution to be accumulated therein.

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

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

ARTICLE VI

MISCELLANEOUS

Section 6.1 Default and Remedies. Failure of the Issuer to perform any covenant or requirement of the Issuer under this 2011A Executing Resolution within thirty (30) days after having been notified in writing by a Bondholder of such failure shall constitute an event of default hereunder and shall allow each Bondholder to take the following enforcement remedies:

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

(b) The Bondholder may appoint a trustee bank to act as a receiver of the Revenues of the System for purposes of applying said Revenues toward the Revenue allocations required in Section 4.4 herein and in general, protecting and enforcing each Bondholder's rights thereto, in which case, all administrative costs of the trustee bank in performing said function shall be paid by the Issuer.

No remedy conferred herein is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to each Bondholder hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power or remedy accruing upon a default shall impair any such right, power or remedy or shall be construed to be a waiver of any default or acquiescence therein; and every such right, power or remedy may be exercised from time to time as may be deemed expedient.

Section 6.2 Amendments to 2011A Executing Resolution. Provisions of this 2011A Executing Resolution shall constitute a contract between the Issuer and the Bondholder; and after the issuance of the Series 2011A Bonds, no change, variation or alteration of any kind in the provisions of this 2011A Executing Resolution shall be made in any manner until such time as all of the Series 2011A Bonds have been paid in full except as hereinafter provided.

The Bondholders shall have the right from time to time to consent to and approve the adoption by the Issuer of resolutions modifying or amending any of the terms or provisions contained in this 2011A Executing Resolution in the manner and to the extent set out below.

Whenever the Issuer shall propose to amend or modify this 2011A Executing Resolution under the provisions of this section, it shall cause notice of the proposed amendment to be sent to all Bondholders of all Series 2011A Bonds then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state

that a copy of the proposed amendatory resolution is on file in the office of the City Recorder for public inspection. Should a Bondholder consent to the proposed amendment to this 2011A Executing Resolution, it shall submit to the Issuer a written instrument which shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof. Upon receipt of Bondholder consents representing at least 75% of the principal of Series 2011A Bonds outstanding, the governing body of the Issuer may adopt said amendatory resolution, and it shall become effective, provided, however, that nothing in this Section 6.2 shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on delinquent payments, without the consent of the Bondholder of such Series 2011A Bonds, or (b) a reduction in the amount or extension of the time of any payment required by any Fund or account established hereunder without the consent of the Bondholders of all the Series 2011A Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Series 2011A Bonds, the Bondholders of which are required to consent to any such waiver or a mandatory resolution, or (d) affect the rights of the Bondholders of less than all Series 2011A Bonds then outstanding, without the consent of the Bondholders of all the Series 2011A Bonds at the time outstanding which would be affected by the action to be taken.

If a Bondholder at the time of the adoption of such amendatory resolution shall have consented to and approved the adoption thereof as herein provided, said Bondholder shall not have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provision therein contained or to the operation thereof or to enjoin or restrain the Issuer from taking any action pursuant to the provisions thereof. Any consent given by a Bondholder pursuant to the provisions of this section shall be conclusive and binding upon all successive Bondholders.

The fact and date of the execution of any instrument under the provisions of this section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

Section 6.3 Maintenance of Proceedings. A certified copy of this 2011A Executing Resolution and every amendatory or supplemental ordinance or resolution shall be kept on file in the office of the City Recorder where it shall be made available for inspection by any Bondholder or his agent. Upon payment of the reasonable cost of preparing the same, a certified copy of this 2011A Executing Resolution, any amendatory or supplemental ordinance or resolution will be furnished to any Bondholder. The Bondholders may, by suit, action, mandamus, injunction or other proceedings, either at law or in equity, enforce or compel performance of all duties and obligations required by this 2011A Executing Resolution to be done or performed by the Issuer. Nothing contained herein, however, shall be construed as imposing on the Issuer any duty or obligation to levy any tax either to pay the principal of or interest, if any, on the Series 2011A Bonds authorized herein or to meet any obligation contained herein concerning the Series 2011A Bonds.

