

12-01-2007

EXHIBIT B
Resolution Of Governing Body
Extract Of Minutes

December 5, 2007

Santaquin, Utah

The City Council (the "Governing Body") of Santaquin City, Utah met in regular session at its regular meeting place in Santaquin, Utah on December 5, 2007, with the following members of the Governing Body present:

James DeGraffenried	Mayor
Tracy Roberts.....	Council Member
Arthur Adcock	Council Member
James Linford.....	Council Member
Filip Askerlund	Council Member
Martin Green.....	Council Member

Also present:

Susan Farnsworth.....Recorder

Absent:

After the meeting had been duly called to order and the minutes of the preceding meeting read and approved, the following resolution was introduced in written form, and pursuant to motion duly made by Council Member ASKERLUND and seconded by Council Member Green was adopted by the following vote:

YEA: Adcock	Linford
ASKERLUND	Roberts
Green	

NAY:

The resolution was then signed by the Mayor DeGraffenried in open meeting and recorded by the Susan B. Farnsworth. The resolution is as follows:

A resolution approving the form of the Equipment Lease Agreement with Zions First National Bank, Salt Lake City, Utah. Finding that it is in the best interests of Santaquin City, Utah to enter into said Agreement, and authorizing the execution and delivery thereof.

Whereas, the City Council (the "Governing Body") has determined that a true and very real need exists for the leasing of the equipment described in the Equipment Lease Agreement presented to this meeting; and

Whereas, the Governing Body has reviewed the form of the Equipment Lease Agreement and has found the terms and conditions thereof acceptable to Santaquin City, Utah; and

Whereas, the Governing Body has taken the necessary steps including any legal bidding requirements, under applicable law to arrange for the leasing of such equipment under the Equipment Lease Agreement.

Be it resolved by the Governing Body of Santaquin City, Utah as follows:

Section 1. The terms of said Equipment Lease Agreement are in the best interests of Santaquin City, Utah for the leasing of the equipment described therein.

Section 2. The Mayor and Recorder are hereby authorized to execute and deliver the Equipment Lease Agreement and any related documents necessary to the consummation of the transactions contemplated by the Equipment Lease Agreement for and on behalf of Santaquin City, Utah.

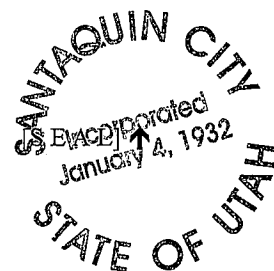
Section 3. The officers of the Governing Body and Santaquin City, Utah are hereby authorized and directed to fulfill all obligations under the terms of the Equipment Lease Agreement.

Adopted and approved this 5 day of December, 2007.

By James DeGraffenried
James DeGraffenried, Mayor

Attest:

By Susan B. Farnsworth
Susan Farnsworth, Recorder



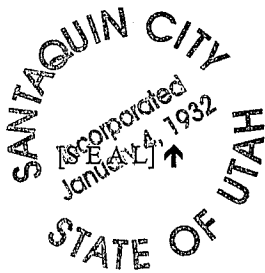
STATE OF UTAH)
 :ss.
COUNTY OF UTAH)

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

I further certify that the above and foregoing instrument constitutes a true and correct copy of the minutes of a regular meeting of the City Council including a Resolution adopted at said meeting held on December 5, 2007, as said minutes and Resolution are officially of record in my possession, and that a copy of said Resolution was deposited in my office on December 5, 2007.

In witness whereof, I have hereunto set my hand and affixed the corporate seal of Santaquin City, Utah this 5 day of December, 2007.

By S Farnsworth
Susan Farnsworth, Recorder



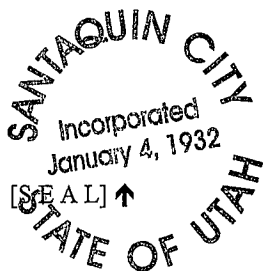
STATE OF UTAH)
 :ss.
COUNTY OF UTAH)

I, Susan Farnsworth, the duly qualified Recorder of Santaquin City, Utah do hereby certify:

- (a) that in accordance with the requirements of Section 52-4-6 (1), Utah Code Annotated (1953), as amended, public notice of the 2007 Annual Meeting Schedule of the City Council (the "Governing Body") of Santaquin City, Utah was given, specifying the date, time and place of the regular meetings of the Governing Body scheduled to be held during the year, by causing a Notice of Annual Meeting Schedule for the Governing Body to be posted on December 18, 2007, at the principal office of the Governing Body at Santaquin City, Utah; said Notice of Annual Meeting Schedule having continuously remained so posted and available for public inspection during regular office hours of the undersigned until the date hereof; and causing a copy of the Notice of Annual Meeting Schedule to be provided on December 18, 2007 to at least one newspaper of general circulation within the geographic jurisdiction of Santaquin City, Utah, or to a local media correspondent;
- (b) that in accordance with the requirements of Section 52-4-6 (2), Utah Code Annotated (1953), as amended, public notice of the regular meeting of the Governing Body on December 5, 2007, was given by specifying in a Notice of Regular Meeting the agenda, date, time and place of the meeting and by causing the Notice of Regular meeting to be posted at the principal office of the Governing Body on the 3 day of December, 2007 a date not less than 24 hours prior to the date and time of the Governing Body's regular meeting, and to be provided on the 3 day of December, 2007, to at least one newspaper of general circulation within the geographic jurisdiction of Santaquin City, Utah, or to a local media correspondent.

In witness whereof, I have hereunto set my hand and affixed the official seal of Santaquin City, Utah this 5 day of December, 2007.

By SBFarnsworth
Susan Farnsworth, Recorder



December 4, 2007

Mr. Stefan Chatwin, City Manager
Santaquin City
45 West 100 South
Santaquin, Utah, 84655

Dear Susan:

Reference is made to the agreement dated June 1, 2004 (the "Agreement"), between Santaquin City and Zions Bank Public Finance pursuant to which we have agreed to provide certain specified financial advisory services in connection with the issuance by the City of various debt securities.

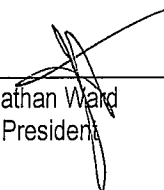
We understand that you propose to enter into a \$83,000 lease purchase agreement (the "Lease") and that you propose to privately place the lease purchase agreement as opposed to a public sale. You have requested that we act as the direct purchaser of the Lease under such circumstances, and that we, therefore, terminate the Agreement but solely as to the Lease, leaving such Agreement in full force and effect as to future issuance of debt securities by the City.

Accordingly, and pursuant to Rule G-23 of the Rules of the Municipal Securities Rulemaking Board, by our mutual execution hereof:

1. It is agreed that the financial advisory relationship established by the Agreement is terminated as to the Lease and you consent to our purchasing the lease purchase agreement.
2. We advise you, and you acknowledge that there may be a conflict of interest in changing from the capacity of financial advisor to direct purchaser of the Lease.
3. We advise you, and you acknowledge that the only remuneration which we will receive in connection with the issuance and sale of the Lease will be the difference between the par amount of the Lease and the purchase price paid to you for the Lease (the "Purchase Fee"); the amount of the Purchase Fee will be \$1,000.00. No compensation will be paid to us with the respect to the issuance and sale of the Lease under the Agreement.
4. Except as set forth above, the Agreement will remain in full force and effect as to future issuance of debt securities by you.

