

**TOQUERVILLE CITY, UTAH**  
**RESOLUTION #RES.2010.12, FINAL BOND RESOLUTION**  
**EXCISE TAX ROAD AND STORM WATER REVENUE BONDS**  
**DECEMBER 14, 2010**

A RESOLUTION AUTHORIZING THE \$464,000 EXCISE TAX ROAD AND STORM WATER REVENUE BONDS, SERIES 2010, FOR ROAD AND STORM WATER IMPROVEMENTS AND RELATED MATTERS.

WHEREAS, the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the "Act"), authorizes the issuance of nonvoted excise tax revenue bonds payable solely or partially from the excise tax revenues and enterprise fund revenues of cities, towns or counties, levied and collected by the said government entity or levied by the State of Utah and rebated pursuant to law; and

WHEREAS, the City Council (the "Council") of Toquerville City, Utah (the "Issuer") desires to construct certain Road and Storm Water Improvements, (the "Project"), the cost thereof to be defrayed, in part, through the issuance of Excise Tax Road and Storm Water Revenue Bonds, Series 2010 (Federally Taxable – Build America Bonds (Direct Payment)) (the "Series 2010 Bonds") in an aggregate principal amount of \$464,000; and

WHEREAS, based upon the information available to the Issuer, the excise taxes and storm water revenues of the Issuer to be pledged will produce sufficient Revenues (as herein defined) to pay the debt service on the Series 2010 Bonds; and

WHEREAS, the Series 2010 Bonds shall not at any one time exceed an amount for which the average annual installments of principal and interest will exceed 80% of the Revenues to be received by the Issuer during its fiscal year immediately preceding the fiscal year in which this Resolution is adopted; and

WHEREAS, the State of Utah acting through the Permanent Community Impact Fund Board (the "Community Impact Board") has offered to purchase the Series 2010 Bonds at par in the total principal amount of \$464,000, bearing interest at the rate of 4.5%; and

WHEREAS, the Issuer desires to accept the offer of the Community Impact Board and to confirm the sale of the Series 2010 Bonds to the Community Impact Board:

NOW, THEREFORE, it is hereby resolved by the City Council of Toquerville City, Utah, as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1 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 total requirement of principal, interest and premium payments, if any, to be paid by the Issuer during any Sinking Fund Year on the Issuer’s outstanding Series 2010 Bonds or other forms of indebtedness issued on a parity with the Series 2010 Bonds.

“Average Annual Debt Service” means the sum total of the Annual Debt Service for all Sinking Fund Years divided by the total number of Sinking Fund Years during which any of the Series 2010 Bonds will remain outstanding.

“Bondholder,” “Registered Owner” or “Owner” means the registered owner of any bonds herein authorized.

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

“Community Impact Board” means the State of Utah Permanent Community Impact Fund Board, or any successor thereof.

“Class C Road Funds” means those funds received by the Issuer from the State Transportation Fund on a quarterly basis pursuant to Title 72, Chapter 2, Article 107-110, Code Annotated 1953, as amended.

“Class C Roads” means those roads within the description of Class C Roads under Sections 72-3-103 and 72-3-104, Utah Code Annotated 1953, as amended.

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

“Dated Date” means the initial delivery date of the Series 2010 Bonds.

“Default” and “Event of Default” mean with respect to any default or event of default under this Resolution any occurrence or event specified in and defined by Section 4.1 hereof.

“Depository Bank” means a “Qualified Depository” as defined in the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated, 1953, as amended, selected by the Issuer to receive deposits for the Revenue Account as herein described, the deposits of which 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, said account to be used for the purpose of depositing the proceeds of the sale of the Series 2010 Bonds and accounting for said proceeds pursuant to the terms of the Escrow Agreement.

“Escrow Agent” means the 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 Community Impact Board and the Escrow Agent on the date of delivery of the Series 2010 Bonds.

“Exchange Bonds” means the fully registered Series 2010 Bonds issued in substantially the form set forth in Exhibit “B-2”, in exchange for the State Bonds representing the Series 2010 Bonds or in exchange for other Exchange Bonds, in the denomination of \$1,000 or any integral multiple thereof.

“Fully Registered Bond” means any single Fully Registered Bond in the denomination(s) equal to the aggregate principal amount of the applicable Series 2010 Bonds authorized herein.

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

“Issuer” means Toquerville City, Utah, or any successor entity.

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

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

“Project” means the construction of certain Road and Storm Water Improvements and related improvements.

“Registrar” or “Paying Agent” means the person or persons authorized by the Issuer to maintain the registration books with respect to the Series 2010 Bonds and to pay the principal on the Series 2010 Bonds on behalf of the Issuer. The initial Registrar and Paying Agent for the Series 2010 Bonds is the City Recorder of the Issuer.

“Resolution” means collectively this resolution adopted by the Issuer on December 14, 2010 authorizing the sale and issuance of Series 2010 Bonds, as from time to time amended and supplemented, and the parameters resolution adopted by the Issuer on August 12, 2010.

“Revenues” means 100% of the Class C Road Funds received by the Issuer from the State pursuant to Title 72, Chapter 2, Sections 107-110, Utah Code Annotated 1953, as amended from the date of issuance in 2010 through that same calendar date in 2020 (in no event shall Revenues include any Class B and C Road Funds received by the Issuer more than ten (10) years after the date of issuance) and also 100% of the Issuers Storm Water Revenues as defined herein.