Section 6.4 Defeasance of Series 2011A Bonds. If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made to the Registered Owner of the Series 2011A Bonds for the payments due or to become due thereon at the times and in the manner stipulated therein, then the first lien pledge of the Net Revenues under this 2011A Executing Resolution and any and all estate, right, title and interest in and to any of the funds and accounts created hereunder (except moneys or securities held by a Depository Bank for the payment of the Series 2011A Bonds) shall be cancelled and discharged.

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

Section 6.5 Sale of Series 2011A-1 Bonds Approved. The sale of the Series 2011A-1 Bonds to the Water Quality Board, at par, is hereby ratified, confirmed, and approved.

Section 6.6 Sale of Series 2011A-2 Bonds Approved. The sale of the Series 2011A-2 Bonds to the USDA, at par, is hereby ratified, confirmed, and approved.

Section 6.7 Bondholders Not Responsible. The Bondholders shall not be responsible for any liabilities incurred by the Issuer in the acquisition or construction of the Series 2011 Project or for the failure of the System to function successfully after completion of the Series 2011 Project.

Section 6.8 Notice of Series 2011 Bonds to be Issued. In accordance with the provisions of the Act, the City Recorder has caused a "Notice of Public Hearing and of Bonds to be Issued" with respect to the Originally Authorized Bonds and caused an additional "Notice of Public Hearing and of Bonds to be Issued" with respect to the additional amounts of the Bonds (collectively, the "Notice") to be (a) published once a week for two consecutive weeks in The Payson Chronicle, a newspaper of general circulation in the Issuer, (b) published on the Utah Public Meeting Notice Website created under Section 63F-1-701 Utah Code Annotated 1953, as amended, and (c) published on the Utah Legal Notices website (www.utahlegals.com) created under Section 45-1-101, Utah Code Annotated 1953, as amended. Such notice is hereby reaffirmed and approved. The Issuer has also caused a copy of the May Resolution to be kept on file in the office of the City Recorder for public examination during regular business hours at least thirty (30) days from and after the date of publication thereof. In accordance with the provisions of the Act and the Notice, public hearings were held on June 16, 2010 and January 19, 2011, to receive input with respect to the issuance of the Series 2011A Bonds and the potential economic impact that the improvement, facility or property for which the Series 2011A Bonds pay all or part of the cost will have on the private sector.

Section 6.9 Additional Certificates, Documents, and Other Papers. The appropriate officials of the Issuer, and each of them, are hereby authorized and directed to execute and deliver for and on behalf of the Issuer any or all additional certificates, documents, and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this 2011A Executing Resolution and the documents authorized and approved herein.

Section 6.10 Severability. If any section, paragraph, clause or provision of this 2011A Executing Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this 2011A Executing Resolution. It is hereby declared by the governing body of the Issuer that it is the intention of the Issuer by the adoption of this 2011A Executing Resolution to comply in all respects with the provisions of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended.

Section 6.11 Resolutions in Conflict. All resolutions or parts thereof in conflict with the provisions of this 2011A Executing Resolution are, to the extent of such conflict, hereby repealed.

Section 6.12 Consent to Amendments to Prior Bond Resolution. The Series 2011A Bonds issued under this 2011A Executing Resolution and all Additional Bonds to be issued under the Prior Bond Resolution shall be deemed to be Bonds for which an irrevocable consent to the amendments to the Prior Bond Resolution made by this 2011A Executing Resolution has been given, and all such Additional Bonds, including the Series 2011A Bonds shall state that by acceptance thereof, the Owner thereof has irrevocably consented to the amendments to the Prior Bond Resolution made by this 2011A Executing Resolution.

Section 6.13 Amendments to Prior Bond Resolution.

(a) Section 5.3(d) is amended to read as follows:

There has been heretofore accumulated to the Series 1993A and 1993B Reserve Fund an amount equal to \$98,000. Amounts allocated to the Series 1993A and 1993B Reserve Fund shall be used to pay the principal and interest falling due on the Series 1993A Bonds and the Series 1993B Bonds at any time when there are not sufficient funds in the Bond Accounts to pay the same, but pending such use may be invested as hereafter provided. No further allocations to said Series 1993A and 1993B Reserve Fund need be made unless payments from said Series 1993A and 1993B Reserve Fund have reduced the same below the amount required by this paragraph, in which event monthly allocations of \$1,361 from the amounts allocated to the Sinking Fund after there shall have been allocated the amounts required to be allocated under Section 5.3(d) shall be resumed until such deficiency has been remedied.

