

**INTERLAKEN TOWN, UTAH**

**WATER REVENUE BONDS  
FINAL BOND RESOLUTION**

**January 4, 2016**

RESOLUTION NO. 2016-01-04A

A RESOLUTION AUTHORIZING \$578,000 WATER REVENUE BONDS, SERIES 2016 TO FINANCE ACQUISITION OF THE DRINKING WATER SYSTEM OF THE INTERLAKEN MUTUAL WATER COMPANY, AND RELATED MATTERS.

WHEREAS, Interlaken Town, Wasatch County, Utah (the "Issuer"), desires to acquire the drinking water system of the Interlaken Mutual Water Company (the "Project") and desires to finance said acquisition by issuing its Water Revenue Bonds, Series 2016 in the total principal amount of \$578,000 (the "Series 2016 Bonds"); and

WHEREAS, the Issuer does not have on hand money to pay the cost of acquiring the System, improvements and the revenues to be derived by the Issuer from the operation of the System will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Series 2016 Bonds; and

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

WHEREAS, the Issuer has been advised that the System will generate sufficient revenues to pay for operation and maintenance of the System as well as debt service on all debt secured by the revenues of the System, including the Series 2016 Bonds authorized herein; and

WHEREAS, the State of Utah Department of Environmental Quality, Drinking Water Board (the "Drinking Water Board") has offered to purchase the Issuer's Series 2016 Bonds in the total principal amount of \$578,000 bearing interest at the rate of 1.80% per annum on the unpaid principle balance; and

WHEREAS, the Issuer desires to accept the offer of the Drinking Water Board and confirm the sale of the Series 2016 Bonds to the Drinking Water Board; and

WHEREAS, the Issuer adopted a resolution on December 7, 2015, authorizing Water Revenue Bonds, Series 2015 in the aggregate principal amount of \$642,000 in anticipation of transferring the Interlake Water system from the Mutual Water Company to the Town prior to December 31, 2015, which as of this date has not yet occurred, and

WHEREAS, this current authorization repeals and replaces the authorization of the Series 2015 Bonds:

NOW, THEREFORE, Be It Resolved by the Town Council of Interlaken Town, Wasatch County, 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, if any, to be paid by the Issuer during any Sinking Fund Year on the Series 2016 Bonds and all outstanding obligations or other forms of indebtedness issued on a parity with the Series 2016 Bonds and which are secured by the Revenues of the System.

“Bonds” means the Series 2016 Bonds and any refunding bonds or Parity Bonds issued under section 4.2.

“Bondholder” or “Registered Owner” means the registered holder of any Series 2016 Bond, the issuance of which is authorized herein.

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

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

“Escrow Account” means an account to be held in escrow by the Escrow Agent pursuant to the Escrow Agreement, such account to be used for the purpose of depositing the proceeds of the sale of the Series 2016 Bonds and accounting for those proceeds pursuant to the terms of the Escrow Agreement.

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

“Escrow Agreement” means the agreement entered into among the Issuer, the Drinking Water Board, and the Escrow Agent on the date of delivery of the Series 2016 Bonds.

“Exchange Bonds” means the fully registered Series 2016 Bonds issued in substantially the form set forth in Exhibit A-2, in exchange for the State Bonds representing the Series 2016 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 Bond that is fully registered in the denomination(s) equal to the aggregate principal amount of the applicable Series 2016 Bonds authorized herein.

“Issuer” means Interlaken Town, Wasatch County, 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, including the cost of water treatment, whether incurred by the Issuer or paid to any other political subdivision 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.

“Paying Agent” means the person or persons authorized by the Issuer to pay the principal of and interest on the Series 2016 Bonds on behalf of the Issuer. The initial paying agent for the Series 2016 Bonds is the Town Clerk of the Issuer.

“Project” means the acquisition of the drinking water system of the Interlaken Mutual Water Company, including all equipment, water rights, and necessary appurtenances thereof.

“Registrar” means the person or persons authorized by the Issuer to maintain the registration books with respect to the Series 2016 Bonds on behalf of the Issuer. The initial Registrar for the Series 2016 Bonds is the Town Clerk 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, any impact fees imposed to finance the Project, connection charges, and other charges, the gross revenues of all improvements, additions, and extensions of the System hereafter constructed or acquired, and all interest earned by and profits derived from the sale of investments made with the income and Revenues.

“Series 2016 Bond or Bonds” means the Issuer’s Water Revenue Bonds, Series 2016 in the total principal amount of \$578,000 bearing interest at the rate of 1.80% per annum on the unpaid principle balance purchased by the Drinking Water Board.

“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 2016 Bonds and will end on the next succeeding June 30.

“State Bonds” means the fully registered Series 2016 Bonds issued in substantially the form set forth in Exhibit A-1 in the denominations equal to the aggregate principal amount of the Series 2016 Bonds.

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

## ARTICLE II

### ISSUANCE OF SERIES 2016 BONDS

Section 2.1. Principal Amount, Designation Series and Interest Rate. The Series 2016 Bonds are hereby authorized for issuance for the purpose of providing funds (i) to finance the Project and (ii) to pay the costs of issuing the Series 2016 Bonds. The Series 2016 Bonds shall be limited to \$578,000 in aggregate principal amount, shall be issued (i) if issued as a State Bond(s), in the form set forth in Exhibit A-1 and (ii) if issued as Exchange Bonds, in the form set forth in Exhibit A-2, in fully registered form, shall bear interest at the rate of 1.80% per annum on the unpaid principal balance and shall be payable as specified herein. If issued as Exchange Bonds, the Series 2016 Bonds shall be in the denomination of \$1,000 or any integral multiple thereof. The Series 2016 Bonds shall be numbered from one (1) consecutively upward in order of delivery by the Registrar. The Series 2016 Bonds shall be designated as, and shall be distinguished from the bonds of all other series by the title, "Water Revenue Bonds, Series 2016."