“Series 2010 Bonds” means Issuer’s Excise Tax Road and Storm Water Revenue Bonds, Series 2010 (Federally Taxable – Build America Bonds (Direct Payment)) in the total principal amount of \$464,000 bearing interest at the rate of 4.5% and purchased by the Community Impact Board.

“Sinking Fund Year” means the 12-month period beginning July 1 of each year and ending June 30 of the following year, except that the first Sinking Fund Year will begin on July 1, 2010, and will end on the following June 30.

“State” means the State of Utah.

“State Bonds” means the fully registered Series 2010 Bonds issued in substantially the form set forth in Exhibit “B-1” in the denominations equal to the aggregate principal amount of the Series 2010 Bonds.

“Storm Water Revenues” means all gross income and revenues of any kind, from any source whatsoever, derived from the operation of the System, including, without limitation, all fees, rates, connection charges, 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 or other revenues.

“System” means the whole and each and every part of the storm water collection and containment system of the Issuer, including the Project to be financed in part with the proceeds of the Series 2010 Bonds to be issued 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 such storm water system, together with all improvements, extensions, enlargements, additions, and repairs thereto which may be made while any of the Bonds remain outstanding

Section 1.2 Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Series 2010 Bonds authorized to be issued hereunder by the Owners thereof from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Owners from time to time of the Series 2010 Bonds; and the pledge made in this Resolution and the covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal

benefit, protection and security of the Owners of any and all of the Series 2010 Bonds all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Series 2010 Bonds over any other thereof, except as expressly provided in or permitted by this Resolution.

## ARTICLE II

### ISSUANCE OF SERIES 2010 BONDS

Section 2.1 Principal Amount, Designation, Series and Interest Rate. The Series 2010 Bonds are hereby authorized for issuance for the purpose of providing funds to (i) finance a portion of the costs of the construction of the Project, and (ii) pay costs incurred in connection with the issuance of the Series 2010 Bonds. The Series 2010 Bonds shall be limited to \$464,000 in aggregate principal amount, shall be issued (i) if issued as a State Bond(s), in the form set forth in Exhibit "B-1" and (ii) if issued as Exchange Bonds, in the form set forth in Exhibit "B-2", in fully registered form and shall bear interest at the rate of 4.5%. If issued as Exchange Bonds, the Series 2010 Bonds shall be in the denomination of \$1,000 or any integral multiple thereof. The Series 2010 Bonds shall be numbered from one (1) consecutively upward in order of delivery by the Registrar. The Series 2010 Bonds shall be designated as, and shall be distinguished from the bonds of all other series by the title, "Toquerville City, Utah Excise Tax Road and Storm Water Revenue Bonds, Series 2010 (Federally Taxable – Build America Bonds (Direct Payment))".

Section 2.2 Date and Maturities. The Series 2010 Bonds shall be dated as of their date of delivery and shall be paid as provided in this Section 2.2. The Series 2010 Bonds shall be initially issued as a single 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 2010 Bond at the offices of the Paying Agent for endorsement or surrender, or of any successor Paying Agent. 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. 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.

So long as the Community Impact Board is the Registered Owner of the Series 2010 Bonds, payments of principal shall be made by check or draft and mailed to the Community Impact Board as the Registered Owner at the address shown on the registration books maintained by the City Recorder. So long as the Community Impact Board is the Registered Owner of the Series 2010 Bond, in lieu of presentation or the surrender of the Series 2010 Bond to the Paying Agent for notations by the Paying Agent of such payments, the Community Impact Board, by its Chairman or his designee, shall endorse such payments upon the Series 2010 Bond.

Interest shall begin to accrue on the dated date of the Series 2010 Bonds and shall be payable on December 1 of each year beginning December 1, 2011. The Issuer shall make the principal payments stated for each year beginning December 1, 2011, and continuing on each December 1 thereafter until the total principal sum shall be paid in full, as follows:

<u>December 1</u>	<u>Principal Maturing</u>	<u>December 1</u>	<u>Principal Maturing</u>
2011	\$38,000	2016	\$47,000
2012	39,000	2017	49,000
2013	41,000	2018	51,000
2014	43,000	2019	54,000
2015	45,000	2020	57,000

Section 2.3 Optional Redemption and Redemption Prices. Each principal payment of the Series 2010 Bonds is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer, in inverse order of the due dates thereof, and by lot selected by the Issuer if less than all of the Series 2010 Bonds of a particular due date are to be redeemed, upon notice as provided in Section 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 Community Impact Board with respect to the Series 2010 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 series, to be redeemed, the identification numbers of the Exchange Bonds being redeemed;

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

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

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

(v) the redemption price;

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

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

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

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

Notice of redemption shall be given, not more than forty-five (45) days nor less than thirty (30) days prior to the redemption date, to Registered Owners of the Exchange Bonds, or portions thereof, to be redeemed. A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Exchange Bonds or portions thereof redeemed but who failed to deliver Series 2010 Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Registered Owner of such Series 2010 Bonds receives the notice. Receipt of such notice, shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Registered Owners shall not affect the validity of the proceedings for the redemption of the Series 2010 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 2010 Bond, a new Series 2010 Bond in principal amount equal to the unredeemed portion of such Series 2010 Bond will be issued.