There has been heretofore accumulated to the Series 1993C and 1993D Reserve Fund an amount equal to \$50,500. Amounts allocated to the Series 1993C and 1993D Reserve Fund shall be used to pay the principal and interest falling due on the Series 1993A Bonds and the Series 1993B Bonds at any time when there are not sufficient funds in the Bond Accounts to pay the same, but pending such use may be invested as hereafter provided. No further allocations to said Series 1993C and 1993D Reserve Fund need be made unless payments from said Series 1993C and 1993D Reserve Fund have reduced the same below the amount required by this paragraph, in which event monthly allocations of \$420 from the amounts allocated to the Sinking Fund after there shall have been allocated the amounts required to be allocated under Section 5.3(d) shall be resumed until such deficiency has been remedied.

(b) Section 10.1 of the Prior Resolution is hereby amended to read identical to Section 5.2 of this Resolution.

(SEAL)



By: James E. DeHoffman
Mayor

ATTEST:

By: S. J. Anson
City Recorder

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

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

(SEAL)



By: James E. DeShoff
Mayor

ATTEST:

By: B. Jarnsworth
City Recorder

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

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

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

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

(SEAL)



By: Susan Farnsworth
City Recorder

EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

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

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

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

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

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

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

(SEAL)



By: Susan Farnsworth
City Recorder

SCHEDULE 1

NOTICE OF MEETING

NOTICE AND AGENDA

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

AGENDA

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

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

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

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

CERTIFICATE OF MAILING

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

BY: _____
Susan B. Farnsworth, City Recorder

POSTED:

CITY CENTER
POST OFFICE
ZIONS BANK

NOTICE

Santaquin City Council 2011 Meeting Schedule

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

Published/noticed

Payson Chronicle the week of December 06, 2010.

Zions Bank

City Center

Post Office

EXHIBIT B

FORM OF STATE BONDS

UNITED STATES OF AMERICA
STATE OF UTAH
SANTAQUIN CITY
SEWER REVENUE BOND
SERIES 2011A-1
\$6,034,000

Santaquin City, Utah (the "Issuer"), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the registered owner hereof or registered assigns, the principal amount of \$6,034,000, together with interest accruing on the unpaid principal balance from date of delivery of the Bonds, at the rate of one percent (1.0%) per annum (calculated on the basis of a year of 360 days comprised of twelve 30-day months), payable annually on January 1 of each year, with interest installments beginning January 1, 2012, and principal installments beginning January 1, 2013. Principal together with accrued but unpaid interest shall be payable in registered installments on January 1 of each of the years as set forth in the following Repayment Schedule:

REPAYMENT SCHEDULE

<u>January 1</u>	<u>Principal Maturing</u>	<u>January 1</u>	<u>Principal Maturing</u>
2012	Interest Only	2023	\$348,000
2013	\$314,000	2024	352,000
2014	317,000	2025	355,000
2015	320,000	2026	359,000
2016	324,000	2027	362,000
2017	328,000	2028	366,000
2018	331,000	2029	369,000
2019	334,000	2030	141,000
2020	338,000		
2021	341,000		
2022	345,000		

If less than \$6,034,000 is advanced on the Series 2011A-1 Bonds, resulting in a lower Principal Amount, the repayment period shall be shortened and the number of annual principal installments shall be reduced in inverse order of principal payment (and the amount of the final remaining principal installment shall be reduced, if required) to correspond to the total Principal Amount of the Series 2011A-1 Bonds.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, shall be payable upon surrender of this Bond at the offices

of the Paying Agent, or of any successor Paying Agent. Payments of interest shall be made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof at his address as it appears on the registration books of the Issuer maintained by the Registrar, or at such other address as is furnished to the Registrar in writing by such Registered Owner.

As long as the State of Utah Department of Environmental Quality, Water Quality Board (the "Water Quality Board") is the registered holder of this Bond, installment payments of principal and interest shall be made by check or draft mailed to the Water Quality Board as the registered holder at the address shown on the registration books maintained by the Registrar.

