

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER [____], 2023

**NEW ISSUE—Issued in Book-Entry Only Form
Bank-Qualified****Rating: S&P “[____]”
(See “RATING” herein)**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the Series 2023 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. The Series 2023 Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Bond Counsel notes that for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2023 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” herein.

SANDY CITY, UTAH
\$8,645,000*
SALES TAX REVENUE BONDS, SERIES 2023

Dated: Date of Initial Delivery**Due: April 15, as shown herein**

The \$8,645,000* Sales Tax Revenue Bonds, Series 2023 (the “Series 2023 Bonds”) are issued as fully registered bonds by Sandy City, Utah (the “City”) and when initially issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2023 Bonds. Purchases of the Series 2023 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Owners of the Series 2023 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2023 Bonds. Interest on the Series 2023 Bonds is payable on April 15 and October 15 of each year, commencing April 15, 2024, by Zions Bancorporation, National Association, as Paying Agent, all as more fully described herein. So long as DTC or its nominee is the registered owner of the Series 2023 Bonds, payments of the principal of and interest on such Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See “THE SERIES 2023 BONDS—Book-Entry Only System” herein.

The Series 2023 Bonds are being issued and will be secured on a parity lien basis with the Outstanding Parity Bonds (as defined herein).

The Series 2023 Bonds are subject to optional [and mandatory sinking fund] redemption prior to maturity as described herein.

Proceeds of the Series 2023 Bonds will be used by the City to (i) finance Monroe Street construction and all related improvements (the “Series 2023 Project”) and (ii) pay the costs of issuing the Series 2023 Bonds. See “THE SERIES 2023 PROJECT” herein

The Series 2023 Bonds are special limited obligations of the City, payable on a parity with the Outstanding Parity Bonds, solely from the Revenues, moneys, securities and funds pledged therefor in the Indenture (as herein defined). The Series 2023 Bonds will not be a general obligation of the City or the State of Utah (the “State”) or any agency, instrumentality or political subdivision thereof. Neither the faith and credit nor the ad valorem taxing power of the City or the taxing power of the State or any agency, instrumentality or political subdivision thereof will be assigned or pledged for payment of principal of, premium, if any, and interest on the Series 2023 Bonds. The issuance of the Series 2023 Bonds shall not directly, indirectly or contingently obligate the City or the State or any agency, instrumentality or political subdivision thereof to levy any form of ad valorem taxation therefor or to make any appropriation for the payment of the Series 2023 Bonds. The City will not mortgage or grant a security interest in the improvements refinanced with the proceeds of the Series 2023 Bonds or any portion thereof to secure payment of the Series 2023 Bonds. See “SECURITY FOR THE SERIES 2023 BONDS” herein.

The Series 2023 Bonds are offered when, as and if issued by the City and subject to the approval of their legality by Gilmore & Bell, P.C., Salt Lake City, Utah, Bond Counsel to the City. Certain matters relating to disclosure will be passed upon for the City by Gilmore & Bell, P.C., disclosure counsel to the City. Certain legal matters will be passed upon for the City by Lynn Pace, Esq., City Attorney. LRB Public Finance Advisors, Inc., Salt Lake City, Utah, is acting as municipal advisor to the City in connection with the issuance of the Series 2023 Bonds. It is expected that the Series 2023 Bonds, in book-entry only form, will be available for delivery to DTC or its agent on or about [October 19], 2023.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. This Official Statement is dated [____], 2023, and the information contained herein speaks only as of that date.

[underwriter]

* Preliminary; subject to change.

SANDY CITY, UTAH

\$8,645,000*

SALES TAX REVENUE BONDS, SERIES 2023

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES/YIELDS

<u>Due (April 15)</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
2024	\$685,000			799910 ____
2025	500,000			
2026	525,000			
2027	550,000			
2028	580,000			
2029	605,000			
2030	640,000			
2031	670,000			
2032	705,000			
2033	740,000			
2034	775,000			
2035	815,000			
2036	855,000			

[\$ _____ % Term Bond maturing April 15, 20____; Price _____%; CUSIP _____]

* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2023 Bonds. None of the City, the Trustee or the Underwriter is responsible for the selection or use of such CUSIP numbers, and no representation is made as to its correctness on the Series 2023 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2023 Bonds as a result of various subsequent actions including but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2023 Bonds.