Section 2.2. Date and Maturities. The Series 2016 Bonds shall be dated as of their date of delivery and shall be paid as provided in this Section. The Series 2016 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 2016 Bond at the offices of the Paying Agent for endorsement or surrender, or of any successor Paying Agent. Payment of interest, if any, 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 Drinking Water Board is the Registered Owner of the Series 2016 Bonds, payments of principal and interest, if any, on the Series 2016 Bonds shall be made by check or draft and mailed to the Drinking Water Board as the Registered Owner at the address shown on the registration books maintained by the Registrar. So long as the Drinking Water Board is the Registered Owner of the Series 2016 Bond, in lieu of presentation or the surrender of the Series 2016 Bond to the Paying Agent for notations by the Paying Agent of such payments, the Drinking Water Board, by its Chairman or his designee, shall endorse such payments upon the Series 2016 Bond.

Interest shall begin to accrue as of the date of issuance of the Series 2016 Bonds and shall be payable on January 10, 2017, and shall be payable annually thereafter on each January 10. The principal of the Series 2016 Bonds shall be payable in installments on January 10 of each year, in the years and the amounts as follows:

<u>January 10</u>	<u>Principal Maturing</u>
2017	\$68,000
2018	69,000
2019	70,000
2020	72,000
2021	73,000
2022	74,000
2023	75,000
2024	77,000

In the event the Series 2016 Bonds are not issued during the calendar year 2016, then the denomination of the Bonds shall be modified to correspond to the year in which they are issued.

Section 2.3. Optional Redemption and Redemption Prices. Each principal payment of the Series 2016 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 dates thereof, and by lot selected by the Issuer if less than all of the Series 2016 Bonds of a particular due date are to be redeemed, upon notice as provided in 2.4 hereof with respect to Exchange Bonds, and upon at least thirty (30) days' prior written notice of the amount of prepayment and the date scheduled for prepayment to the Drinking Water Board with respect to the Series 2016 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 2.4. 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 2.4. 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 the series to be redeemed and 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 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 2016 Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed as provided herein shall be conclusively presumed to have been duly given, whether or not the Registered Owner of such Series 2016 Bonds actually receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure to so receive any such notice by any of the Registered Owners shall not affect the validity of the proceedings for the redemption of the Series 2016 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 2016 Bond, a new Series 2016 Bond in principal amount equal to the unredeemed portion of such Series 2016 Bond will be issued.

Section 2.5. Execution and Delivery of the Series 2016 Bonds. The Mayor is hereby authorized to execute by manual or facsimile signature the Series 2016 Bonds and the Town Clerk to countersign by manual or facsimile signature the Series 2016 Bonds

and to have placed on the Series 2016 Bonds the official seal of the Issuer. The Town Clerk is hereby authorized to deliver to the Drinking Water Board the Series 2016 Bonds upon payment to the Issuer of the proceeds of the Series 2016 Bonds by delivery for cancellation of the promissory note of the Interlaken Mutual Water Company and the initial delivery of \$25,000 cash.

Section 2.6. Delinquent Payment. Payments on the Series 2016 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 such due date until paid in full.

Section 2.7. Exchange of State Bonds. As long as the Drinking Water Board is the sole Registered Owner of the Series 2016 Bonds, the Series 2016 Bonds shall be issued only as State Bonds in the form prescribed in Exhibit A-1. It is recognized that the Drinking Water Board may sell or otherwise transfer the Series 2016 Bonds pursuant to the provisions of the State Financing Consolidation Act, Title 63B, Chapter 1b, Utah Code Annotated 1953, as amended, or otherwise. In the event the Drinking Water Board determines to sell or otherwise transfer all or a portion of the Series 2016 Bonds pursuant to the State Financing Consolidation Act or otherwise, the Series 2016 Bonds shall be exchanged at the office of the Paying Agent for a like aggregate principal amount of Exchange Bonds in accordance with the provisions of this Section and Section 3.1 hereof. Exchange Bonds may thereafter be exchanged from time to time for other Exchange Bonds in accordance with Section 3.1 hereof. Any Series 2016 Bond, or any portion thereof, which is sold or otherwise transferred or liquidated by the Drinking Water Board pursuant to the State Financing Consolidation Act or otherwise shall be in the form of an Exchange Bond prescribed in Exhibit A-2, and shall be executed pursuant to authorization contained in Section 2.5 hereof. Each principal payment on the Series 2016 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 2016 Bonds for Exchange Bonds, provided that the Drinking Water Board pay or cause to be paid all costs and other charges incident to such exchange and the Issuer shall have no obligation to pay any such costs or charges.