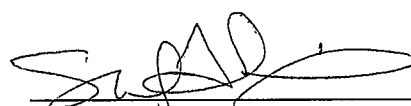
Respectfully submitted,

Zions Bank Public Finance
Zions First National Bank



Johnathan Ward
Vice President

Santaquin City, Utah hereby accepts and agrees to the provisions of the foregoing letter.

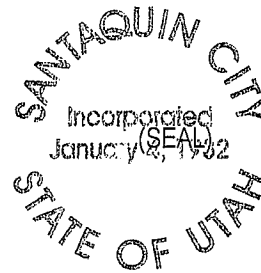


Stefan Chatwin, City Manager

ATTEST:



Susan Farnsworth, City Recorder



**Information Return for Small Tax-Exempt
Governmental Bond Issues, Leases, and Installment Sales**

► Under Internal Revenue Code section 149(e)

Caution: If the issue price of the issue is \$100,000 or more, use Form 8038-G.

Part I Reporting Authority Check box if Amended Return

1 Issuer's name <i>Santaquim City</i>	2 Issuer's employer identification number <i>87:6000 900</i>
3 Number and street (or P.O. box if mail is not delivered to street address) <i>45 W 100 S</i>	Room/suite
4 City, town, or post office, state, and ZIP code <i>Santaquim UT 84655</i>	5 Report number <i>5</i>
6 Name and title of officer or legal representative whom the IRS may call for more information <i>James E DeGraffenried, Mayor</i>	7 Telephone number of officer or legal representative <i>(801) 754-3211</i>

Part II Description of Obligations Check if reporting: a single issue or on a consolidated basis

8a Issue price of obligation(s) (see instructions)	8a
b Issue date (single issue) or calendar year (consolidated) (see instructions) ►	
9 Amount of the reported obligation(s) on line 8a:	
a Used to refund prior issue(s)	9a
b Representing a loan from the proceeds of another tax-exempt obligation (e.g., bond bank)	9b
10 If the issuer has designated any issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check this box	<input type="checkbox"/>
11 If any obligation is in the form of a lease or installment sale, check this box	<input type="checkbox"/>
12 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box	<input type="checkbox"/>

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

James E DeGraffenried Dec 5 2007
 Issuer's authorized representative Date

Type or print name and title

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form
Form 8038-GC is used by the issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150.

Who Must File
Issuers of tax-exempt governmental obligations with issue prices of less than \$100,000 must file Form 8038-GC.
Issuers of a tax-exempt governmental obligation with an issue price of \$100,000 or more must file Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.
Filing a separate return. Issuers have the option to file a separate Form 8038-GC for any tax-exempt governmental obligation with an issue price of less than \$100,000.
An issuer of a tax-exempt bond used to finance construction expenditures must file a separate Form 8038-GC for each issue to give notice to the IRS that an election was made to pay a penalty in lieu of arbitrage rebate (see the line 12 instructions).
Filing a consolidated return. For all tax-exempt governmental obligations with issue prices of less than \$100,000 that are not reported on a separate Form 8038-GC, an issuer must file a consolidated information return including all such issues issued within the calendar year.

Thus, an issuer may file a separate Form 8038-GC for each of a number of small issues and report the remainder of small issues issued during the calendar year on one consolidated Form 8038-GC. However, a separate Form 8038-GC must be filed to give the IRS notice of the election to pay a penalty in lieu of arbitrage rebate.

When To File
To file a **separate return**, file Form 8038-GC on or before the 15th day of the second calendar month after the close of the calendar quarter in which the issue is issued.
To file a **consolidated return**, file Form 8038-GC on or before February 15th of the calendar year following the year in which the issue is issued.
Late filing. An issuer may be granted an extension of time to file Form 8038-GC under Section 3 of Rev. Proc. 88-10, 1988-1 C.B. 635, if it is determined that the failure to file on time is not due to willful neglect. Type or print at the top of the form, "This Statement is Submitted in Accordance with Rev. Proc. 88-10." Attach to the Form 8038-GC a letter briefly stating why the form was not submitted to the IRS on time. Also indicate whether the obligation in question is under examination by the IRS. Do not submit copies of any bond documents, leases, or installment sale documents. See **Where To File** below.

Where To File
File Form 8038-GC, and any attachments, with the Internal Revenue Service Center, Ogden, UT 84201.

Other Forms That May Be Required
For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the Federal government, use Form 8038-T, Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate. For private activity bonds, use Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

Rounding to Whole Dollars
You may show the money items on this return as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 to 99 cents to the next higher dollar.

Definitions
Obligations. This refers to a single tax-exempt governmental obligation if Form 8038-GC is used for separate reporting or to multiple tax-exempt governmental obligations if the form is used for consolidated reporting.
Tax-exempt obligation. This is a bond, installment purchase agreement, or financial lease, on which the interest is excluded from income under section 103.
Tax-exempt governmental obligation. A tax-exempt obligation that is not a private activity bond (see below) is a tax-exempt governmental obligation. This includes a bond issued by a qualified volunteer fire department under section 150(e).
Private activity bond. This includes an obligation issued as part of an issue in which:
• More than 10% of the proceeds are to be used for any private activity business use, and

LEASE PURCHASE AGREEMENT

This equipment lease (the "Lease") dated as of December 19, 2007, by and between Zions First National Bank, One South Main Street, Salt Lake City, Utah 84111 ("Lessor"), and Santaquin City, Utah ("Lessee") a body corporate and politic existing under the laws of the State of Utah. This Lease includes all Exhibits hereto, which are hereby specifically incorporated herein by reference and made a part hereof.

Now therefore, for and in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

Lease Of Equipment

Section 1.1 *Agreement to Lease.* Lessor hereby demises, leases, and lets to Lessee and Lessee rents, leases and hires from Lessor, the "Equipment" (as hereinafter defined), to have and to hold for the term of this Lease; provided, however, that the obligation of Lessor to lease any item of the Equipment and to make payment to the Vendor therefor is subject to the condition precedent that Lessee shall provide the following at its cost, in form and substance satisfactory to Lessor:

- (i) Evidence satisfactory to Lessor as to due compliance with the insurance provisions of Section 10.2 hereof;
- (ii) Invoice of the Vendor of such item of Equipment; and
- (iii) Delivery And Acceptance Certificate in the form attached hereto as Exhibit "E" executed by Lessee acknowledging delivery to and acceptance by Lessee of such item of Equipment.

Section 1.2 *Title.* During the term of this Lease, title to the Equipment will be transferred to, and held in the name of, Lessee, subject to retransfer to Lessor as provided in Section 3.4. Upon termination of this Lease as provided in Sections 3.3 (a) or 3.3 (c), title to the Equipment will transfer automatically to Lessor without the need for any further action on the part of Lessor, Lessee, or any other person, provided that if any action is so required, Lessee by this Lease appoints Lessor its irrevocable attorney in fact to take any action to so transfer title to the Equipment to Lessor. Lessor at all times will have access to the Equipment for the purpose of inspection, alteration, and repair.