No dealer, broker, salesman or any other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer or solicitation of an offer to buy nor shall there be any sale of the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

The information set forth herein has been obtained from the City, DTC, and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City, or in any other information contained herein since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The yields at which the Series 2023 Bonds are offered to the public may vary from the initial reoffering yields on the inside front cover page of this Official Statement. In connection with this offering, the Underwriter may engage in transactions that stabilize, maintain or otherwise affect market prices of the Series 2023 Bonds. Such transactions, if commenced, may be discontinued at any time.

This Official Statement contains “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

The City maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2023 Bonds.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

SANDY CITY, UTAH

\$8,645,000*

SALES TAX REVENUE BONDS, SERIES 2023

**10000 Centennial Parkway
Sandy, Utah 84070-1799
(801) 568-7100**

CITY COUNCIL

Brooke D’Sousa..... Council Chair
Scott Earl Council Member
Marci Houseman..... Council Member
Ryan Mecham..... Council Member
Zach Robinson..... Council Member
Cyndi Sharkey Council Member
Alison Stroud..... Council Member

CITY ADMINISTRATION

Monica Zoltanski..... Mayor
Kimberly Bell Deputy Mayor
Shane Pace..... Chief Administrative Officer
Lynn Pace City Attorney
Brian Kelley..... Administrative Services Director
Glade G. Jardine Deputy Finance Director
Wendy Downs City Recorder
Helen R. Kurtz..... City Treasurer

TRUSTEE, PAYING AGENT & REGISTRAR

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41 North Rio Grande, Suite 101
Salt Lake City, Utah 84101
(801) 596-0700

UNDERWRITER

[tbd]

* Preliminary; subject to change.

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OFFICIAL STATEMENT
RELATING TO
SANDY CITY, UTAH
\$8,645,000*
SALES TAX REVENUE BONDS, SERIES 2023

INTRODUCTION

This Official Statement, including the cover page, introduction, and appendices, provides information in connection with the issuance and sale by Sandy City, Utah (the “City”) of its \$8,645,000* Sales Tax Revenue Bonds, Series 2023 (the “Series 2023 Bonds”), initially issued in book-entry form only. The Series 2023 Bonds are being issued on a parity with the Outstanding Parity Bonds (as defined herein). This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2023 Bonds to potential investors is made only by means of the entire Official Statement.

See also the following appendices attached hereto: “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF SANDY CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022”; “APPENDIX B—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING SALT LAKE COUNTY”; “APPENDIX C—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE”; “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING”; “APPENDIX E—FORM OF OPINION OF BOND COUNSEL”; and “APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM.”

The City

The City, incorporated in 1893, covers an area of approximately 22 square miles and is located in the southeast portion of Salt Lake County, Utah (the “County”). The City had a U.S. Census Bureau estimated 2022 population of 93,022, ranking it as the 7th largest city by population in the State of Utah (the “State”). For additional information, see “SANDY CITY, UTAH” and APPENDICES A and B herein.

Authorization and Purpose of the Series 2023 Bonds

The Series 2023 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the “Act”), and other applicable provisions of law; (ii) resolutions adopted on August 29, 2023 and September 19, 2023 (together, the “Resolution”), which provide for the issuance of the Series 2023 Bonds; and (iii) a General Indenture of Trust dated as of March 1, 2002, as previously amended and supplemented (collectively, the “General Indenture”), between the City and Zions Bancorporation, National Association, as trustee (the “Trustee”), and as further amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of October 1, 2023 (the “Thirteenth Supplemental Indenture,” and together with the General Indenture, the “Indenture”).

Proceeds of the Series 2023 Bonds will be used by the City to (i) finance Monroe Street construction and all related improvements (the “Series 2023 Project”) and (ii) pay the costs of issuing the Series 2023 Bonds. See “THE SERIES 2023 PROJECT” herein.