Section 2.5 Execution and Delivery of the Series 2010 Bonds. The Mayor is hereby authorized to execute by manual or facsimile signature the Series 2010 Bonds and the City Recorder to countersign by manual or facsimile signature the Series 2010 Bonds and to have imprinted, engraved, lithographed, stamped or otherwise placed on the Series 2010 Bonds the official seal of the Issuer. The City Recorder is hereby authorized to deliver to the Community Impact Board the Series 2010 Bonds upon payment to the Issuer of the proceeds of the Series 2010 Bonds.



Section 2.6 Delinquent Payment. Payments on the Series 2010 Bonds which are delinquent from the due date thereof shall draw interest at the rate of eighteen percent (18%) per annum on the delinquent payment from said due date until paid in full.

Section 2.7 Exchange of Series 2010 Bonds. As long as the Community Impact Board is the sole Registered Owner of the Series 2010 Bonds, the Series 2010 Bonds shall be issued only as the State Bonds in the form prescribed in Exhibit "B-1". It is recognized that the Community Impact Board may sell or otherwise transfer the Series 2010 Bonds pursuant to the provisions of the State Financing Consolidation Act, Title 63, Chapter 65, Utah Code Annotated 1953, as amended, or otherwise. In the event the Community Impact Board determines to sell or otherwise transfer all or a portion of the Series 2010 Bonds pursuant to the State Financing Consolidation Act, or otherwise, the Series 2010 Bonds shall be exchanged at the office of the Paying Agent for a like aggregate principal amount of Exchange Bonds in accordance with the provisions of this Section 2.7 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 2010 Bond, or any portion thereof, which is sold or otherwise transferred or liquidated by the Community Impact Board pursuant to the State Financing Consolidation Act, or otherwise, shall be in the form of an Exchange Bond prescribed in Exhibit "B-2", and shall be executed pursuant to authorization contained in Section 2.5 hereof. Each principal payment on the Series 2010 Bonds not previously paid or cancelled 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 2010 Bonds for Exchange Bonds, provided that the Community Impact Board shall pay or cause to be paid all costs and other charges incident to such exchange and the Issuer shall have no obligation to pay any such costs or charges.

## ARTICLE III

### REGISTRATION, PAYMENT, AND FLOW OF FUNDS

Section 3.1 Execution of and Registration of Series 2010 Bonds; Persons Treated as Owners. The Series 2010 Bonds shall be signed by the Issuer and the Issuer shall cause books for the registration and for the transfer of the Series 2010 Bonds to be kept by the City Recorder who is hereby appointed the Registrar of the Issuer with respect to the Series 2010 Bonds. Any Series 2010 Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2010 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 2010 Bond duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute and deliver in the name of the transferee or transferees, a new Series 2010 Bond or Bonds of the same maturity and series for a like aggregate principal amount as the Series 2010 Bond surrendered for transfer. Series 2010 Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Series 2010 Bonds of the same series or other authorized denominations and the same maturity. The execution by the Issuer of any Series 2010 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 2010 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 2010 Bond for redemption.

Series 2010 Bonds surrendered for payment, redemption or exchange, shall be promptly cancelled and destroyed by the Issuer.

The Issuer, the Registrar and the Paying Agent may treat and consider the person in whose name each Series 2010 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 2010 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 2010 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 2010 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 2010 Bond shall be delivered.

Section 3.2 Deposit of Bond Proceeds. The proceeds from the sale of the Series 2010 Bonds shall be deposited upon delivery in the Escrow Account and shall be disbursed pursuant to the provisions of the Escrow Agreement. All monies deposited in the Escrow Account shall be used solely for the purpose of defraying all or a portion of the costs of the Project including the payment of costs of issuance of the Series 2010 Bonds. Any unexpended balance of the proceeds from the sale of the Series 2010 Bonds remaining in the Escrow Account after completion of the Project shall be paid immediately into the subaccount established hereunder as the “Toquerville City, Utah Excise Tax Road Bond Account,” hereinafter referred to herein as the “Bond Account” established hereunder, and shall be used only for the prepayment of the Series 2010 Bonds. Principal last to become due shall be prepaid first, and in the event less than all of the principal amount of the Series 2010 Bonds maturing on the last due date are to be redeemed, the Issuer shall by lot select those Series 2010 Bonds to be prepaid. Proceeds from the sale of the Series 2010 Bonds on deposit in the Escrow Account, may at the discretion of the Issuer, be invested by the Escrow Agent as provided in the Escrow Agreement. Following the transfer of unexpended funds from the Escrow Account to the Bond Account, the Escrow Account will be closed.

Section 3.3 The Series 2010 Bonds Constitute Special Limited Obligations. Notwithstanding anything in this Resolution elsewhere contained, the principal and interest, if any, on the Series 2010 Bonds shall be payable out of 100% of the Net Revenues, and in no event shall the Series 2010 Bonds be deemed or construed to be a general indebtedness of the Issuer or payable from any funds of the Issuer other than the Net Revenues. The Issuer hereby pledges its Net Revenues for repayment of the Series 2010 Bonds.