Section 1.3 *Security.* To secure the payment of all of Lessee's obligations to Lessor under this Lease, Lessee grants to Lessor a security interest in the Equipment and in all additions, attachments, accessions, and substitutions to or for the Equipment. The security interest granted herein includes proceeds. Lessee agrees to execute such additional documents, including financing statements, affidavits, notices, and similar instruments, in form satisfactory to Lessor, which Lessor deems necessary or advisable to establish and maintain its security interest in the

Equipment. Lessor understands and agrees that the security interest granted in this Section shall be subject and subordinate to presently existing security interests and/or purchase money security interests in miscellaneous equipment which may be installed in accordance with the provisions of Section 9.3.

ARTICLE II

Definitions

The terms defined in this Article II shall, for purposes of this Lease, have the meaning herein specified unless the context clearly otherwise requires:

“Business Day” shall mean any day except Saturday, Sunday and legal holidays on which banks in the State of Utah are closed.

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

“Commencement Date” shall mean the date when the term of this Lease begins and Lessee’s obligation to pay rent accrues, as set forth in Section 3.1.

“Equipment” shall mean the property which Lessor is leasing to Lessee referred to in Section 1.1 and more fully described in Exhibit “A.”

“Lessee” shall mean Santaquin City, Utah.

“Lessor” shall mean Zions First National Bank, Salt Lake City, Utah, its successors and assigns.

“Option Purchase Price” shall mean the amount which Lessee must pay Lessor to purchase the Equipment, as determined by Article V.

“Original Term” shall mean the period from the Commencement Date until the end of the fiscal year of Lessee in effect at the Commencement Date, as set forth in Section 3.2.

“Principal Outstanding” means the remaining unpaid principal outstanding under this Lease as specified on Exhibit “C” attached hereto.

“Renewal Terms” shall mean all of the additional periods of one year (coextensive with Lessee’s fiscal year) for which this Lease shall be effective in the absence of a termination of the Lease as provided in Article III.

“Rental Payment Date” means the dates upon which Rental Payments are to be made by the Lessee to the Lessor hereunder as specified on Exhibit “C” attached hereto.

“Rental Payments” means the rental payments payable by Lessee pursuant to the provisions of this Lease during the Term hereof.

"Term" or "Term of this Lease" shall mean the Original Term and all Renewal Terms provided for in this Lease under Section 3.2.

"Vendor" shall mean the manufacturer of the Equipment and the manufacturer's agent or dealer from whom Lessor purchased or is purchasing the Equipment.

ARTICLE III

Lease Term

Section 3.1 *Commencement*. The Term of this Lease shall commence as of:

_____ the date this Lease is executed.

_____ days after the receipt, installation, and operation of the Equipment, and its acceptance by Lessee, as indicated by an acceptance certificate signed by Lessee.

_____ the date the Vendor receives full payment for the Equipment from Lessor.

 X December 19, 2007.

Such date will be referred to as the Commencement Date.

Section 3.2 *Duration of Lease: Nonappropriation*. This Lease will continue until the end of the fiscal year of Lessee in effect at the Commencement Date (the "Original Term"). Thereafter, this Lease will be automatically extended for five (5) successive additional periods of one year coextensive with Lessee's fiscal year (each, a "Renewal Term"), unless this Lease is terminated as hereinafter provided.

The parties understand that as long as Lessee has sufficient appropriated funds to make the Rental Payments hereunder, Lessee will keep this Lease in effect through all Renewal Terms and make all payments required herein or Lessee will exercise its option under Article V to purchase the Equipment. Lessee hereby declares that, as of the date of the execution of this Lease, Lessee currently has an essential need for the Leased Equipment which is the subject of this Lease to carry out and give effect to the public purposes of Lessee. Lessee reasonably believes that it will have a need for the Equipment for the duration of the Original Term and all Renewal Terms. If Lessee does not appropriate funds to continue the leasing of the Equipment for any ensuing Renewal Term, this Lease will terminate upon the expiration of the Original or Renewal Term then in effect and Lessee shall notify Lessor of such termination at least ten (10) days prior to the expiration of the Original or Renewal Term then in effect; provided, however, that a failure to give such written notice shall not constitute an event of default, result in any liability on the part of the Lessee or otherwise affect the termination of this Lease as set forth hereinabove.

Section 3.3 *Termination*. This Lease will terminate upon the earliest of any of the following events:

- (a) the expiration of the Original Term or any Renewal Term of this Lease and the failure of Lessee to appropriate funds to continue the leasing of the Equipment for the ensuing Renewal Term;
- (b) the exercise by Lessee of any option to purchase granted in this Lease by which Lessee purchases all of the Equipment;
- (c) a default by Lessee and Lessor's election to terminate this Lease under Article VII herein; or
- (d) the expiration of the Term of this Lease.

Section 3.4 *Return of Equipment Upon Termination*. Upon termination of this Lease pursuant to Sections 3.3 (a) or 3.3 (c), Lessee shall return the Equipment to Lessor in the condition, repair, appearance and working order required in Section 9.2 hereof in the following manner as may be specified by Lessor:

- (a) By delivering the Equipment to Lessor at Lessee's principal place of business; or
- (b) By loading the Equipment at Lessee's cost and expense, on board such carrier as Lessor shall specify and shipping the same, freight prepaid, to the destination designated by Lessor.

Lessee shall obtain all governmental authorizations to permit return of the Equipment to Lessor and Lessee shall pay to Lessor such sum as may be necessary to cover replacement of all broken or missing parts.

ARTICLE IV

Rental Payments

Section 4.1 *Amount*. Lessee will pay Lessor as rent for the use of the Equipment during the Original Term and any Renewal Terms on the dates and in the amounts set forth in Exhibit "C" attached hereto. All Rental Payments shall be paid, exclusively from legally available funds, in lawful money of the United States of America to Lessor at or to such other person or entity or at such other place as Lessor may from time to time designate by written notice to Lessee.

Section 4.2 *Portion of Rental Payments Attributable to Interest*. The portion of each Rental Payment which is paid as and is representative of interest is set forth in Exhibit "C" attached hereto.

Section 4.3 *No Right to Withhold*. Notwithstanding any dispute between Lessee, Lessor, Vendor or any other party, Lessee will make all Rental Payments when due, without withholding any portion of such rent, pending final resolution of such dispute by mutual agreement between the parties thereto or by a court of competent jurisdiction.

Section 4.4 *Rental Payments to Constitute a Current Obligation of the Lessee.* The Lessee and the Lessor acknowledge and agree that the obligation of the Lessee to pay Rental Payments hereunder constitutes a current obligation of the Lessee payable exclusively from current and legally available funds and shall not in any way be construed to be an indebtedness of the Lessee within the meaning of any provision of Sections 10-8-6 or 11-1-1 through 11-1-2, Utah Code Annotated 1953, as amended, or Section 3, 4, or 5 of Article XIV of the Utah Constitution, or any other constitutional or statutory limitation or requirement applicable to the Lessee concerning the creation of indebtedness. The Lessee has not hereby pledged the credit of the Lessee to the payment of the Rental Payments, or the interest thereon, nor shall this Lease obligate the Lessee to apply money of the Lessee to the payment of Rental Payments beyond the then current Original Term or Renewal Term, as the case may be, or any interest thereon.