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

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

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

This Bond is issued pursuant to (a) the terms authorized by a resolution adopted by the City Council of the Issuer on May 19, 2010 ("the May Resolution"), (b) the 2011A Executing Resolution, and (c) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, for the purpose of financing the construction of a mechanical wastewater treatment plan and addition to the collection system and other related improvements, including all equipment and necessary appurtenances thereof. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues of the System and does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be

deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Revenues of the System.

As provided in the 2011A Executing Resolution, bonds, notes, and other obligations may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the 2011A Executing Resolution, and the aggregate principal amount of such bonds, notes, and other obligations which may be issued is not limited. This Bond and all other bonds, notes, and other obligations issued and to be issued under the 2011A Executing Resolution on a parity with this Bond are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the Resolution.

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

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

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

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

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

The 2011A Executing Resolution may be modified or amended by action on behalf of the Issuer taken in the manner and subject to the conditions and exceptions prescribed therein. The holder or owner of this Bond shall have no right to enforce the provisions of the 2011A Executing Resolution or to institute action to enforce the pledge

or covenants made therein or to take any action with respect to an event of default under the 2011A Executing Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in said 2011A Executing Resolution.

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

It is hereby declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in regular and due time, form, and manner as required by law, that the amount of this Bond does not exceed any limitation prescribed by the Constitution or statutes of the State of Utah, that the Net Revenues to be derived from the operation of the System have been pledged and that an amount therefrom will be set aside into a special fund by the Issuer sufficient for the prompt payment of this Bond and all bonds issued on a parity with this Bond, if any, and that with the exception of the pledge of the Revenues of the System for the payment of the Series 2011A-1 Bonds, said Net Revenues are not pledged, hypothecated or anticipated in any way other than by the issue of this Bond and all bonds issued on a parity with this Bond, if any.

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

(SEAL)

By: _____ (Do Not Sign)
Mayor

COUNTERSIGN:

By: _____ (Do Not Sign)
City Recorder

REGISTRATION CERTIFICATE

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

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Bond Registrar</u>
_____	State of Utah Department of Environmental Quality, Water Quality Board	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

CERTIFICATE OF DATES OF PAYMENT AND AMOUNT

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

<u>Amount of Payment</u>	<u>Date of Payment</u>	<u>Total Principal Sum</u>	<u>Water Quality Board Representative Signature</u>
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____

EXHIBIT C

FORM OF EXCHANGE BOND

UNITED STATES OF AMERICA
STATE OF UTAH
SANTAQUIN CITY
SEWER REVENUE BONDS, SERIES 2011A-1

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

Registered Owner: _____

Principal Amount: _____ Dollars

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

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

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

This Bond is one of an authorized issue of bonds of like date, term and effect except as to maturity, in the aggregate principal amount of _____

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

As provided in the 2011A Executing Resolution, bonds, notes and other obligations may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the 2011A Executing Resolution, and the aggregate principal amount of such bonds, notes and other obligations which may be issued is not limited. This Bond and all other bonds, notes and other obligations issued and to be issued under the 2011A Executing Resolution on a parity with this Bond are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the 2011A Executing Resolution.

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

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

Subject to the provisions of the 2011A Executing Resolution, the Series 2011A-1 Bonds (as defined in the 2011A Executing Resolution) are issuable in fully registered form, without coupons, in denomination equal to the principal amount of the bonds or, upon exchange, in the denomination of \$1,000 or any integral multiple thereof.

The Issuer covenants and agrees that it will fix rates for sewer service sufficient to pay this Bond when due and principal and interest on all bonds issued on a priority to or

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

The 2011A Executing Resolution may be modified or amended by action on behalf of the Issuer taken in the manner and subject to the conditions and exceptions prescribed therein. The Registered Owner of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the pledge or covenants made therein or to take any action with respect to an event of default under the 2011A Executing Resolution or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the 2011A Executing Resolution.

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

It is hereby certified, recited and declared that all conditions, acts and things essential to the validity of this Bond and the issue of which it forms a part do exist, have happened, and have been done, and that every requirement of law affecting the issue hereof has been duly complied with; that this Bond and the issue of which it forms a part does not exceed any limitation prescribed by the Constitution and laws of the State of Utah; that one hundred percent (100%) of the Net Revenues to be derived from the operation of the System, including any future improvements, additions and extensions thereto, have been pledged and will be set aside into said special fund by the Issuer to be used for the payment of this Bond and the issue of which it forms a part and all bonds issued on a parity with this Bond, if any, and that with the exception of the pledge of Revenues of the System for the payment of the Series 2011A-1 Bonds, said Net Revenues of the System are not pledged, hypothecated or anticipated in any way other than by the issue of Series 2011A-1 Bonds of which this Bond is one and all bonds issued on a parity with this Bond, if any.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor and countersigned by its City Recorder with the seal of said Issuer affixed, all as of this _____, 2011.