## ARTICLE III

### REGISTRATION, PAYMENT, AND FLOW OF FUNDS

Section 3.1. Execution of and Registration of Series 2016 Bonds; Persons Treated as Owners. The Series 2016 Bonds shall be signed by the Issuer and the Issuer shall cause books for the registration and for the transfer of the Series 2016 Bonds to be kept by the Town Clerk who is hereby appointed the Registrar of the Issuer with respect to the Series 2016 Bonds. Any Series 2016 Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Series 2016 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 2016 Bond as provided herein, the Issuer shall execute and deliver in the name of the transferee or transferees, a new Series 2016 Bond of the same maturity and series for a like aggregate principal amount as the Series 2016 Bond surrendered for transfer. Series 2016 Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Series 2016 Bonds of the same series or other authorized denominations and the same maturity. The execution by the Issuer of any Series 2016 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 2016 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 2016 Bond for redemption.

Series 2016 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 2016 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 2016 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 2016 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 2016 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 2016 Bond shall be delivered.

Section 3.2. Deposit of Bond Proceeds. The proceeds from the sale of the Series 2016 Bonds shall be used to retire and redeem the outstanding loan (promissory note) of the Interlaken Mutual Water Company with the Drinking Water Board. Any cash proceeds from the Series 2016 Bonds shall be used to pay costs of issuance.

Section 3.3. The Series 2016 Bonds Constitute Special Limited Obligations. Notwithstanding anything in this Bond Resolution elsewhere contained, the principal and interest, if any, on the Series 2016 Bonds shall be payable out of 100% of the Net Revenues, and in no event shall the Series 2016 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. The Net Revenues are pledged to secure the Series 2016 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 Revenues to pay the Series 2016 Bonds; provided however, the Issuer has not covenanted and cannot covenant to make such funds available and has not pledged any of such funds for such purpose.

Section 3.4. Flow of Funds. From and after the earlier of the delivery date of the Series 2016 Bonds, and until all the Series 2016 Bonds have been fully paid, the Revenues shall be set aside into Interlaken Town, Utah Water Revenue Fund referred to herein as “Revenue Fund,” hereby established, to be held by the Depository Bank. The Issuer will thereafter make accounting allocations of the funds deposited in the Revenue Fund for the following purposes and in the following priority:

(a) From the amounts 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 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 Sinking Fund established as hereinafter provided.

(b) All amounts in the Revenue Fund not allocated to the Expense Account shall be allocated to the “Interlaken Town, Utah, Water Revenue Bond Sinking Fund” (the “Sinking Fund”) hereby establish:

(i) Of the amounts allocated to the Sinking Fund there shall be allocated to a subaccount established on the books of the Issuer known as



the “Bond Account” such amounts as will assure, to the extent of the availability of Net Revenues from the System, the prompt payment of the principal and interest, if any, on the Series 2016 Bonds as shall become due and all bonds or obligations issued in parity therewith. The amount to be set aside with respect to the Series 2016 Bonds shall, as nearly as may be practicable, be allocated to the Bond Account monthly, on or before the tenth day of each month, beginning January, 2016 or as soon as the Water System is transferred, and shall equal 1/12 of the amount of the principal and interest on the payment next due on the Series 2016 Bonds, to the end that there will be sufficient funds allocated to the Bond Account to pay the principal and interest, if any, on the Series 2016 Bonds as and when the same become due. Amounts allocated to the Bond Account shall be used solely for the purpose of paying principal and interest on the Series 2016 Bonds and shall not be reallocated, transferred or paid out for any other purpose; and

(ii) Of the amounts allocated to the Sinking Fund after there shall have been allocated the amounts required to be allocated under (i) above, there shall be allocated monthly on a parity basis on or before the tenth day of each month, beginning January, 2016 (or as soon as the Water System is transferred) to the “Reserve Account – Series 2016” established on the books of the Issuer the sum of \$656, plus such additional amount as may be required to meet any monthly installment to the Reserve Account – Series 2016 not theretofore made in whole or in part, such allocation shall continue until there shall have been accumulated an amount equal to \$78,678. Amounts allocated to the Reserve Account – Series 2016 shall be used to pay the principal and interest, if any, falling due on the Series 2016 Bonds at any time when there are not sufficient funds in the Bond Account to pay the same, but pending such use may be invested as hereafter provided. When the Reserve Account – Series 2016 has been accumulated as in this paragraph provided, no further allocations to the Reserve Account – Series 2016 need be made unless payments from it have reduced the same below the amounts required by this paragraph, in which event allocations shall be resumed until such deficiency has been remedied. In lieu of the foregoing, the Issuer may fund the Reserve Account – Series 2016 with reserve funds from the transfer of the Interlake Mutual Water Company; and

(iii) From the amounts on deposit in the Revenue Fund after the payment of the amounts required by the above subsections, there shall be allocated monthly in accordance with its covenant to establish a Capital Facilities Replacement Reserve Account for the Series 2016 Bonds (the “2016 Replacement Account”) as provided in Section 4.1(q) hereof, the Issuer will deposit monthly, on the tenth (10<sup>th</sup>) day of each month beginning the month after the dated date of the Series 2016 Bonds, into the Issuer’s 2016 Replacement Account an amount equal to 1/12 of 5% of the Issuer’s annual operating budget for the System, including debt service



and depreciation, for the Issuer's then current fiscal year. The Issuer shall continue to fund the 2016 Replacement Account until the Series 2016 Bonds have been paid in full (or provision is made for such payment) as provided in this Bond Resolution. In addition to the foregoing, the Issuer shall deposit the proceeds of any replacement fund of the Interlaken Mutual Water Company into the 2016 Replacement Account.