ARTICLE V

Purchase Of Equipment

Section 5.1 *Option Purchase Price.* On any Business Day on or after December 19, 2007, Lessee may purchase the Equipment from Lessor at a price equal to the principal amount outstanding on the Rental Payment Date immediately preceding the date of calculation (unless such date is a Rental Payment Date, in which case, the principal amount outstanding as of such date), plus accrued interest from such Rental Payment Date to such date of calculation at the rate of interest per annum in effect for the period during which the calculation is made, as set forth in Exhibit "C."

Section 5.2 *Manner of Exercise of Option.* To exercise the option, Lessee must deliver to Lessor written notice specifying the date on which the Equipment is to be purchased (the "Closing Date"), which notice must be delivered to Lessor at least thirty (30) days prior to the Closing Date specified therein. At the closing, Lessor will deliver to Lessee a bill of sale transferring the Equipment to Lessee free and clear of any lien or encumbrance created by or arising through Lessor, but without warranties, and will deliver all warranties and guarantees of Vendors of the Equipment.

Section 5.3 *Conditions of Exercise of Option.* Lessee may purchase the Equipment pursuant to the option granted by this Lease only if Lessee has made all Rent Payments when due (or has remedied any defaults in the payment of rent, in accordance with the provisions of this Lease) and if all other representations, covenants, warranties, and obligations of Lessee under this Lease have been satisfied (or all breaches of the same have been waived by Lessor in writing).

Section 5.4 *Termination Purchase.* Upon the expiration of the Term of the Lease and provided that the conditions of Section 5.3 have been satisfied, Lessee shall be deemed to have purchased the Equipment (without the payment of additional sums) and shall be vested with all rights and title to the Equipment. Lessor agrees that upon the occurrence of the events as provided in this Section, it shall deliver to Lessee the documents specified in Section 5.2, and shall comply with the provisions of Section 5.2 relating to termination upon exercise of the option to purchase.

ARTICLE VI

Representations, Covenants, And Warranties Of Lessee And Lessor

Section 6.1 *Representations, Covenants and Warranties of Lessee.* Lessee represents, covenants, and warrants as follows:

- (a) Lessee is a body corporate and politic, duly organized and existing under the Constitution and laws of the State of Utah.
- (b) Lessee is authorized by the Constitution and laws of the State of Utah to enter into this Lease and to effect all of Lessee's obligations hereunder. The governing body of Lessee has executed the resolution attached as Exhibit "B" to this Lease which specifically authorizes Lessee to execute and deliver this Lease.
- (c) All procedures and requirements, including any legal bidding requirements, have been met by Lessee prior to the execution of this Lease in order to insure the enforceability of this Lease and all rent and other payment obligations will be paid out of funds legally available for such purpose.
- (d) The governing body of Lessee has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which Lessee's execution of this Lease was authorized, as evidenced by the certificate of open meeting law attached to the Resolution of Governing Body which is attached hereto as Exhibit "B."
- (e) The letter attached to this Lease as Exhibit "D" is a true opinion of Lessee's counsel.
- (f) Lessee will use and service the Equipment in accordance with Vendor's instructions and in such a manner as to preserve all warranties and guarantees with respect to the Equipment.
- (g) During the term of this Lease, the Equipment will be used by Lessee only for the purpose of performing one or more governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority.
- (h) The representations, covenants, warranties, and obligations set forth in this Article are in addition to and are not intended to limit any other representations, covenants, warranties, and obligations set forth in this Lease.
- (i) The Equipment shall be used solely by Lessee and shall not be subject to any direct or indirect private business use.
- (j) Lessee covenants and certifies to and for the benefit of Lessor throughout the term of this Lease that:

- (1) No use will be made of the proceeds of this Lease, or any funds or accounts of Lessee which may be deemed to be proceeds of this Lease, which use, if it had been reasonably expected on the date of execution of this Lease, would have caused this Lease to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code;
 - (2) Lessee will at all times comply with the rebate requirements of Section 148(f), to the extent applicable;
 - (3) in order to preserve the status of this Lease as other than a "private activity bond" as described in Sections 103(b)(1) and 141 of the Code, as long as this Lease is outstanding: (I) none of the proceeds of this Lease or the Equipment financed therewith shall be used for any "private business use" as that term is used in Section 141(b) of the Code and defined in Section 141(b)(6) of the Code; and (II) no part of this Lease shall be secured in whole or in part, directly or indirectly, by any interest in any equipment used in any such "private business use" or by payments in respect of such equipment, and shall not be derived from payments in respect of such equipment;
 - (4) it will not take any action or omit to take any action such that would cause interest on this Lease to become ineligible for the exclusion from gross income of Lessor as provided in Section 103 of the Code.
- (k) The obligations of Lessee under this lease are not federally guaranteed within the meaning of Section 149(b) of the Code.
- (l) This Lease is being executed for the purpose of acquiring the Equipment and is not being issued to refund or refinance any outstanding obligation of Lessee, nor to reimburse Lessee for any expenditures made prior to the date hereof.
- (m) In compliance with Section 149 (e) of the Code relating to information reporting, Lessee has caused or will cause to be filed with the Internal Revenue Service, IRS form 8038-G or 8038-GC, as appropriate.
- (n) Lessee has selected the Equipment and desires to lease the Equipment for use in the performance of its governmental or proprietary functions. Lessor, at Lessee's request, has ordered or shall order the Equipment and shall lease the same to Lessee as herein provided, Lessor's only role being the facilitation of the financing of the Equipment for the Lessee. Lessor will not be liable for specific performance or for damages if the supplier or manufacturer of the Equipment for any reason fails to fill, or delays in filling, the order for the Equipment. Lessee acknowledges that Lessor is not a manufacturer of or a dealer in the Equipment (or similar equipment) and does not inspect the Equipment prior to delivery to Lessee. Lessee agrees to accept the Equipment and authorizes Lessor to add the serial number of the Equipment to Exhibit "A." Lessor shall have no obligation to install, erect, test, inspect, or service the Equipment. *For purpose of this Lease and of any purchase of the Equipment effected under this Lease, Lessor expressly disclaims any warranty with respect to the condition, quality, durability, suitability, merchantability or fitness for a*

particular purpose of the Equipment in any respect, and any other representation, warranty, or covenant, express or implied. Lessor will not be liable to Lessee for any liability, loss, or damage caused or alleged to be caused, directly or indirectly, by any inadequacy, deficiency, or defect in the equipment, or by any use of the equipment, whatsoever. Lessor assigns to Lessee, without recourse, for the Term of this Lease all manufacturer warranties and guarantees, express or implied, pertinent to the Equipment, and Lessor directs Lessee to obtain the customary services furnished in connection with such guarantees and warranties at Lessee's expense, subject to Lessee's obligation to reassign to Lessor all such warranties and guarantees upon Lessor's repossession of the Equipment.