(SEAL)

By: _____ (Do Not Sign)
Mayor

COUNTERSIGN:

By: _____ (Do Not Sign)
City Recorder

ASSIGNMENT

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

(Social Security or Other Identifying Number of Assignee)

(Please Print or Typewrite Name and Address of Assignee)

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

DATED: _____

Signature: _____

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

Signature Guaranteed:

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

EXHIBIT D

FORM OF SERIES 2011A-2 BOND

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF UTAH
SANTAQUIN CITY
SEWER REVENUE BOND
SERIES 2011A-2
(FEDERALLY TAXABLE)

Santaquin City, Utah (the "Issuer"), for value received, promises to pay from the special fund hereinafter described and in the manner hereinafter set forth, and not otherwise, to the order of the registered owner hereof or registered assigns, the total principal sum of \$2,912,000, together with interest on the unpaid principal balance of this Bond at the rate of 3.25% per annum. Payments of principal and interest on this Bond shall be made by the Issuer as follows:

One interest-only installment beginning on the first anniversary date of the date of delivery of this Bond and thereafter, monthly principal and interest installments in the amount or amounts entered in the "Installment Payment Certificate" at the end of this Bond, which amount or amounts shall be sufficient to fully pay the principal and interest hereon within forty (40) years from the date of this Bond. The purchaser hereof shall deliver to the Issuer a schedule showing the amounts of the monthly Installment payments and the portions thereof allocable to principal and interest each month during the term of this Bond (hereinafter referred to as the "Amortization Schedule"). If any monthly Installment is not paid when due, then, in addition to Installments thereafter becoming due, the Issuer shall pay interest on the unpaid balance of the total principal sum from the due date of the delinquent Installment until paid in full.

Except as otherwise provided herein, every payment on this Bond shall be applied first to interest computed to the date of payment and then to principal.

Both principal and interest on this Bond shall be payable in lawful money of the United States of America, to the registered owner hereof at the address of such owner shown on the registration books of the Issuer. Any holder of this Bond subsequent to its original holder is hereby placed on notice of all payments of both principal and interest made on this Bond prior to its transfer to him and all subsequent holders hereof hereby acknowledge that they have ascertained the actual unpaid principal amount of this Bond as of the date of transfer to them and hereby release the Issuer from all obligation as to all principal and interest paid by the Issuer prior to such date.

The Issuer hereby reserves the right, at its option, to prepay the principal amount outstanding, in whole or, in the manner hereinafter provided, in part, at any time.

Prepayments shall be made on the date, at the place and in the manner provided herein for making regularly scheduled Installment payments. No partial prepayment shall extend or postpone the due date of any subsequent monthly Installment. All prepayments shall be applied to principal last falling due on the Bonds and shall be in the amount of principal being prepaid, together with accrued interest thereon to the date of prepayment, and shall be made without penalty or additional interest or charges.

If less than \$2,912,000 is advanced on the Series 2011A-2 Bonds, the repayment period shall be shortened and the number of monthly principal installments shall be reduced in inverse order of payment and the amount of the final remaining principal payment shall be reduced, if required, to correspond to the maximum principal amount of the Series 2011A-2 Bonds.

Notice of any prepayment will be given not less than thirty (30) days prior to the prepayment date by mailing a copy thereof by registered or certified mail at least thirty (30) days prior to the prepayment date to the registered holder of this Bond at his address shown on the registered books and to the original purchaser of the Bond. Interest on this Bond shall cease to accrue as to the amount of principal being prepaid after the date fixed for prepayment if notice has been properly given and funds (or securities in which funds are invested) equal to the amount of prepayment have been deposited at the place of payment at that time.