Security and Sources of Payment

The Series 2023 Bonds are special limited obligations of the City and are payable solely from, and are secured solely by, the Revenues and certain other moneys in funds and accounts held by the Trustee under the Indenture. The Revenues consist of all the revenues produced by local sales and use taxes levied by the City under the Local Sales

* Preliminary; subject to change.

and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code Annotated 1953, as amended (the “Pledged Sales and Use Taxes”). See “SECURITY FOR THE BONDS” and “RISK FACTORS” herein.

The Series 2023 Bonds are secured on a parity lien with the Outstanding Parity Bonds and any additional bonds, notes or other obligations (the “Additional Bonds”) which may be issued from time to time under the Indenture. See “SECURITY FOR THE BONDS” herein.

The Series 2023 Bonds will not be a general obligation of the City or the State or any agency, instrumentality or political subdivision thereof. Neither the faith and credit nor the ad valorem taxing power of the City or the taxing power of the State or any agency, instrumentality or political subdivision thereof will be assigned or pledged for payment of principal of, premium, if any, and interest on the Series 2023 Bonds. The issuance of the Series 2023 Bonds shall not directly, indirectly or contingently obligate the City or the State or any agency, instrumentality or political subdivision thereof to levy any form of ad valorem taxation therefor or to make any appropriation for the payment of the Series 2023 Bonds. The City will not mortgage or grant a security interest in the improvements refinanced with the proceeds of the Series 2023 Bonds or any portion thereof to secure payment of the Series 2023 Bonds.

Pledged Sales and Use Taxes

The City presently levies a local sales and use tax (representing all of the Pledged Sales and Use Taxes) at the rate of 1.00% on all taxable sales of goods and services. The local sales and use tax is collected by the Utah State Tax Commission and distributed monthly to the City. These distributions are currently based on formulas that take into account the population of and taxable sales in all local governments in the State that impose a sales and use tax.

The Pledged Sales and Use Taxes of the City for fiscal year ending June 30, 2022, totaled \$29,714,666 (the “2022 Pledged Sales and Use Taxes”). For purposes of this Official Statement, the City estimates that the 2022 Pledged Sales and Use Taxes (assuming no decrease or growth) will provide approximately [___]* times the maximum annual debt service requirement on the Series 2023 Bonds and the Outstanding Parity Bonds which occurs in Fiscal Year [20___]*. See “SECURITY FOR THE BONDS—Pledged Sales and Use Taxes” herein.

Outstanding Parity Bonds

The City has the following sales tax revenue bonds outstanding which were issued under the Indenture: (i) Sales Tax Revenue Refunding Bonds, Series 2012; (ii) Taxable Sales Tax Revenue Bonds, Series 2013B; (iii) Sales Tax Revenue Bonds, Series 2015; and (iv) Sales Tax Revenue Refunding Bonds, Series 2019 (all said bonds, collectively, the “Outstanding Parity Sales Tax Bonds”). The City has also pledged the Pledged Sales and Use Taxes to secure in part the Transient Room Tax and Sales Tax Revenue Refunding Bonds, Series 2021 (the “RDA Bonds”), issued by the Redevelopment Agency of Sandy City (the “RDA”), pursuant to a Sales Tax Interlocal Pledge and Loan Agreement, dated as of December 1, 2021 (the “Sales Tax Interlocal Agreement”), between the RDA and the City. The Outstanding Parity Sales Tax Bonds and the RDA Bonds are together referred to herein as the “Outstanding Parity Bonds.”

The Outstanding Parity Bonds are secured by the Pledged Sales and Use Taxes on a parity with the Series 2023 Bonds. See “FINANCIAL INFORMATION REGARDING SANDY CITY, UTAH—Outstanding Obligations of the City” herein.