- (o) During the term of this Lease, Lessee covenants and agrees (1) to include in its annual tentative budget prepared by the appropriate officials acting on behalf of Lessee in accordance with applicable law an item for expenditure of an amount necessary to pay the Rental Payments for the Equipment during the next succeeding Renewal Term, and (2) to take such further action (or cause the same to be taken) as may be necessary or desirable to assure that the final budget submitted to the governing body of Lessee for its consideration seeks an appropriation of moneys sufficient to pay such Rental Payments.
- (p) There are no legal or governmental proceedings or litigation pending or, to the best knowledge of Lessee, threatened or contemplated (or any basis therefore) wherein an unfavorable decision, ruling or finding might adversely affect the transactions contemplated in or the validity of this Lease
- (q) Lessee has never non-appropriated or defaulted under any of its payment or performance covenants, either under any municipal lease of the same general nature as this Lease or under any of its bonds, notes or other debt obligations for which its general credit or revenues are pledged.

Section 6.2 *Representations, Covenants and Warranties of Lessor.* Lessor represents, covenants, and warrants as follows:

- (a) During the term of this Lease, Lessor will provide Lessee with quiet use and enjoyment of the Equipment, without suit, trouble, or hindrance from Lessor, except upon default by Lessee as set forth in this Lease.
- (b) Lessor has not caused to be created any lien or encumbrance on the Equipment except the security interest provided in Section 1.3 of this Lease.

ARTICLE VII

Events Of Default And Remedies

Section 7.1 *Events of Default Defined*. The following shall be "events of default" under this Lease and the terms, "event of default" and "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

- (a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder at the time specified herein; and
- (b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 7.1 (a), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied as given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected.

The foregoing provisions of this Section 7.1 are subject to (i) the provisions of Section 3.2 hereof with respect to nonappropriation; and (ii) if by reason of *force majeure* Lessee is unable in whole or in part to carry out its agreement on its part herein contained, other than the obligations on the part of Lessee contained in Article IV hereof, Lessee shall not be deemed in default during the continuance of such inability. The term "*force majeure*" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the state wherein Lessee is located or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms, droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of Lessee.

Section 7.2 *Remedies on Default*. Whenever any event of default referred to in Section 7.1 hereof shall have happened and be continuing, Lessor shall have the right, at its sole option without any further demand or notice to take one or any combination of the following remedial steps:

- (a) With or without terminating this Lease, retake possession of the Equipment and sell, lease or sublease the Equipment for the account of Lessee, holding Lessee liable for the difference between (i) the rents and other amounts payable by Lessee hereunder to the end of the then current Original Term or Renewal Term, as appropriate, and (ii) the purchase price, rent or other amounts paid by a purchaser, lessee or sublessee of the Equipment pursuant to such sale, lease or sublease; and

- (b) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights as the owner of the Equipment.

Section 7.3 *No Remedy Exclusive*. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Article VII it shall not be necessary to give any notice, other than such notice as may be required in this Article VII.

Section 7.4 *Waiver of Certain Damages*. With respect to all of the remedies of Section 7.2 above, Lessee expressly waives any damages occasioned by Lessor's repossession of the Equipment.

ARTICLE VIII

Payment Of Taxes, Fees, Permits, And Utility Services

Section 8.1 *Interpretation*. This Lease for all purposes will be treated as a net lease.

Section 8.2 *Taxes and Fees*. Lessee agrees to pay and to indemnify and hold Lessor harmless from, all license, sales, use, personal property, and other taxes and fees, together with any penalties, fines, and interest on such taxes and fees imposed or levied with respect to the Equipment and the ownership, delivery, lease, possession, use, operation, sale, and other disposition of the Equipment, and upon the rental or earnings arising from any such disposition, except any federal or state income taxes payable by Lessor on such rental or earnings. Lessee may in good faith and by appropriate proceedings contest any such taxes and fees so long as such proceedings do not involve any danger of sale, forfeiture, or loss of the Equipment or of any interest in the Equipment.

Section 8.3 *Permits*. Lessee will provide all permits and licenses necessary for the installation, operation, and use of the Equipment. Lessee will comply with all laws, rules, regulations, and ordinances applicable to the installation, use, possession, and operation of the Equipment. If compliance with any law, rule, regulation, ordinance, permit, or license requires changes or additions to be made to the Equipment, such changes or additions will be made by Lessee at its own expense.

Section 8.4 *Utilities*. Lessee will pay all charges for gas, water, steam, electricity, light, heat or power, telephone, or other utilities furnished to or used in connection with the Equipment (including charges for installation of such services) during the term of this Lease. There will be no abatement of rent on account of the interruption of any such services.

ARTICLE IX

Use, Repairs, Alterations, And Liens

Section 9.1 *Use*. Lessee will not install, use, operate, or maintain the Equipment improperly, carelessly, in violation of any applicable law, or in a manner contrary to that contemplated by this Lease. Lessee agrees that the Equipment is and at all times will remain personal property not withstanding that the Equipment or any part of the Equipment may now or hereafter become affixed in any manner to real property or to any building or permanent structure.

Section 9.2 *Repairs*. Lessee at its own cost will service, repair, and maintain the Equipment so as to keep the Equipment in as good condition, repair, appearance, and working order as when delivered to and accepted by Lessee under this Lease, ordinary wear and tear excepted. At its own cost, Lessee will replace any and all parts and devices which may from time to time become worn out, lost, stolen, destroyed damaged beyond repair, or rendered unfit for use for any reason whatsoever. All such replacement parts, mechanisms, and devices will be free and clear of all liens, encumbrances, and rights of others, and immediately will become a part of the Equipment and will be covered by this Lease (for all purposes including the obligation of Lessee to retransfer title to Lessor under Section 1.2 herein) to the same extent as the Equipment originally covered by this Lease.

Section 9.3 *Alterations*. Lessee may install such miscellaneous equipment as may be necessary for use of the Equipment for its intended purposes so long as either (a) the installation of such equipment does not alter the function or manner of operation of the Equipment, or (b) Lessee, upon termination of this Lease (other than termination pursuant to Section 3.3(b) or (d), restores the Equipment to its function and manner of operation prior to the installation of such equipment. Subject to the obligations described above, Lessee may remove such equipment upon termination of this Lease, if the removal of such equipment will not substantially damage the Equipment. Without the prior written consent of Lessor, Lessee will not make any other alterations, changes, modifications, additions, or improvements to the Equipment except those needed to comply with Lessee's obligations to change, add to, or repair the Equipment as set forth in Sections 9.2 and 10.3 herein. Any alterations, changes, modifications, additions, and improvements made to the Equipment, other than miscellaneous equipment installed as set forth above, immediately will become a part of the Equipment and will be covered by this Lease (for all purposes, including the obligation of Lessee to retransfer title to Lessor under Section 1.2 herein) to the same extent as the Equipment originally covered by this Lease.

Section 9.4 *Liens*. Except with respect to the security interest provided in Section 1.3 hereof, Lessee will not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Equipment or any interest in the Equipment. Lessee promptly and at its own expense will take such action as may be necessary to duly discharge any mortgage, pledge, lien, charge, encumbrance, or claim, not excepted above, if the same arises at any time.