The Issuer may, in its sole discretion, but without obligation and subject to the Constitution, laws, and budgetary requirements of the State of Utah, make available properly budgeted and legally available funds to defray any insufficiency of Net Revenues to pay the Series 2010 Bonds; provided however, the Issuer has not covenanted and cannot covenant to make said funds available and has not pledged any of such funds for such purpose.

Section 3.4 Flow of Funds for the Series 2010 Bonds. From and after the earlier of the delivery date of the Series 2010 Bonds, and until all the Series 2010 Bonds have been fully paid, the Revenues shall be set aside into the Toquerville City, Utah Excise Tax Road and Storm Water Revenue Fund referred to herein as “Revenue Fund,” established hereunder, to be held by the Depository Bank. The Issuer will thereafter make accounting allocations of the funds deposited in said Revenue Fund for the following purposes and in the following priority:

- (a) From the amounts on deposit 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 10th day of each month, such portion of the Revenue Fund as is estimated to be required for Operation and Maintenance Expenses of the System for the following month.

There shall be allocated to the Expense Account from time to time during the month such additional amounts as may be required to make payments of Operation and Maintenance Expenses for which the amounts theretofore allocated to the Expense Account are insufficient.

(b) From the amounts on deposit in the Revenue Fund after payment of Operation and Maintenance Expenses of the System as provided above in subsection (a), there shall be deposited monthly, on the 10th day of each month beginning the month following the issuance of the Series 2010 Bonds, into the Series 2010 Bond Account of the “Toquerville, Utah, Excise Tax Road and Storm Water Revenue Bonds, Sinking Fund” (the “Sinking Fund”) established hereby with respect to the Series 2010 Bonds, an amount equal to  $\frac{1}{12}$  (in the case of the first payment date, the fraction, the numerator of which is the number one and the denominator of which is the number of months remaining to the first payment date) of the principal and interest payment next falling due on the Series 2010 Bonds, to the end that there will be sufficient funds on deposit to pay the principal of and any interest on the Series 2010 Bonds as and when the same become due. Amounts allocated to the Sinking Fund shall be used solely for the purpose of paying the principal of and interest on the Series 2010 Bonds and shall not be reallocated, transferred or paid out for any other purpose prior to payment of amounts due with respect to the Series 2010 Bonds. The funds on deposit in the Sinking Fund are hereby pledged to the payment of the principal of and interest on all the Series 2010 Bonds and Outstanding Bonds. In the event there are insufficient funds to make all principal and interest payments due and owing on the Series 2010 Bonds and the Outstanding Bonds, the Issuer shall make payments pro rata based on the principal amounts due on the Series 2010 Bonds and the Outstanding Bonds.

(c) Of the amounts allocated to the Revenue Fund after there shall have been allocated the amounts required to be allocated under (a) above, there shall be allocated monthly on or before the tenth day of each month, beginning the month of issuance of the Series 2010 Bonds, to the “Excise Tax Road and Storm Water Revenue Reserve Account” referred to herein as the “Reserve Account” established on the books of the Issuer the sum of \$645 plus such additional amount as may be required to meet any monthly installment to the Reserve Account not theretofore made in whole or in part, such allocations shall continue until there shall have been accumulated in the Reserve Account an amount equal to \$46,400. Amounts allocated to the Reserve Account shall be used to pay the principal and interest, if any, falling due on the Series 2010 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 has been accumulated as in this paragraph provided, no further allocations to the Reserve Account need be made unless payments from the Reserve Account have reduced the same below the amounts required by this paragraph, in which event allocations shall be resumed until such deficiency has been remedied; and

(d) All remaining funds, if any, in the Revenue Fund after all of the payments required to be made under (a) through (c) above, may be used by the Issuer (a) to prepay or redeem the Series 2010 Bonds in whole or in part, or (b) to be applied to any other lawful purpose as determined by the Issuer.

If at any time, the Revenues received by the Issuer 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 Revenues thereafter received by the Issuer.

Section 3.5 Investment of Funds Series 2010. Any funds allocated to the Bond Account and the Reserve Account 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 said funds and disbursed along with the other moneys on deposit therein as herein provided. All income derived from the investment of the Bond Account and the Reserve Account shall at the end of each Sinking Fund Year be transferred by the Issuer to the Bond Account so long as the Reserve Account after said transfer shall have funds equaling \$46,400. Should the Reserve Account have less than \$46,400, then said income shall be maintained in the Reserve Account until total deposits in the Reserve Account equals \$46,400. There shall not be required to be in the Bond Account and the Reserve Account at any time more than the total amount required to pay the total principal outstanding of the Series 2010 Bonds. Whenever the money in the Bond Account and the Reserve Account equal the total principal amount of the Series 2010 Bonds outstanding, the money in said Accounts shall be used to prepay all of the Series 2010 Bonds.

## ARTICLE IV

### GENERAL COVENANTS

Section 4.1 General Covenants. The Issuer hereby covenants and agrees with each and every holder of the Series 2010 Bonds issued hereunder the following:

(a) While any of the Series 2010 Bonds remain outstanding and unpaid, any resolution or other enactment of the Governing Body of the Issuer, applying the Revenues for the payment of the Series 2010 Bonds shall be irrevocable until the Series 2010 Bonds have been paid in full, and shall not be subject to amendment or modification in any manner which would impair the rights of the holders of the Series 2010 Bonds or which would in any way jeopardize the timely payment of principal when due.