(iv) All remaining funds, if any, in the Sinking Fund after all of the payments required to be made into the Bond Account and Reserve Account – Series 2016 have been made, may be used by the Issuer (a) to prepay or redeem the Series 2016 Bonds in whole or in part, (b) to make extensions, improvements, additions, repairs, and replacements to the System, or (c) to be applied to any other lawful purpose as determined by the Issuer.

(c) 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 3.5. Investment of Funds. Any funds allocated to the Bond Account and Reserve Account – Series 2016 may, at the discretion of the Issuer, be invested in accordance with the State Money Management Act. All income derived from the investment of the funds of the Bond Account shall be maintained in that account and disbursed along with the other moneys on deposit therein as herein provided. All income derived from the investment of the Reserve Account – Series 2016 shall at the end of each Sinking Fund Year be transferred by the Issuer to the Bond Account so long as after such transfer the Reserve Account – Series 2016 is fully funded as provided herein. In the event the balance in the Reserve Account – Series 2016 is less than the amount required herein, then the income from the investment thereof shall be maintained therein until total deposits in it shall equal the amount required to fully fund it. There shall not be required to be in the Bond Account and the Reserve Account – Series 2016 at any time more than the total amount required to pay the total principal of and interest, if any, due on the Series 2016 Bonds. Whenever the money in the Bond Account and the Reserve Account – Series 2016 equal the total principal amount of the Series 2016 Bonds outstanding plus accrued interest thereon, if any, the money in those accounts shall be used to prepay all of the Series 2016 Bonds then outstanding.

## ARTICLE IV

### COVENANTS

Section 4.1. Covenants of Issuer. The Issuer hereby covenants and agrees with each and every holder of the Series 2016 Bonds the following:

(a) The rates for all water service supplied by the System to the Issuer and its inhabitants and to all customers within or without the boundaries of the Issuer shall be sufficient for the retirement and/or redemption of the Series 2016 Bonds, provided such rates must be reasonable rates for the type, kind, and character of the service rendered. There shall be no free service and there shall be charged against all users of the System, including the Issuer, such rates and amounts as shall be adequate to meet the debt service payments on the Series 2016 Bonds, and any Parity Bonds (as defined in Section 4.2) when due. The rates charged for water services provided by the System shall be sufficient to produce Net Revenues that are equal to 125% of Annual Debt Service. All Revenues, including those received from the Issuer, shall be subject to distribution for the payment of the Operation and Maintenance Expenses of the System and the payment of the Series 2016 Bonds, as herein provided.

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

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

(d) So long as any Series 2016 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 Bondholders upon request; provided, however, during such periods of time as the Drinking Water Board is the Registered Owner of the Series 2016 Bonds, each such audit will be supplied to the Drinking Water Board as soon as completed without prior request therefor by

the Drinking Water Board. At a minimum, each such audit shall include the following:

- (i) A statement in detail of the 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 Bond Resolution, and the accountant's recommendations for any change or improvement in the operation of the System;
- (iv) A list of the insurance policies in force at the end of the Sinking Fund Year, setting out as to each policy, the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy;
- (v) An analysis of all funds and accounts created in this Bond Resolution, setting out all deposits and disbursements made during the Sinking Fund Year and the amount in each fund or account at the end of the Sinking Fund Year;
- (vi) The number of water connections within the boundaries of the Issuer, and applications for water service on hand at the end of the Sinking Fund Year;
- (vii) The total billings for such Sinking Fund Year and all schedules of rates and charges imposed for Water service during the Sinking Fund Year.

The Bondholder 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 4.1(d), provided, however, that such waiver shall not apply to the reporting requirements of the Issuer set forth in Section 4.1(e) herein.

(e) In addition to the reporting requirements set forth in Section 4.1(d) above, the Issuer shall submit to the Drinking Water Board within one hundred eighty (180) days following the close of each Sinking Fund Year, a summary report substantially in the form as provided by the Drinking Water Board to the Issuer upon purchase of the Series 2016 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 Drinking Water Board, the Issuer agrees to furnish a copy of such information to such Bondholder at its request after the close of each Sinking Fund Year. Any Bondholder shall have the right to discuss with the

accountant compiling such information the contents thereof and to ask for such additional information as it may reasonably require.

(f) The 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.

(g) 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.

(h) The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until all Bonds have been paid in full, except that the Issuer may sell any portion of the System which shall 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.

(i) The Issuer shall charge for water services and require that each be paid in full. 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 water bill remains delinquent for more than sixty (60) days, it will take action to collect such bill and shall cause water service to be turned off.

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

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

(l) The Issuer will not grant a franchise for the operation of any competing water system within its limits, as long as the Series 2016 Bonds authorized herein remain outstanding.

(m) 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.

(n) All payments falling due on the Series 2016 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.