ARTICLE X

Indemnification, Insurance, And Damage To Or Destruction Of The Equipment

Section 10.1 *Indemnification*. Lessee assumes liability for and agrees to indemnify Lessor from and against any and all liability (including attorney's fees) of any nature imposed upon, incurred by, or asserted against Lessor which in any way relates to or arises out of ownership, delivery, lease, possession, use, operation, condition, sale, or other disposition of the Equipment. Notwithstanding anything contained in this Section to the contrary, Lessor shall not be indemnified for, or relieved of, any liability which may be incurred from Lessor's breach of this Lease.

Section 10.2 *Insurance*. Lessee at Lessor's option will either self insure, or at its cost, will cause casualty insurance, public liability insurance, and property damage insurance to be carried and maintained on the Equipment, with all such coverages to be in such amounts sufficient to cover the value of the Equipment at the commencement of this Lease (as determined by the purchase price paid by Lessor for the Equipment), and to be in such forms, to cover such risks, and with such insurers, as are acceptable to Lessor. A combination of self-insurance and policies of insurance may be utilized. If policies of insurance are obtained, Lessee will cause Lessor to be the named insured on such policies as its interest under this Lease may appear. Insurance proceeds from insurance policies or budgeted amounts from self-insurance as relating to casualty and property damage losses will, to the extent permitted by law, be payable to Lessor to the extent of the sum of the Option Purchase Price of the Equipment at the time of its damage or destruction and all amounts due and owing hereunder. Lessee will deliver to Lessor the policies or evidences of insurance satisfactory to Lessor, if any, together with receipts for the initial premiums before the Equipment is delivered to Lessee. Renewal policies, if any, together with receipts showing payment of the applicable premiums will be delivered to Lessor at least thirty (30) days before termination of the policies being renewed. By endorsement upon the policy or by independent instrument furnished to Lessor, such insurer will agree that it will give Lessor at least thirty (30) days' written notice prior to cancellation or alteration of the policy. Lessee will carry workmen's compensation insurance covering all employees working on, in, or about the Equipment, and will require any other person or entity working on, in, or about the Equipment to carry such coverage, and will furnish to Lessor certificates evidencing such coverages throughout the Term of this Lease.

Section 10.3 *Damage to or Destruction of the Equipment*. If all or any part of the Equipment is lost, stolen, destroyed, or damaged, Lessee will give Lessor prompt notice of such event and will, to the extent permitted by law, repair or replace the same at Lessee's cost within thirty (30) days after such event, and any replaced Equipment will be substituted in this Lease by appropriate endorsement. All insurance proceeds received by Lessor under the policies required under Section 10.2 with respect to the Equipment lost, stolen, destroyed, or damaged, will be paid to Lessee if the Equipment is repaired or replaced by Lessee as required by this Section. If Lessee fails or refuses to make the required repairs or replacement, such proceeds will be paid to Lessor to the extent of the then remaining portion of the Rental Payments to become due during the Term of this Lease less that portion of such Rental Payments attributable to interest which will not then have accrued. No loss, theft, destruction, or damage to the Equipment will impose any obligation on Lessor under this Lease, and this Lease will continue in full force and effect

regardless of such loss, theft, destruction, or damage. Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss, theft, destruction, or damage to the Equipment and for injuries or deaths of persons and damage to property however arising, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such damage to property be to Lessee's property or to the property of others.

ARTICLE XI

Miscellaneous

Section 11.1 *Assignment and Sublease by Lessee.* Lessee may not assign, transfer, pledge, or encumber this Lease or any portion of the Equipment (or any interest in this Lease or the Equipment), or sublet the Equipment, without the prior written consent of Lessor. Consent to any of the foregoing acts shall not constitute a consent to any subsequent like act by Lessee or any other person. Lessee agrees that Lessor may impose on the Equipment such plates or other means of identification as necessary to indicate that the Equipment is subject to this Lease and the restrictions set forth in this Section.

Section 11.2 *Assignment by Lessor.* The parties hereto agree that all rights of Lessor hereunder may be assigned, transferred or otherwise disposed of, either in whole or in part; provided that (1) notice of any such assignment, transfer or other disposition is given to Lessee at least five (5) days prior thereto; (2) prior to any such assignment, transfer or other disposition, the name and address of the assignee or transferee must be registered on registration books maintained by Lessee for this Lease; and (3) prior to any such assignment, transfer or other disposition, this Lease must be surrendered to Lessee and the interest of any such assignee or transferee indicated on the face hereof and after such notation hereon, Lessee will redeliver this Lease to the new owner or owners hereof. Lessee shall maintain registration books for this Lease and shall be obligated to make the payments required hereby, including principal and interest payments, solely to the registered owner or owners hereof.

Section 11.3 *Lessor's Right to Perform for Lessee.* If Lessee fails to make any payment or fails to satisfy any representation, covenant, warranty, or obligation contained herein or imposed hereby, Lessor may (but need not) make such payment or satisfy such representation, covenant, warranty, or obligation, and the amount of such payment and any expenses incurred by Lessor, as the case may be, together with interest thereon as herein provided, will be deemed to be additional rent payable by Lessee on Lessor's demand.

Section 11.4 *Addresses.* All notices to be given under this Lease will be made in writing and mailed or delivered by registered or certified mail, return receipt requested to the following addresses until either Lessee or Lessor gives written notice to the other specifying a different address:

- (a) if to Lessee, at Santaquin City, Utah, 45 West 100 South, Santaquin, Utah, 84655.
Attention: Susan Farnsworth.

(b) if to Lessor, at Zions First National Bank, One South Main Street, Salt Lake City, Utah, 84111. Attention: Public Financial Services.

Section 11.5 *Manner of Payment*. All payments by Lessee will be made in cash, by certified or cashier's check, or by other manner acceptable to Lessor.

Section 11.6 *Nonwaiver*. No breach by Lessee in the satisfaction of any representation, covenant, warranty, or obligation contained herein or imposed hereby may be waived except by the written consent of Lessor, and any such waiver will not operate as a waiver of any subsequent breach. Forbearance or indulgence by Lessor in any regard whatsoever shall not constitute a waiver of the covenant or obligation and until complete performance by Lessee of said covenant or obligation Lessor shall be entitled to invoke any remedy available to it under this Lease despite said forbearance or indulgence. No collection of rent shall operate as a waiver of any default.

Section 11.7 *Severance Clause*. Any provision in this Lease which is prohibited by Law will be treated as if it never were a part of this Lease, and the validity of the remaining terms of this Lease will be unaffected.

Section 11.8 *Entire Agreement; Addendum*. This Lease and the attached Exhibits constitute the entire agreement between Lessor and Lessee and supersedes any prior agreement between Lessor and Lessee with respect to the Equipment, except as is set forth in an Addendum, if any, which is made a part of this Lease and which is signed by Lessor and Lessee.

Section 11.9 *Amendments*. This Lease may be amended only by a written document signed by Lessor and Lessee, or their respective successors and assigns.

Section 11.10 *Inurement*. Subject to the restrictions in Section 11.1 above, this Lease is binding upon and inures to the benefit of Lessor and Lessee and their respective successors and assigns.

Section 11.11 *Governing Law*. This Lease is governed by the laws of the State of Utah.