(b) The average annual installments of principal on the Series 2010 Bonds and all bonds on a parity therewith will not exceed 80% of the total amount of the total Revenues received by the Issuer during the Sinking Fund Year immediately preceding the Sinking Fund Year in which this Resolution is adopted.

(c) The rates for all storm 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, when combined with the Class C Road Funds for the payment and/or redemption of the Series 2010 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 2010 Bonds and any Parity Bonds (as defined in Section 4.3) when due. The rates charged for storm water services and Class C Road Funds 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 2010 Bonds and Outstanding Bonds, if any, as herein provided.

(d) So long as any Series 2010 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 receipt and use of the Revenues. 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. 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 Revenues, and that such audit will be available for inspection by the Bondholder; provided, however, during such periods of time as the Community Impact Board is the Registered Owner of the State Bonds, each such audit will be supplied to the Community Impact Board as soon as completed without prior request therefor by the Community Impact Board. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

(i) A statement in detail of the income and expenditures of Revenues 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 Resolution, and the accountant's recommendations for any change or improvement;

(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; and

(v) An analysis of all funds and accounts created in this 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 storm water users within the boundaries of the Issuer, and applications for storm water service on hand at the end of the Sinking Fund Year;

(vii) The total billings for storm water for the 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 Subsection 4.1(d), provided, however, that such waiver shall not apply to the reporting requirements of the Issuer set forth in Subsection 4.1(e) herein.

(e) In addition to the reporting requirements set forth in Subsection 4.1(d) above, the Issuer shall submit to the Community Impact 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 Community Impact Board to the Issuer upon purchase of the Series 2010 Bonds.

If a Bondholder is other than the Community Impact 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 Project, 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 Project as it may from time to time reasonably require.

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

(h) 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 Project 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 Project or the Revenues or any part thereof or which might impair the security of the Series 2010 Bonds, except when the Issuer in good faith contests its liability to pay the same.

(i) All payments falling due on the Series 2010 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.

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

Section 4.2 Covenant of State of Utah. In accordance with Section 11-14-307, Utah Code Annotated 1953, as amended, the State of Utah hereby pledges and agrees with the Owners of the Series 2010 Bonds that it will not alter, impair or limit the Class C Road Funds in a manner that reduces the amounts to be rebated to the Issuer which are devoted or pledged herein until the Series 2010 Bonds, together with applicable interest, if any, are fully met and discharged; provided, however, that nothing shall preclude such alteration, impairment or limitation if and when adequate provision shall be made by law for the protection of the holders of the Series 2010 Bonds.

Section 4.3 Additional Indebtedness Series 2010 Bonds. No additional indebtedness, bonds or notes of the Issuer payable on a priority superior to the Series 2010 Bonds out of the Revenues shall be created or incurred by the Issuer without the prior written consent of all holders of the Series 2010 Bonds. Furthermore, the Series 2010 Bonds shall not be entitled to any priority one over the other in application of the



Revenues, 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 2010 Bonds authorized to be issued pursuant to this 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 Revenues, or any part thereof, or which constitutes a lien on such Revenues until all Series 2010 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 2010 Bonds.

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

(a) The Series 2010 Bonds or any part thereof may be refunded. The refunding bonds so issued shall enjoy a lien on the Revenues on a parity with the Series 2010 Bonds except that if fewer than all of the Series 2010 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 Series 2010 Bond refunded thereby without the consent of the owners and holders of all of the unrefunded Series 2010 Bonds. In all other respects, refunding bonds may be secured in such manner and may be payable from such sources and be subject to other terms and provisions that may be provided in the resolution authorizing their issuance. Refunding bonds may be exchanged with the consent of the Bondholder for not less than a like principal amount of the Series 2010 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 2010 Bonds refunded.

(b) Additional bonds may be issued on a parity with the Series 2010 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 Revenues in the Sinking Fund Year preceding the year in which the Parity Bonds are to be issued were 125% of the average Annual Debt Service on all of the Series 2010 Bonds and Parity Bonds then outstanding and the Parity Bonds so proposed to be issued.

(ii) All payments required by this Resolution to be made into the Revenue Fund must have been made in full and there must be in each reserve fund related to the Series 2010 Bonds the full amount required by this Resolution to be accumulated therein.

(iii) The Parity Bonds must be payable as to principal on December 1 of each year in which principal falls due.

(iv) The proceedings authorizing such Parity Bonds must raise the amount to which the reserve funds shall be accumulated to an amount no less than the highest future Annual Debt Service of all Series 2010

Bonds and Parity Bonds then outstanding and the Parity Bonds so proposed to be issued and must require the accumulation of such amount in the Reserve Account to be accomplished within six (6) years after delivery of such Parity Bonds.

## ARTICLE V

### MISCELLANEOUS

Section 5.1 Default and Remedies. Failure of the Issuer to perform any covenant or requirement of the Issuer under this 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 2010 Bonds, said interest penalty to accrue from the date of the notice of the Bondholder to the Issuer referenced hereinabove until the default is cured by the Issuer. Said interest penalty shall be paid on each succeeding payment date until the default is cured by the Issuer.