This Bond is issued for the purpose of financing the cost of acquisition and construction of additions and improvements to the Issuer's sewer system (the "Project"), under the authority of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, by virtue of and in full conformity with the Constitution and laws of the State of Utah, by a resolution adopted by the City Council of the Issuer on May 19, 2010 ("the May Resolution"), and by an executing bond resolution of the Issuer adopted on January 19, 2011 (the "2011A Executing Resolution").

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

This Bond shall be registered as to principal and interest in the name of the initial purchaser and any subsequent purchasers in an appropriate book in the office of the Trustee on behalf of the Issuer, who shall be the Paying Agent and Registrar, each registration to be noted hereon by said Registrar. This Bond is transferable only by appropriate notation upon said book by the Registrar at the request of the registered owner hereof in person or by his attorney duly authorized in writing, by the surrender of

this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his attorney duly authorized in writing; thereupon, a new bond in the same form as this Bond shall be issued to and registered in the name of the transferee.

This Bond, upon the surrender thereof at the office of the Registrar, with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, may, at the option of the registered owner, and at his expense, be exchanged for Serial Bonds in fully registered form, in the aggregate principal amount then remaining unpaid, bearing the same interest rate, maturing annually on the anniversary of the date of this Bond of each of the remaining years of the original term of this Bond and dated as of the year during which the surrender and exchange is effected. Interest on the Serial Bonds shall be payable on the anniversary of the date of this Bond of each year thereafter to the date of maturity of the principal amount of the applicable Serial Bond. Serial Bonds so issued shall be redeemable according to the provisions of the aforementioned 2011A Executing Resolution pursuant to which this Bond is issued.

This Bond is a limited obligation of the Issuer and is payable solely from a special fund designated the "Santaquin City, Utah Sewer Revenue Bond Fund," into which special fund shall be deposited one hundred percent (100%) of the Net Revenues to be derived from the Issuer's sewer system (the "System"), including any future improvements, additions and extensions thereto. For a more particular description of said Fund, the Net Revenues to be deposited therein and the nature and extent of the security afforded thereby, reference is made to the provisions of the aforementioned 2011A Executing Resolution pursuant to which this Bond is issued and such Fund has been established and will be maintained. This Bond shall constitute a lien upon all moneys which from time to time are in the Bond Fund herein pledged. This Bond does not now and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provisions or statutory limitation nor a charge against the general credit or taxing powers of the Issuer.

The Issuer hereby covenants with the registered owner of this Bond to keep and perform all covenants and agreements contained in the 2011A Executing Resolution authorizing the issuance of this Bond, and the Issuer will fix, establish, maintain, and collect rates, fees, or charges for service furnished by or through the System, including all extensions and improvements thereto hereafter constructed or acquired by the Issuer, sufficient to pay the principal and interest on this Bond as they fall due, provided said rates must be reasonable rates for the type, kind, and character of the service rendered, and will collect and account for the Revenues to be received for such service, and will set aside one hundred percent (100%) of the Net Revenues (as defined in the 2011A Executing Resolution) to be derived from the System to pay the principal of and interest on this Bond according to the payment terms hereinabove set forth.

It is hereby certified, recited and declared that all conditions, acts, and things essential to the validity of this Bond do exist, have happened, and have been done and that every requirement of law affecting the issue hereof has been duly complied with; that this Bond does not exceed any limitation prescribed by the Constitution and laws of the

State of Utah; that one hundred percent (100%) of the Revenues to be derived from the operation of the System, including any future improvements, additions, and extensions thereto, less operation and maintenance expenses ("Net Revenues"), have been and are hereby pledged and will be set aside into said Bond Fund by the Issuer to be used for the payment of the principal of and interest on this Bond, and that said Net Revenues of the System are not pledged, hypothecated, or anticipated in any way other than the payment of this Bond and the bonds issued on a parity with this Bond.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the 2011A Executing Resolution until the Certificate of Authentication on this Bond shall have been manually signed by the Registrar.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor and countersigned by its City Recorder with the seal of said Issuer affixed, all as of this _____, 2011.

SANTAQUIN CITY, UTAH

(SEAL)

By: _____ (Do Not Sign)
Mayor

ATTEST:

By: _____ (Do Not Sign)
City Recorder

CERTIFICATE OF AUTHENTICATION

This Bond is the Series 2011A-2 Bond described in the within mentioned 2011A Executing Resolution.