Section 11.12 *Headings*. Headings used in this Lease are for convenience of reference only and the interpretation of this Lease will be governed by the text only.

Section 11.13 *Offset*. Rental Payments or other sums payable by Lessee pursuant to this Lease shall not be subject to set-off, deduction, counterclaim or abatement and Lessee shall not be entitled to any credit against such Rental Payments or other sums for any reason whatsoever, including, but not limited to any damage or destruction of the Equipment or any restriction or interference with Lessee's use of the Equipment.

Section 11.14 *Interest*. If Lessee fails to pay any Rental Payment or other amount due hereunder within ten (10) days after the due date thereof, Lessee shall pay to Lessor interest on such delinquent payment from the due date until paid at the rate of one percent (1%) per month.

Section 11.15 *Nature of this Agreement*. Lessor and Lessee agree that it is their intention that, for federal income tax purposes, the interest of Lessor in the Equipment is as a secured

party and the interest of Lessee is as a debtor with the aggregate principal amount of the Rental Payments constituting the purchase price of the Equipment, and that Lessor neither has nor will have any equity in the Equipment.

Section 11.16 *Set-Up Fee*. As additional consideration for the rights herein granted to Lessee, Lessee agrees to pay Lessor a commencement or set-up fee of one thousand dollars (\$1,000.00) on the date this Lease is executed.

Section 11.17 *Designation of Issue for Tax Purposes*. In accordance with Section 265 of the Code, Lessee hereby designates this Lease as an issue qualifying for the exception for certain qualified tax-exempt obligations to the rule denying banks and other financial institutions 100% of the deduction for interest expenses which is allocable to tax-exempt interest. Lessee reasonably anticipates that the total amount of tax-exempt obligations [other than (i) private activity bonds, as defined in Section 141 of the Code (a qualified 501 (c)(3) bond, as defined in Section 145 of the Code, and any bond issued to refund certain obligations issued before August 8, 1986 as described in Section 265 (b)(3)(B)(ii)(II) of the Code not being treated as a private activity bond for this purpose), (ii) any obligation to which Section 141 (a) of the Code does not apply by reason of Sections 1312, 1313, 1316 (g) or 1317 of the Tax Reform Act of 1986 and which is described in Section 265 (b)(3)(C)(ii)(II) of the Code, and (iii) any obligation issued to refund (other than to advance refund within the meaning of Section 149 (d)(5) of the Code) any obligation to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation] which will be issued by the Lessee and by any aggregated issuer during the current calendar year will not exceed \$10,000,000.

Section 11.18 *Exhibits*. This Lease shall not be effective as against Lessor until such time as all Exhibits attached hereto, consisting of Exhibits "A" through "E," inclusive, are completed to the satisfaction of Lessor and delivered to Lessor.

EXHIBITS

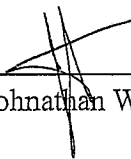
- Exhibit A..... Description Of Equipment
- Exhibit B..... Resolution Of Governing Body
- Exhibit C..... Payment Schedule
- Exhibit D..... Opinion Of Lessee's Counsel
- Exhibit E..... Delivery and Acceptance Certificate

Executed this 5 day of December, 2007.

Lessor:

Zions First National Bank

By


Johnathan Ward, Vice President

[SEAL] ↑

Attest:

By _____

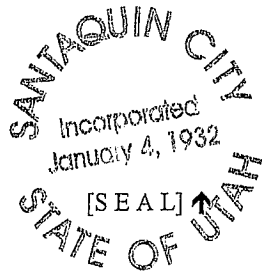
Title _____

Lessee:

Santaquin City, Utah

By


James DeGraffenried, Mayor



Attest:

By

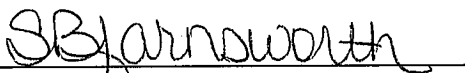


Susan Farnsworth, Recorder

EXHIBIT A
Description Of Equipment

<u>Quantity</u>	<u>Description/Serial Numbers</u>
1	Pierce DX Contender Dry Side Tanker mounted on a K-W model T-300 Chassis, VIN: 2NKMLN9X78M226572



Initials of Lessee Signatory

EXHIBIT C
Payment Schedule

Lessee: Santaquin City, Utah

Date of Lease: December 19, 2007

Amount Due: \$83,000.00

1. Interest has been computed at the rate of 4.13% per annum. Interest shall accrue from the Commencement Date.
2. Rental payments shall be due monthly commencing February 1, 2008. The payments set forth on the attached debt service schedule shall be due on the 1st day of every month up to and including January 1, 2013.
3. The Option Purchase Price, on any given date of calculation, is equal to the Principal Outstanding on the Rental Payment Date immediately preceding the date of calculation (unless such calculation date is a Rental Payment Date, in which case, the Principal Outstanding as of such date) plus accrued interest from such Rental Payment Date at the rate set forth in paragraph number 1 above.

[Please see the attached Debt Service Schedule]

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Santaquin City, Utah

\$83,000 Equipment Lease Purchase

Dated December 19, 2007

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/19/2007	-	-	-	-	-
02/01/2008	1,135.63	4.130%	399.92	1,535.55	-
03/01/2008	1,253.80	4.130%	281.75	1,535.55	-
04/01/2008	1,258.11	4.130%	277.43	1,535.54	-
05/01/2008	1,262.44	4.130%	273.10	1,535.54	-
06/01/2008	1,266.79	4.130%	268.76	1,535.55	7,677.73
07/01/2008	1,271.15	4.130%	264.40	1,535.55	-
08/01/2008	1,275.52	4.130%	260.03	1,535.55	-
09/01/2008	1,279.91	4.130%	255.64	1,535.55	-
10/01/2008	1,284.32	4.130%	251.23	1,535.55	-
11/01/2008	1,288.74	4.130%	246.81	1,535.55	-
12/01/2008	1,293.17	4.130%	242.37	1,535.54	-
01/01/2009	1,297.63	4.130%	237.92	1,535.55	-
02/01/2009	1,302.09	4.130%	233.46	1,535.55	-
03/01/2009	1,306.57	4.130%	228.98	1,535.55	-
04/01/2009	1,311.07	4.130%	224.48	1,535.55	-
05/01/2009	1,315.58	4.130%	219.97	1,535.55	-
06/01/2009	1,320.11	4.130%	215.44	1,535.55	18,426.59
07/01/2009	1,324.65	4.130%	210.90	1,535.55	-
08/01/2009	1,329.21	4.130%	206.34	1,535.55	-
09/01/2009	1,333.79	4.130%	201.76	1,535.55	-
10/01/2009	1,338.38	4.130%	197.17	1,535.55	-
11/01/2009	1,342.98	4.130%	192.57	1,535.55	-
12/01/2009	1,347.61	4.130%	187.94	1,535.55	-
01/01/2010	1,352.24	4.130%	183.31	1,535.55	-
02/01/2010	1,356.90	4.130%	178.65	1,535.55	-
03/01/2010	1,361.57	4.130%	173.98	1,535.55	-
04/01/2010	1,366.25	4.130%	169.30	1,535.55	-
05/01/2010	1,370.96	4.130%	164.59	1,535.55	-
06/01/2010	1,375.67	4.130%	159.88	1,535.55	18,426.60
07/01/2010	1,380.41	4.130%	155.14	1,535.55	-
08/01/2010	1,385.16	4.130%	150.39	1,535.55	-
09/01/2010	1,389.93	4.130%	145.62	1,535.55	-
10/01/2010	1,394.71	4.130%	140.84	1,535.55	-
11/01/2010	1,399.51	4.130%	136.04	1,535.55	-
12/01/2010	1,404.33	4.130%	131.22	1,535.55	-
01/01/2011	1,409.16	4.130%	126.39	1,535.55	-
02/01/2011	1,414.01	4.130%	121.54	1,535.55	-
03/01/2011	1,418.88	4.130%	116.67	1,535.55	-
04/01/2011	1,423.76	4.130%	111.79	1,535.55	-
05/01/2011	1,428.66	4.130%	106.89	1,535.55	-
06/01/2011	1,433.58	4.130%	101.97	1,535.55	18,426.60
07/01/2011	1,438.51	4.130%	97.04	1,535.55	-
08/01/2011	1,443.46	4.130%	92.09	1,535.55	-