(o) Every officer, agent or employee of the Issuer having custody or control of any of the Revenues or of the proceeds of the Series 2016 Bonds shall be bonded by a responsible corporate surety in an amount not less than twice the annual debt service of the Series 2016 Bonds. The premium on such surety bond shall not be an Operation and Maintenance Expense of the System

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

(q) The Issuer shall establish a Capital Facilities Replacement Reserve Account in connection with the Series 2016 Bonds (the "2016 Replacement Account") to be held by the Issuer and shall deposit therein annually an amount equal to 5% of the Issuer's annual operating budget for the System, including debt service, interest and depreciation, as more fully described in Section 3.4(b)(iii) hereof. The 2016 Replacement Account shall not serve as security for the payment of principal of, interest on the Series 2016 Bonds. The Issuer shall limit the use of moneys on deposit in the 2016 Replacement Account to the acquisition and construction of replacements of obsolete System equipment or facilities, extensions or additions to the Issuer's System, and other capital improvements necessary to keep the System in good working condition. No disbursements shall be made from the 2016 Replacement Account unless and until the Issuer has given at least 30 days' advance written notice to the Drinking Water Board specifying the amount of the proposed disbursement and the purpose for which the disbursement will be made. The Issuer shall not, however, be required to obtain the consent of the Drinking Water Board prior to making any disbursement from the 2016 Replacement Account

(r) The Issuer agrees, in accepting the proceeds of the Series 2016 Bonds, to comply with all applicable state and federal regulations related to the Utah State Revolving Fund administered by the Drinking Water Board. These requirements include, but are not limited to, Title XIV of the Safe Drinking Water Act of 1996, OMB Circular A-133, the Utah Federal State Revolving Fund (SRF) Program (R309-705 of the Utah Administrative Code), the Utah Local Government Bonding Act, the Utah Money Management Act, the Utah Procurement Code, and the State of Utah Legal Compliance Audit Guide.

(s) 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 2016 Bonds are issued, a Form 8038-G, Information Return for Tax-Exempt Governmental Bond Issues, with respect to the Series 2016 Bonds.

(t) The Mayor and Clerk of the Issuer are hereby authorized and directed to execute such certificates as shall be necessary to establish that the Series 2016 Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations promulgated or proposed in relation thereto. The Issuer covenants and certifies to and for the benefit of the Registered Owners of the Series 2016 Bonds that no use will be made of the proceeds from the issue and sale of the Series 2016 Bonds, or any funds or accounts of the Issuer which may be deemed to be gross proceeds of the Series 2016 Bonds, pursuant to Section 148 of the Code and applicable regulations (proposed or promulgated) which use, if it had been reasonably expected on the date of issuance of the Series 2016 Bonds, would have caused the Series 2016 Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. Pursuant to this covenant, the Issuer obligates itself to comply throughout the term of the Series 2016 Bonds with the requirements of Section 148 of the Code and the regulations proposed or promulgated with respect thereto.

(u) The Issuer further covenants and agrees to and for the benefit of the Registered Owners of the Series 2016 Bonds that the Issuer (i) will not take any action that would cause interest on the Series 2016 Bonds to become includible in gross income for purposes of federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Series 2016 Bonds to become includible in gross income for purposes of federal income taxation and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Series 2016 Bonds in order to preserve the exclusion from gross income for purposes of federal income taxation of interest on such Series 2016 Bonds.

Section 4.2. Additional Indebtedness. No additional indebtedness, bonds or notes of the Issuer payable out of Net Revenues and on a priority superior to the Series 2016 Bonds shall be created or incurred by the Issuer without the prior written consent of all holders of the Series 2016 Bonds. Furthermore, the Series 2016 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 Series 2016 Bonds authorized to be issued pursuant to this Bond 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 Series 2016 Bonds have been paid in full unless such additional bonds are issued in such manner that they are in all respects subordinate to the Series 2016 Bonds.

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

(a) The Series 2016 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 Series 2016 Bonds except that if fewer than all of the Series 2016 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 Series 2016 Bonds that are not refunded. 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. With the consent of the Bondholders, refunding bonds may be exchanged for not less than a like principal amount of the Series 2016 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 2016 Bonds refunded.

(b) Additional bonds may be issued on a parity with the Series 2016 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 for 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 then outstanding (other than those to be refunded by the Parity Bonds proposed to be issued) and the Parity Bonds proposed to be issued. For purposes of this subsection (b)(i), Net Revenues for the preceding Sinking Fund Year may include an amount equal to ninety-five percent (95%) of the amount by which such Net Revenues would increase due to any water rate increase which became effective prior to and in anticipation of the issuance of the proposed Parity Bonds. The requirements of this subsection (b)(i) may be waived or modified by the written consent of the Registered Owners of 100% of the principal amount of the Bonds then outstanding. Balances held in the Revenue Fund on the last day of each Fiscal Year in excess of 25% of the amount of the Operation and Maintenance Expenses for that Fiscal Year, after payment of all Operation and Maintenance Expenses and all deposits required by Section 3.4 of this Bond Resolution to that

date have been made, shall be considered to be Revenues available for the next Fiscal Year.

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

(iii) The proceedings authorizing such Parity Bonds must provide that the aggregate amount required to be accumulated in the Reserve Accounts shall be (a) no less than the highest future Annual Debt Service of all Bonds and Parity Bonds then outstanding and the Parity Bonds so proposed to be issued and (b) accumulated within six (6) years after delivery of such Parity Bonds.

(iv) All Parity Bonds must be payable on January 10th of each year.

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



## ARTICLE V

### MISCELLANEOUS

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

(a) The Bondholder may require the Issuer to pay an interest penalty equal to eighteen percent (18%) per annum of the outstanding principal amount on the Series 2016 Bonds (the "Interest Penalty"), the 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. The Interest Penalty shall be paid on each succeeding payment date until the default is cured by the Issuer.