(b) The Bondholder may appoint a trustee bank to act as a receiver of the Revenues for purposes of applying said 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 Resolution. Provisions of this Resolution shall constitute a contract between the Issuer and the Bondholder; and after the issuance of the Series 2010 Bonds, no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner until such time as all of the Series 2010 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 Resolution in the manner and to the extent set out below.

Whenever the Issuer shall propose to amend or modify this Resolution under the provisions of this section, it shall cause notice of the proposed amendment to be sent to all Bondholders of all Series 2010 Bonds then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the City Recorder for public inspection. Should a Bondholder consent to the proposed amendment to this Bond Resolution, it

shall submit to the Issuer a written instrument which shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof. Upon receipt of Bondholder consents representing at least 75% of the principal of Series 2010 Bonds outstanding, the governing body of the Issuer may adopt said amendatory resolution, and it shall become effective, provided, however, that nothing in this Section 5.2 shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest , without the consent of the Bondholder of such Series 2010 Bonds, or (b) a reduction in the amount or extension of the time of any payment required by any Fund or account established hereunder without the consent of the Bondholders of all the Series 2010 Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Series 2010 Bonds, the Bondholders of which are required to consent to any such waiver or a mandatory resolution, or (d) affect the rights of the Bondholders of less than all Series 2010 Bonds then outstanding, without the consent of the Bondholders of all the Series 2010 Bonds at the time outstanding which would be affected by the action to be taken.

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

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

Section 5.3 Maintenance of Proceedings. A certified copy of this Resolution and every amendatory or supplemental ordinance or resolution shall be kept on file in the office of the City Recorder where it shall be made available for inspection by any Bondholder or his agent. Upon payment of the reasonable cost of preparing the same, a certified copy of this 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 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 to pay the principal on the Series 2010 Bonds authorized herein or to meet any obligation contained herein concerning the Series 2010 Bonds.

Section 5.4 Defeasance of the Series 2010 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 2010 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 Revenues under this 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 2010 Bonds) shall be cancelled and discharged.

Any Series 2010 Bond shall be deemed to be paid within the meaning of this section when payment of the Series 2010 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 2010 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 2010 Bonds).

Section 5.5 Sale of Series 2010 Bonds Approved. The sale of the Series 2010 Bonds to the Community Impact Board, at par, 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 construction of the Project.

Section 5.7 Notice of Series 2010 Bonds to be Issued. In accordance with the provisions of the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended, the Issuer has designated the Spectrum as the official newspaper of the Issuer authorized to publish legal notices for the Issuer, and the City Recorder has caused a "Notice of Public Hearing and Bonds to be Issued" calling a public hearing to receive input from the public with respect to the issuance of the Series 2010 Bonds and providing notice of bonds to be issued to be published once a week for two consecutive weeks in said newspaper, a newspaper having general circulation in the Issuer with the first publication being not less than 14 days before the public hearing and has caused a copy of this Resolution to be kept on file in the office of the City Recorder of the Issuer for public examination during regular business hours for at least thirty (30) days from and after the publication thereof. Such notice is hereby reaffirmed and approved.

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 Resolution and the documents authorized and approved herein.

Section 5.9 Severability. If any section, paragraph, clause or provision of this 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 Resolution. It is hereby declared by the governing body of the Issuer that it is the intention of the Issuer by the adoption of this Resolution to comply

in all respects with the provisions of the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended.

Section 5.10 Resolutions in Conflict. All resolutions or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 5.11 Effective Date of Resolution. This Resolution shall take effect immediately upon its approval and adoption.

Section 5.12 Build America Bond Elections and Representations.

(a) The Issuer will file or cause to be filed with the IRS 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 2010 Bonds are issued a Form 8038-G, Information Return for Tax Exempt Governmental Bond Issues, and not sooner than 90 days before and not later than 45 days before each interest payment date of the Bonds, a Form 8038-CP, Return for Credit Payments to Issuers of Qualified Bonds, with respect to the Series 2010 Bonds or at the times and in the manner a the IRS may subsequently designate.

(b) The Issuer hereby irrevocably elects for the Series 2010Bonds to continue to be Build America Bonds under Section 6431 of the Code, qualifying for Direct Payments.

(c) The Issuer elects and covenants to and for the benefit of the Registered Owners of the Series 2010 Bonds that the Issuer (1) will not take any action that would jeopardize the Direct Payments related to the Series 2010 Bonds, (2) will not omit to take or cause to be taken, in timely manner, any action, which omission would jeopardize the Direct Payments related to the Series 2010 Bonds, and (3) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Series 2010 Bonds in order to preserve the Direct Payments related to the Series 2010 Bonds.

(d) The Issuer directs its officials to execute such certificates to establish the federal tax-exempt status of the Bonds and further covenants that it will (a) observe and not violate the requirements of Section 148 of the Code or any applicable Regulations and (b) comply with applicable provisions of the Code and Regulations so that interest on the Bonds will be and continue to be excludible from gross income for federal income tax purposes under Section 103(a) of the Code, but for the election with respect to the Build America Bonds. In addition, the Issuer represents and covenants that there are no other bonds or obligations of the Issuer which (i) are being sold within 15 days of the issuance of the Bonds; (ii) are being sold pursuant to a common plan of financing together with the Bonds; and (iii) are payable out of substantially the same source of funds as the Bonds.