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ZIONS BANK  PUBLIC FINANCE

Page 1

Santaquin City, Utah

\$83,000 Equipment Lease Purchase

Dated December 19, 2007

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/01/2011	1,448.43	4.130%	87.12	1,535.55	-
10/01/2011	1,453.42	4.130%	82.13	1,535.55	-
11/01/2011	1,458.42	4.130%	77.13	1,535.55	-
12/01/2011	1,463.44	4.130%	72.11	1,535.55	-
01/01/2012	1,468.47	4.130%	67.08	1,535.55	-
02/01/2012	1,473.53	4.130%	62.02	1,535.55	-
03/01/2012	1,478.60	4.130%	56.95	1,535.55	-
04/01/2012	1,483.69	4.130%	51.86	1,535.55	-
05/01/2012	1,488.79	4.130%	46.76	1,535.55	-
06/01/2012	1,493.92	4.130%	41.63	1,535.55	18,426.60
07/01/2012	1,499.06	4.130%	36.49	1,535.55	-
08/01/2012	1,504.22	4.130%	31.33	1,535.55	-
09/01/2012	1,509.40	4.130%	26.15	1,535.55	-
10/01/2012	1,514.59	4.130%	20.96	1,535.55	-
11/01/2012	1,519.80	4.130%	15.75	1,535.55	-
12/01/2012	1,525.03	4.130%	10.52	1,535.55	-
01/01/2013	1,530.28	4.130%	5.27	1,535.55	-
06/01/2013	-	-	-	-	10,748.85
Total	\$83,000.00	-	\$9,132.97	\$92,132.97	-

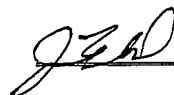
Yield Statistics

Bond Year Dollars	\$221.14
Average Life	2.664 Years
Average Coupon	4.1300069%
Net Interest Cost (NIC)	4.1300069%
True Interest Cost (TIC)	4.1298733%
Bond Yield for Arbitrage Purposes	4.1298733%
All Inclusive Cost (AIC)	4.6196053%
IRS Form 8038	
Net Interest Cost	4.1300069%
Weighted Average Maturity	2.664 Years

File | SANTAQUIN LEASE.SF | Lease 12/14/05 | SINGLE PURPOSE | 11/30/2007 | 4:44 PM

ZIONS BANK  PUBLIC FINANCE

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 Initials of Lessee Signatory



A PROFESSIONAL CORPORATION

5217 South State Street, Suite 400
Salt Lake City, Utah 84107

Tel (801) 327-8200
Fax (801) 327-8222
Toll-Free 1-888-867-3268

www.ns-law.com

Brett B. Rich
bbr@ns-law.com

December 4, 2007

Mr. Stefan Chatwin
Santaquin City Manager
45 West 100 South
Santaquin, Utah 84655

Re: *Equipment Lease dated 12-19-07*

Dear Stefan:

As legal counsel for the City of Santaquin, we have been asked to provide an opinion as to the legality of the proposed equipment lease between the City as Lessee, and Zion's First National Bank as Lessor. In preparing this opinion we must rely on certain information obtained from the City in the course of our representation. The purpose of this letter is to confirm our understanding of some of those relevant facts.

Our understanding of these facts is as follows:

- 1) the City has determined that the equipment is necessary for a governmental or proprietary purpose of the City and will be used solely for such purpose(s);
- 2) the City has selected the equipment that is the subject of the lease and is satisfied that it will perform as anticipated and will serve the intended purpose(s);
- 3) all proceeds of the lease will be used to purchase or improve the equipment;
- 4) at present, the City has not paid for any part of the equipment;
- 5) the City has complied with all of its rules, regulations and provisions concerning the purchase of property and/or expenditure of funds; and
- 6) City representatives have read the lease documents and are aware of the responsibilities and obligations arising from those documents, and are not relying on legal counsel to perform or advise the City in the future concerning any of those responsibilities or obligations except on specific request by the City.

Mr. Stefan Chatwin
Santaquin City Manager
December 4, 2007
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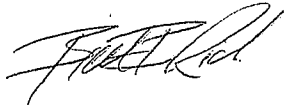
Please contact our office as soon as possible if any of the above statements may be inaccurate or incomplete.

We have reviewed the Lease Purchase Agreement and based on our review and our understanding of the above facts believe that Santaquin City has the authority to execute the Lease Purchase Agreement. Once the lease documents have been executed, we will prepare an opinion letter to be included in the documents as Exhibit "D". Because we understand that our review of the lease documents is primarily limited to determining the existence of certain facts and the general legality of the lease, we have not focused on whether all of the terms of the agreement are in the best interests of the City, but would be pleased to review any of the proposed terms with you at your convenience.

Thank you for the opportunity to represent Santaquin City in this matter.

Sincerely,

NIELSEN & SENIOR



Brett B. Rich

EXHIBIT E

Delivery And Acceptance Certificate

To: Zions First National Bank

Reference is made to the Equipment Lease Agreement between the undersigned ("Lessee"), and Zions First National Bank ("Lessor"), dated December 19, 2007, ("the Lease") and to the Equipment as such term is defined therein. In connection therewith we are pleased to confirm to you the following:

1. All of the Equipment has been delivered to and received by the undersigned; all installation or other work necessary prior to the use thereof has been completed; said Equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and that said Equipment has been accepted by the undersigned and complies with all terms of the Lease. Consequently, you are hereby authorized to pay for the Equipment in accordance with the terms of any purchase orders for the same.
2. In the future, in the event the Equipment fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.
3. We acknowledge that Lessor is neither the vendor nor manufacturer or distributor of the Equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Equipment.
4. The serial number for each item of Equipment which is set forth on Exhibit "A" to the Lease is correct.

This certificate shall not be considered to alter, construe, or amend the terms of the Lease.

Lessee:

Santaquin City, Utah

SBjarnsworth
Witness

By: James E DeGraffenried
(Authorized Signature)

James E DeGraffenried, Mayor
(Print name and title)

Date: 12/5/07