(b) The Bondholder may appoint a trustee bank to act as a receiver of the Revenues of the System for purposes of applying the Revenues toward the Revenue allocations required in Section 3.4 herein and in general, protecting and enforcing each Bondholder's rights thereto, in which case, all administrative costs of the trustee bank in performing 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 5.2. Amendments to Bond Resolution. Provisions of this Bond Resolution shall constitute a contract between the Issuer and the Bondholder; and after the issuance of the Series 2016 Bonds, no change, variation or alteration of any kind in the provisions of this Bond Resolution shall be made in any manner until such time as all of the Series 2016 Bonds have been paid in full except as hereinafter provided.

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

Whenever the Issuer shall propose to amend or modify this Bond Resolution under the provisions of this section, it shall cause notice of the proposed amendment (the "Amendment Notice") to be sent to all Bondholders of all Series 2016 Bonds then outstanding. The Amendment 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 Town Clerk for public inspection. Should a Bondholder consent to the proposed amendment to this Bond Resolution, it shall submit to the Issuer a written instrument which shall refer to the proposed amendatory resolution described in the Amendment Notice and shall specifically consent to and approve the adoption thereof. Upon receipt of Bondholder consents representing at least 75% of the principal of the respective Series 2016 Bonds outstanding, the governing body of the Issuer may adopt the amendatory resolution and it shall become effective. Nothing in this Section shall permit or be construed as permitting an amendment to this Bond Resolution which would (a) extend the stated maturity or reduce the principal amount of the Series 2016 Bonds or reduce the rate of or extend the time for paying the interest on delinquent payments of principal of on the Series 2016 Bonds, without the consent of the holders of all the Series 2016 Bonds, (b) reduce the amount of or extend the time for making any payment required by any fund or account established hereunder without the consent of the holders of all the Series 2016 Bonds which would be affected by such reduction or extension, (c) change the rights of the holders of less than all Series 2016 Bonds then outstanding, without the consent of the holders of all the Series 2016 Bonds at the time outstanding which would be affected by such changes.

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, such 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 or her the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

Section 5.3. Maintenance of Proceedings. A certified copy of this Bond Resolution and every amendatory or supplemental ordinance or resolution shall be kept on file in the office of the Town Clerk where it shall be made available for inspection by any Bondholder or his or her agent. Upon payment of the reasonable cost of preparing the same, a certified copy of this Bond Resolution, any amendatory or supplemental ordinance or resolution will be furnished to any Bondholder. The Bondholders may, by suit, action, mandamus, injunction or other proceedings, either at law or in equity, enforce or compel performance of all duties and obligations required by this Bond Resolution to be done or performed by the Issuer. Nothing contained herein, however, shall be construed as imposing on the Issuer any duty or obligation to levy any tax either to pay the principal of or interest, if any, on the Series 2016 Bonds authorized herein or to meet any obligation contained herein concerning the Series 2016 Bonds.

Section 5.4. Defeasance of Series 2016 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 2016 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 Bond Resolution and any and all estate, right, title and interest in and to any of the funds and accounts created hereunder (except moneys or securities held by a Depository Bank for the payment of the Series 2016 Bonds) shall be cancelled and discharged.

Any Series 2016 Bond shall be deemed to be paid within the meaning of this section when payment of the Series 2016 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 2016 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 2016 Bonds).

Section 5.5. Sale of Series 2016 Bonds Approved. The sale of the Series 2016 Bonds to the Drinking Water Board is hereby ratified, confirmed and approved.

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

Section 5.7. Notice of Public Hearing and Bonds to be Issued. In accordance with the provisions of the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, the Issuer has (a) designated the Wasatch Wave as the official newspaper of the Issuer authorized to publish legal notices for the Issuer, (b) caused a "Notice of Public Hearing and Bonds to be Issued" (the "Notice") to be published once each week for two consecutive weeks in the Wasatch Wave, a newspaper having general circulation in the Issuer with the first publication being not less than (14) days before the date set for the public hearing, and (c) for at least thirty (30) days from and after the last publication of the Notice, caused a copy of the form of this Resolution and the Parameters Resolution to be kept on file in the office of the Town Clerk of the Issuer for public examination during regular business hours.

Section 5.8. Additional Certificates, Documents, and Other Papers. The appropriate officials of the Issuer, and each of them, are hereby authorized and directed to execute and deliver for and on behalf of the Issuer any or all additional certificates, documents, and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Bond Resolution and the documents authorized and approved herein.

Section 5.9. Severability. If any section, paragraph, clause or provision of this Bond Resolution shall be held to be invalid or unenforceable for any reason, the

invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Resolution.

Section 5.10. Statutory Authority for the Series 2016 Bonds. The Series 2016 Bonds are issued under the authority of the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the “Bonding Act”), and each Series 2016 Bond certificate shall so recite. By the adoption of this Bond Resolution, it is the intention of the Issuer to comply in all respects with the applicable provisions of the Bonding Act and the Series 2016 Bonds issued hereby shall be incontestable for any reason whatsoever after their delivery for value.