By _____
Bond Registrar

Date of Authentication: _____

CERTIFICATE OF DATES OF PAYMENT AND AMOUNT

The undersigned authorized representative of the United States Department of Agriculture Rural Development (the "USDA"), hereby certifies that the USDA has received written authorization from the Treasurer of the Issuer to stamp or write the amount or amounts indicated below on the date or dates set forth opposite such amount(s); that the amount last inserted under the column "Total Principal Sum" is the total amount received by the Issuer for the issuance of this Bond, and that the undersigned has placed his/her signature in the space provided opposite such amount(s) to evidence the same.

<u>Amount of Payment</u>	<u>Date of Payment</u>	<u>Total Principal Sum</u>	USDA <u>Representative Signature</u>
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____
\$ _____	_____	\$ _____	_____

REGISTRATION CERTIFICATE

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

This Bond shall be payable only to the order of the registered owner or his legal representative.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Bond Registrar</u>
_____	United States of America	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

INSTALLMENT PAYMENT CERTIFICATE

The undersigned Treasurer of the Issuer and duly authorized representative of the holder of this Bond, hereby certify that the amount(s) shown below are the monthly installment payments to be made on this Bond by the Issuer and that the Issuer will fully pay the total principal sum and interest thereon within forty (40) years from the date of this Bond. An interest only installment is to be paid on the first anniversary date of this Bond, equal to the amount of accrued but unpaid interest on the total principal amount of this Bond advanced to the Issuer, and thereafter monthly installments of \$11,153 shall be paid by the Issuer, provided that the final monthly installment may be in such lesser or greater amount as is necessary to pay the balance of principal and interest then remaining due.

Treasurer of Issuer

Authorized Representative
of Holder

EXHIBIT E

FORM OF SERIES 2011A-2 SERIAL BOND

UNITED STATES OF AMERICA
STATE OF UTAH
COUNTY OF UTAH
SANTAQUIN CITY
SEWER REVENUE BONDS
SERIES 2011A-2
(FEDERALLY TAXABLE)

No. _____

\$ _____

Santaquin City, Utah (the "Issuer"), for value received, promises to pay from the special fund hereinafter described and in the manner hereinafter set forth, but not otherwise, to the Registered Owner hereof, the principal sum of _____ Dollars (\$ _____), on the first day of _____, 20____, unless this Bond is redeemed prior thereto as hereinafter provided, together with interest thereon from the date of this Bond until paid at the rate of _____ percent (____%) per annum, said interest payable on _____, 20____, and on the first day of _____ of each year thereafter. Principal on this Bond shall be paid upon presentation of this Bond to the Treasurer of the Issuer for payment at maturity. Interest on this Bond shall be payable by check or draft in lawful money of the United States of America mailed to the address of the Registered Owner shown on the registration books of the Issuer.

This Bond is one of an authorized issue of Serial Bonds of like date, term, interest rate, and effect except as to maturity, in the aggregate principal amount of _____ Dollars (\$ _____), issued in exchange for the conversion of the Issuer's Sewer Revenue Bond, Series 2011A-2 dated _____, 2011, in the original principal sum of \$2,912,000, authorized by a resolution adopted by the City Council of the Issuer on May 19, 2010 ("the May Resolution"), and by a 2011A Executing Resolution of the Issuer duly adopted on January 19, 2011. This Bond and the issue of Serial Bonds of which it is a part is issued for the purpose of paying the costs of improvements to the Issuer's sewer system (the "Project"), under the authority of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and under and by virtue of and in full conformity with the Constitution and laws of the State of Utah.

The Issuer reserves the right, at its option, to redeem any of the Outstanding Parity Bonds of this series prior to maturity at any time in inverse order of maturity and by lot within a maturity. Any redemptions of any of the Bonds of this series shall be at a price equal to the principal amount of each Bond so redeemed and accrued interest thereon to the date fixed for redemption and shall be made without penalty or additional interest or charges. Notice of the exercise of the right of the Issuer to redeem any Bond is to be given not less than thirty (30) days prior to the redemption date by mailing a copy of the redemption notice at least thirty (30) days prior to the date fixed for redemption to

the registered holders of the Bonds to be redeemed. Interest on any Bond subject to redemption shall cease to accrue after the date fixed for redemption of said Bond if notice has been properly given and funds (or securities in which such funds are invested) equal to the redemption price have been deposited at the place of payment at that time.