(e) Notwithstanding any other provision herein, to the extent permitted by law, neither the Issuer, nor any holder of a Series 2010 Bond shall claim or accept the

benefits of any federal guarantee unless there has been obtained an opinion of counsel of national recognized standing in the field of law relating to municipal bonds to the effect that acceptance of such federal guarantee will not adversely affect the status of the Series 2010 Bonds as Build America Bonds qualifying for direct payment.

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Mayor

ATTEST:

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City Recorder

( S E A L )

STATE OF UTAH )  
 : ss.  
COUNTY OF WASHINGTON )

I, Renee Garner, the duly qualified and acting City Recorder of Toquerville City, Utah (the "Issuer"), do hereby certify according to the records of the Issuer's City Council (the "Council") in my possession that the foregoing constitutes a true, correct and complete copy of the minutes of the regular meeting of the Council held on December 14, 2010 as it pertains to a resolution adopted by the Council at said meeting, including the Resolution, with all attached exhibits, as said minutes and Resolution are 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 December 14, 2010.

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City Recorder

( S E A L )



EXHIBIT "A"

RECORD OF PROCEEDINGS

The Council of the Issuer met in public session at the regular meeting place of the Council at 212 Toquerville Blvd., Toquerville, Utah, on December 14, 2010, at the hour of 7:00 p.m., or as soon thereafter as feasible, with the following members of the Council being present:

M. Darren Lafever	Mayor
Darren Cottam	Councilmember
Brad Langston	Councilmember
Lynn Olds	Councilmember
Paul Heideman	Councilmember
Mark Fahrenkamp	Councilmember

Also present:

Renee Garner	City Recorder
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Absent:

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

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

YEA:

NAY:

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

CERTIFICATE OF CITY RECORDER

I, Renee Garner, the duly appointed and qualified City Recorder of the Issuer, do hereby certify that the attached Resolution is a true, accurate and complete copy thereof as adopted by the Council at a public meeting duly held on December 14, 2010 (the "Meeting"). The Meeting was called and noticed as required by law as is evidenced by the attached Certificate of Compliance with Open Meeting Law. The persons present and the result of the vote taken at the Meeting are all as shown above. The Resolution, with all exhibits attached, was deposited in my office on December 14, 2010, 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 December 14, 2010.

( S E A L )

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City Recorder

CERTIFICATE OF COMPLIANCE WITH  
OPEN MEETING LAW

I, Renee Garner, the undersigned City Recorder of Toquerville City, 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 December 14, 2010 public 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;

(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 a copy of 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.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this December 14, 2010.

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City Recorder

( S E A L )

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

EXHIBIT “B-1”

FORM OF STATE BONDS

UNITED STATES OF AMERICA  
STATE OF UTAH  
COUNTY OF WASHINGTON  
TOQUERVILLE CITY  
EXCISE TAX ROAD AND STORM WATER REVENUE BOND  
(FEDERALLY TAXABLE – BUILD AMERICA BOND (DIRECT PAYMENT))  
SERIES 2010

\$464,000

Toquerville City, Utah (the “Issuer”), a political subdivision and body politic of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the registered owner hereof or registered assigns, the principal amount of \$464,000. The principal indebtedness will bear interest at the rate of 4.5% as long as annual principal installments are paid when due. Interest shall accrue from the dated date of this Bond. Principal and interest shall be payable in registered installments on December 1 of each of the years, beginning December 1, 2011, as set forth in the following Repayment Schedule:

REPAYMENT SCHEDULE

<u>December 1</u>	Principal Maturing	<u>December 1</u>	Principal Maturing
2011	\$38,000	2016	\$47,000
2012	39,000	2017	49,000
2013	41,000	2018	51,000
2014	43,000	2019	54,000
2015	45,000	2020	57,000

Except as provided in the following 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.

As long as the State of Utah Permanent Community Impact Fund Board (the “Community Impact Board”) is the registered holder of this Bond, installment payments of principal and interest shall be made by check or draft mailed to the Community Impact Board as the registered holder at the address shown on the registration books maintained by the Registrar.

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

This Bond is payable solely from a special fund designated "Toquerville City, Utah Excise Tax Road and Storm Water Revenue Fund," into which fund and into a reserve therefor, to the extent necessary to assure prompt payment of this Bond, shall be pledged 100% of the Net Revenues, as defined in the Bond Resolution, adopted by the governing body of the Issuer on December 14, 2010, and the Issuer's Parameters Resolution adopted on August 12, 2010 (collectively, the "Bond Resolution").

This Bond is issued pursuant to (i) 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 defraying a portion of the cost of financing the construction of Road and Storm Water Improvements, and other related improvements. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the Bond Resolution) 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 (as defined in the Bond Resolution).

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.

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

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

Subject to the provisions of the 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 any resolution, ordinance or other enactment of the governing body of the Issuer applying the Net Revenues for the payment of the Bonds shall be irrevocable until the Bonds have been paid in full, and shall not be subject to amendment in any manner which would impair the rights of the holders of such Bonds or which would in any way jeopardize the timely payment of principal when due.