Section 5.11. Approval of Water System Asset Purchase Agreement. The Town Council of the Issuer hereby finds and determines that it is in the best interest of Interlaken Town and the residents thereof and surrounding areas for the Issuer to enter into the Water System Asset Purchase Agreement. All funds of the Interlake Mutual Water Company with respect to its promissory note, such as the reserve fund, shall be transferred to similar funds of the Town with respect to the Series 2016 Bonds. All efforts and actions of Town officials and agents related to the Agreement are ratified and approved. The Town Council authorizes the Mayor to execute the Agreement in substantially final form to the Agreement as attached as Exhibit C and the Town Clerk to attest to such signature and apply the seal of the Issuer thereto. The Mayor is further authorized to make and agree to such modifications and amendments to the Agreement as are necessary or advisable to clarify provisions, correct errors, or effectuate the purposes of the Agreement. The Mayor’s approval and agreement to any such modifications or amendments shall be evidenced by his signature on the Agreement and shall be final. The Mayor and other Town officials are authorized and directed to execute and deliver any additional certificates, documents or papers and to perform other appropriate acts to carry out the matters authorized in this Resolution

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

Section 5.13. Resolutions in Conflict. All resolutions or parts thereof in conflict with the provisions of this Bond Resolution are, to the extent of such conflict, hereby repealed. The Issuer ratifies all actions taken related to issuing the Series 2016 Bonds and acquiring the water system. The Issuer hereby repeals and replaces the Final Bond Resolution adopted on December 7, 2015, authorizing the Series 2015 Bonds.

APPROVED AND ADOPTED on January 4, 2016

*Laurence Headley*  
Mayor

ATTEST:

*Bartlett K. Smith*  
Town Clerk

(SEAL)



EXHIBIT A-1

FORM OF STATE BONDS

UNITED STATES OF AMERICA  
STATE OF UTAH  
COUNTY OF WASATCH  
INTERLAKEN TOWN  
WATER REVENUE BOND  
SERIES 2016

\$578,000

Interlaken Town, Wasatch County, Utah (the “Issuer”), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the State of Utah acting through the Department of Environmental Quality, Drinking Water Board or the registered assigns last noted in the Registration Certificate attached to the end of this Bond (the “Registered Owner”), the principal amount of \$578,000 together with interest accruing on the unpaid principal balance at the rate of one and eight-tenths percent (1.80%) per annum which shall begin to accrue on the date of issuance of this Bond (calculated on the basis of a year of 360 days consisting of twelve 30-day months), payable annually on January 10 of each year, beginning January 10, 2017. Principal together with accrued but unpaid interest shall be payable in registered installments on January 10 of each of the years as set forth in the following Repayment Schedule:

REPAYMENT SCHEDULE

<u>January 10</u>	<u>Principal Maturing</u>
2017	\$68,000
2018	69,000
2019	70,000
2020	72,000
2021	73,000
2022	74,000
2023	75,000
2024	77,000

This Bond bears interest at the rate of 1.80% per annum on the unpaid principal balance, except in connection with delinquent payments, if any, of amounts otherwise due on this Bond.

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, if any, shall be made to the Registered Owner thereof and shall be paid by check or draft mailed to the Registered Owner thereof at his or her 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, Drinking Water Board (the "Drinking Water Board") is the registered holder of this Bond, installment payments of principal and interest, if any, shall be made by check or draft mailed to the Drinking Water Board as the registered holder at the address shown on the registration books maintained by the Registrar.

If any installment payment of Bond principal is not paid when due and payable, the Issuer shall pay interest at the rate of eighteen percent (18%) per annum from such 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, and then to principal.

This Bond is payable solely from a special fund designated "Interlaken Town, Utah, Water Revenue Bond Sinking 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 derived and to be derived from the operation of the Issuer's water system (collectively, the "System"), all as more fully described and provided in the Bond Resolution.

This Bond is issued pursuant to (i) a Parameters Resolution adopted by the governing body of the Issuer on October 5, 2015, and the Bond Resolution adopted on January 4, 2016 and (ii) the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, for the purpose of financing the acquisition of the drinking water system of the Interlaken Mutual Water Company (the "Project"), including all equipment, water rights, 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 Net Revenues of the System.

As provided in the Bond 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 Bond 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 Bond 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 Bond 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 therefore or to make any appropriation for its payment.

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

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

Subject to the provisions of the Bond 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 Water service sufficient to pay when due this Bond, and the principal and interest on all bonds and obligations 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 Bond Resolution) to be received for such service, and will set aside one hundred percent (100%) of the Net Revenues of the System to pay this Bond according to the payment terms hereinabove set forth and the principal and interest on all bonds and obligations issued on a parity with this Bond, if any.

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

This Bond shall be registered in the name of the initial purchaser and any subsequent purchasers in the appropriate book in the office of the Town Clerk of the



Issuer, who shall be the Registrar. This Bond is transferable only by notation upon such book by the registered owner hereof in person or by his or her 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 or her 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 and obligations 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 2016 Bonds the Net Revenues are not pledged, hypothecated or anticipated in any way other than by the issue of this Bond and all bonds and obligations issued on a parity with this Bond, if any. This Bond shall be incontestable for any reason whatsoever after the delivery hereof for value.

IN TESTIMONY WHEREOF, the Issuer has caused this Bond to be signed by its Mayor and countersigned by its Town Clerk under the corporate seal of the Issuer this \_\_\_\_\_, 2016.