If this Bond is redeemable, as above stated, less than the entire principal amount of this Bond may be so redeemed, and in such case, upon the surrender of the Bond, there shall be issued to the owner thereof, without charge therefor, for the unredeemed balance of the principal amount of the Bond, a bond of like maturity and interest rate.

Any redemption of any of the said Bonds shall be without penalty or additional interest or charges.

This Bond shall be registered as to principal and interest in the name of the initial purchaser and any subsequent purchasers in an appropriate book in the office of the Trustee on behalf of the Issuer, who shall be the Registrar. This Bond is transferable only upon said book, by notation thereon by the Registrar at the request of the registered owner hereof in person or by his attorney duly authorized in writing, by the surrender of this Bond, together with a written instrument of transfer satisfactory to the Issuer, duly executed by the registered owner or his attorney duly authorized in writing; thereupon a new bond in the same form as this Bond shall be issued to and registered in the name of the transferee.

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

This Bond and the issue of Bonds of which it forms a part are limited obligations of the Issuer and are payable solely from a special fund designated the "Santaquin City, Utah Water Revenue Bond Fund," into which special fund shall be deposited one hundred percent (100%) of the Net Revenues to be derived from the Issuer's water system (the "System"), including any future improvements, additions, and extensions thereto. For a more particular description of said Fund, the Net Revenues to be deposited therein and the nature and extent of the security afforded thereby, reference is made to the provisions of the aforementioned 2011A Executing Resolution adopted by the Issuer pursuant to which this Bond is issued and such Fund has been established and will be maintained. This Bond, and the issue of which it forms a part, shall constitute a lien upon all moneys which from time to time are in the Bond Fund herein pledged. This Bond, and the issue of which it forms a part, does not now, and shall never constitute an

indebtedness of the Issuer within the meaning of any State constitutional provisions or statutory limitation or a charge against the general credit or taxing powers of the Issuer.

The Issuer hereby covenants with the Bondholder to keep and perform all covenants and agreements contained in the 2011A Executing Resolution authorizing the issuance of this Bond and the issue of which it forms a part, and the Issuer will fix, establish, maintain, and collect rates, fees, or charges for service furnished by or through the System, including all extensions and improvements thereto hereafter constructed or acquired by the Issuer, sufficient to pay the principal and interest on this Bond and the issue of which it forms a part, as they fall due, provided such rates must be reasonable rates for the type, kind, and character of the service rendered, and will collect and account for the Revenues to be received for such service, and will set aside one hundred percent (100%) of the said Net Revenues (as defined in the 2011A Executing Resolution), said Net Revenues to pay the principal and interest on this Bond and the issue of which it forms a part as each becomes due.

It is hereby certified, recited, and declared that all conditions, acts, and things essential to the validity of this Bond and the issue of which it forms a part do exist, have happened, and have been done, and that every requirement of law affecting the issue hereof has been duly complied with; that this Bond and the issue of which it forms a part does not exceed any limitation prescribed by the Constitution and laws of the State of Utah; that one hundred percent (100%) of the Revenues to be derived from the operation of the System, including any future improvements, additions, and extensions thereto, less operation and maintenance expenses ("Net Revenues") have been pledged and will be set aside into said Bond Fund by the Issuer to be used for the payment of the principal of and interest on this Bond and the issue of which it forms a part, as well as the principal on the Bond authorized and issued pursuant to the aforementioned 2011A Executing Resolution, and that said Net Revenues of the System are not pledged, hypothecated, or anticipated in any way other than the payment of this Bond and the bonds issued on a parity with this Bond.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the 2011A Executing Resolution until the Certificate of Authentication on this Bond shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor and countersigned by its City Recorder with the seal of said Issuer affixed, all as of this _____, 2011.

(SEAL)

By: _____ (Do Not Sign)
Mayor

COUNTERSIGNED:

By: _____ (Do Not Sign)
City Recorder

CERTIFICATE OF AUTHENTICATION

This Bond is the Series 2011A-2 Bond described in the within mentioned 2011A Executing Resolution.

By _____
Bond Registrar

Date of Authentication: _____

REGISTRATION CERTIFICATE

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

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