IN ACCORDANCE WITH SECTION 11-14-307, UTAH CODE ANNOTATED 1953, AS AMENDED, THE STATE OF UTAH HEREBY PLEDGES AND AGREES WITH THE HOLDERS OF THE BONDS THAT IT WILL NOT ALTER, IMPAIR OR LIMIT THE CLASS C ROAD FUNDS (AS DEFINED IN THE BOND RESOLUTION) IN A MANNER THAT REDUCES THE AMOUNTS TO BE REBATED TO THE ISSUER WHICH ARE DEVOTED OR PLEDGED AS AUTHORIZED IN SECTION 11-14-307, UTAH CODE ANNOTATED 1953, AS AMENDED, UNTIL THE BONDS, TOGETHER WITH APPLICABLE INTEREST, IF ANY, THEREON, ARE FULLY MET AND DISCHARGED; PROVIDED, HOWEVER, THAT NOTHING SHALL PRECLUDE SUCH ALTERATION, IMPAIRMENT OR LIMITATION IF AND WHEN ADEQUATE PROVISION SHALL BE MADE BY LAW FOR PROTECTION OF THE HOLDERS OF THE BONDS.

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

It is hereby declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in regular and due time, form and manner as required by law, that the amount of this Bond does not exceed any limitation prescribed by the Constitution or statutes of the State of Utah, that the Net Revenues (as defined in the Bond Resolution) 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



REGISTRATION CERTIFICATE

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

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



EXHIBIT "B-2"

FORM OF EXCHANGE BOND

UNITED STATES OF AMERICA  
STATE OF UTAH  
COUNTY OF WASHINGTON  
TOQUERVILLE CITY  
EXCISE TAX ROAD AND STORM WATER REVENUE BONDS  
(FEDERALLY TAXABLE – BUILD AMERICA BONDS (DIRECT PAYMENT))  
SERIES 2010

INTEREST RATE	MATURITY DATE	ISSUE DATE
4.5%		_____, 2010

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

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

Toquerville City, Washington 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. Interest at the Interest Rate specified above on the Principal Amount hereof (calculated on the basis of a year of 360 days comprised of twelve 30-day months) shall be payable by check or draft mailed by the City Recorder of the Issuer (the "Paying Agent") to the Registered Owner hereof beginning December 1, 20\_\_ and on each December 1 thereafter until this Bond is paid in full. Principal and redemption price of this Bond shall be payable upon presentation of this Bond to the Paying Agent, or its successor as such paying agent, for payment at maturity.

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

This Bond is 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 Excise Tax Road and Storm Water Revenue Bond, Series 2010 (Federally Taxable – Build America Bonds (Direct Payment) dated \_\_\_\_\_, 2010, in the total principal sum of \$464,000, authorized by a Parameters Resolution and Bond

Resolution of the Issuer duly adopted on August 12, 2010, and December 14, 2010, respectively (collectively, the "Bond Resolution"). This Bond and the issue of Bonds of which it is a part is issued pursuant to (i) 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 defraying a portion of the cost of financing the construction of Road and Storm Water Improvements and related improvements. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the Bond Resolution) 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 (as defined in the Bond Resolution).

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 Bonds are subject to redemption prior to maturity at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer in 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 said 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 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 any resolution, ordinance or other enactment of the governing body of the Issuer applying the Net Revenues for the payment of the Bonds shall be irrevocable until the Bonds have been paid in full, and shall not be subject to amendment in any manner which would impair the rights of the holders of such Bonds or which would in any way jeopardize the timely payment of principal when due.

IN ACCORDANCE WITH SECTION 11-14-307, UTAH CODE ANNOTATED 1953, AS AMENDED, THE STATE OF UTAH HEREBY PLEDGES AND AGREES WITH THE HOLDERS OF THE BONDS THAT IT WILL NOT ALTER, IMPAIR OR LIMIT THE CLASS C ROAD FUNDS (AS DEFINED IN THE BOND RESOLUTION) IN A MANNER THAT REDUCES THE AMOUNTS TO BE REBATED TO THE

ISSUER WHICH ARE DEVOTED OR PLEDGED AS AUTHORIZED IN SECTION 11-14-307, UTAH CODE ANNOTATED 1953, AS AMENDED, UNTIL THE BONDS, TOGETHER WITH APPLICABLE INTEREST, IF ANY, THEREON, ARE FULLY MET AND DISCHARGED; PROVIDED, HOWEVER, THAT NOTHING SHALL PRECLUDE SUCH ALTERATION, IMPAIRMENT OR LIMITATION IF AND WHEN ADEQUATE PROVISION SHALL BE MADE BY LAW FOR PROTECTION OF THE HOLDERS OF THE BONDS.

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 City Recorder (the "Registrar") in Toquerville, 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 (as defined in the Bond Resolution) have been pledged and will be set aside into said special fund by the Issuer to be used for the payment of this Bond and the issue of which it forms a part and all bonds issued on a parity with this Bond, if any, and that said Net Revenues are not pledged, hypothecated or anticipated in any way other than by the issue of Bonds of which this Bond is one and all bonds issued on a parity with this Bond, if any.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed (by manual or facsimile signature) by its Mayor and countersigned (by manual or facsimile signature) by its City Recorder with the seal of said Issuer affixed, all as of the \_\_\_\_ day of \_\_\_\_\_, 2010.

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

COUNTERSIGNED:

/s/ (Do Not Sign) \_\_\_\_\_  
City Recorder

( S E A L )