/s/ \_\_\_\_\_ (Do Not Sign)  
Mayor

Countersigned:

/s/ \_\_\_\_\_ (Do Not Sign)  
Town Clerk

( S E A L )

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>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT A-2

FORM OF EXCHANGE BOND

UNITED STATES OF AMERICA  
STATE OF UTAH  
COUNTY OF WASATCH  
INTERLAKEN TOWN  
WATER REVENUE BONDS, SERIES 2016

INTEREST RATE	MATURITY DATE	ISSUE DATE
1.80%	January 10, 20__	

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_ Dollars

Interlaken Town, Wasatch County, Utah (the "Issuer"), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above, upon presentation and surrender thereof, the Principal Amount identified above. Payments shall be payable by the Town Clerk, in Interlaken, Utah (the "Paying Agent") to the Registered Owner. 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. Interest at the Interest Rate specified above on the Principal Amount hereof (calculated on the basis of a year of 360 days consisting of twelve 30-day months) shall be payable by check or draft mailed by the District Clerk of the Issuer (the "Paying Agent") to the Registered Owner hereof beginning January 10, 20\_\_ and on each January 10 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 and/or interest are 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 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 Water Revenue Bond, Series 2016, in the total principal sum of \$578,000, authorized by a Parameters Resolution of the Issuer duly adopted on

October 5, 2015 (the “Parameters Resolution”) and a Bond Resolution of the Issuer duly adopted on January 4, 2016 (the “Bond Resolution”). This Bond and the issue of Bonds of which it is a part is issued pursuant to (i) the Parameters Resolution and the Bond Resolution and (ii) the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, for the purpose of financing the acquisition of the drinking water system of the Interlaken Mutual Water Company (the “Project”) and is secured by the Net Revenues of the Issuer’s water system (collectively, the “System”), including all associated equipment, water rights, and necessary appurtenances thereto. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the Bond Resolution) of the System and does not constitute an indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Net Revenues of the System.

As provided in the Bond Resolution, 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 Bond 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 Bond 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 Bond 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 therefore or to make any appropriation for its payment.

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

Subject to the provisions of the Bond Resolution, the Series 2016 Bonds (as defined in the Bond 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 water service sufficient to pay this Bond when due, and principal and interest on all bonds and obligations 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 Bond 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 Bond Resolution) to pay this Bond according to the payment terms hereinabove set forth and the principal and interest on all bonds and obligations issued on a parity with this Bond, if any.

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

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

It is hereby certified, recited and declared that all conditions, acts and things essential to the validity of this Bond and the issue of which it forms a part do exist, have happened and have been done, and that every requirement of law affecting the issue hereof has been duly complied with; that this Bond and the issue of which it forms a part does not exceed any limitation prescribed by the Constitution and laws of the State of Utah; that 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 a 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 and obligations issued on a parity with this Bond, if any, and that with the exception of the Series 2016 Bonds the Net Revenues of the System are not pledged, hypothecated or anticipated in any way other than by the issue of Series 2016 Bonds of which this Bond is one and all bonds and obligations issued on a parity with this Bond, if any. This Bond shall be incontestable for any reason whatsoever after the delivery hereof for value.

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

By /s/ \_\_\_\_\_ (Do Not Sign)  
Mayor

COUNTERSIGNED:

/s/ \_\_\_\_\_ (Do Not Sign)  
Town Clerk

( S E A L )

ASSIGNMENT

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

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

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

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

Signature Guaranteed:

THE SIGNATURE(S) 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 SEC RULE 17Ad-15.



EXHIBIT B

RECORD OF PROCEEDINGS

The Town Council (the "Council") of Interlaken Town, Utah (the "Issuer"), met in public session at the at the regular meeting place of the Town Council in Interlaken, Utah, on January 4, 2016 (the "Meeting"), at the hour of 4:00 p.m., or as soon thereafter as feasible, with the following members of the Council being present:

Lawrence Headley	Mayor
Greg Harrigan	Councilmember
Susan Marie O'Nan	Councilmember
Lisa K. Simpkins	Councilmember

Also present:

Bart Smith	Town Clerk
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Absent:

Herbert C. Bowen	Councilmember
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which constituted all the members thereof.

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

A motion to adopt the Resolution was then duly made by Councilmember Harrigan and seconded by Councilmember O'Nan, and the Resolution was put to a vote and carried, the vote being as follows:

Those voting YEA: Headley, Harrigan, O'Nan, Simpkins

Those voting NAY: None

Those Abstaining: None

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

CERTIFICATE OF TOWN CLERK

I, Bart Smith, the duly appointed and qualified Town Clerk of Interlaken Town, Utah (the "Issuer"), do hereby certify that the attached Resolution is a true, accurate and complete copy thereof as adopted by the Town Council of the Issuer at a public meeting duly held on January 4, 2016 (the "Meeting"). The persons present and the result of the vote taken at the Meeting are all as shown above. The Resolution, with all exhibits attached, was deposited in my office on January 4, 2016 and is officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my signature and impressed hereon the official seal of the Issuer, this January 4, 2016.

  
\_\_\_\_\_  
Town Clerk

(SEAL)



CERTIFICATE OF COMPLIANCE WITH  
OPEN MEETING LAW

I, Bart Smith, the undersigned Town Clerk of Interlaken Town, Utah (the "Issuer"), do hereby certify, according to the records of the Issuer in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, 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 4, 2016, public meeting (the "Meeting") held by the governing body of the Issuer as follows:

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

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

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

(d) By providing notice to each member of the Council.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this January 4, 2016.



Town Clerk

(SEAL)



(Attach Meeting Notice and Notice of 2015 Annual Meeting Schedule, including proof of posting thereof on the Utah Public Notice Website)

EXHIBIT C

WATER SYSTEM ASSET PURCHASE AGREEMENT

4852-5418-8329, v. 1