Additional Bonds

The Indenture permits the issuance of Additional Bonds secured by the Revenues on a parity with the Series 2023 Bonds and Outstanding Parity Bonds, but requires that the City provide certain certificates and opinions as a condition to the issuance of Additional Bonds. Included in these conditions is the requirement that the Revenues for any consecutive twelve-month period in the 24 months immediately preceding the issuance of Additional Bonds be equal to at least 200% of the maximum annual debt service on the Bonds then outstanding and the Additional Bonds proposed to be issued, plus any outstanding Reserve Instrument Repayment Obligations. See “SECURITY FOR THE

BONDS—Additional Parity Debt” herein. The Series 2023 Bonds, the Outstanding Parity Sales Tax Bonds, and any Additional Bonds issued under the Indenture are referred to collectively herein as the “Bonds.”

State Pledge of Nonimpairment

In accordance with Section 11-14-307, Utah Code Annotated 1953, as amended, the State pledges and agrees with the holders of the Series 2023 Bonds that it will not alter, impair or limit the excise taxes in a manner that reduces the amounts to be rebated to the City which are devoted or pledged for the payment of the Series 2023 Bonds until the Series 2023 Bonds, together with applicable interest, 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 2023 Bonds. The City notes that this provision has not been interpreted by a court of law and, therefore, the extent that such provision would (i) be upheld under constitutional or other legal challenge, (ii) protect the current rates and collection of all Pledged Sales and Use Taxes, or (iii) import any other aspect of Revenues, cannot be predicted by the City. See “SECURITY FOR THE BONDS—State Pledge of Nonimpairment” herein.

Redemption Provisions

The Series 2023 Bonds are subject to optional [and mandatory sinking fund] redemption prior to maturity as described herein

Registration, Denominations, Manner of Payment

The Series 2023 Bonds are issuable only as fully registered bonds without coupons and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Series 2023 Bonds. Purchases of Series 2023 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Series 2023 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2023 Bonds.

Principal of and interest on the Series 2023 Bonds (interest payable April 15 and October 15 of each year, commencing April 15, 2024) are payable by Zions Bancorporation, National Association, as paying agent (the “Paying Agent”), to the registered owners of the Series 2023 Bonds. So long as DTC is the registered owner, it will, in turn, remit such principal and interest to its Participants, for subsequent disbursements to the Beneficial Owners of the Series 2023 Bonds, as described under “THE SERIES 2023 BONDS—Book-Entry Only System” herein.

Tax Matters

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2023 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. The Series 2023 Bonds have been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Bond Counsel notes that for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2023 Bonds is exempt from State of Utah individual income taxes.

See “TAX MATTERS” in this Official Statement. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2023 Bonds.

Conditions of Delivery, Anticipated Date, Manner and Place of Delivery

The Series 2023 Bonds are offered, subject to prior sale, when, as and if issued and received by the Underwriter subject to approval of legality by Gilmore & Bell, P.C., Bond Counsel to the City, and certain other conditions. Certain matters relating to disclosure will be passed upon for the City by Gilmore & Bell, P.C., disclosure counsel to the City. Certain legal matters will be passed upon for the City by Lynn Pace, Esq., City Attorney. LRB Public Finance Advisors, Inc., Salt Lake City, Utah, is acting as municipal advisor to the City in connection with the issuance of the Series 2023 Bonds. It is expected that the Series 2023 Bonds in book-entry form will be available for delivery to DTC or its agent on or about [October 19], 2023.

Continuing Disclosure

The City will execute a Continuing Disclosure Undertaking for the benefit of the beneficial owners of the Series 2023 Bonds to enable the Underwriter to comply with the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934. See “CONTINUING DISCLOSURE” and “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Basic Documentation

The “basic documentation,” which includes the Resolution, the Indenture and other documentation, authorizing the issuance of the Series 2023 Bonds and establishing the rights and responsibilities of the City and other parties to the transaction, may be obtained from the “contact persons” as indicated herein.

Contact Persons

The chief contact person for the City concerning the Series 2023 Bonds is:

Brian Kelley
Administrative Services Director
Sandy City
10000 Centennial Parkway
Sandy, Utah 84070-1799
Telephone: (801) 568-7100
E-mail: bkelly@sandy.utah.gov

The chief contact person for the City’s Municipal Advisor concerning the Series 2023 Bonds is:

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Salt Lake City, Utah 84101
Telephone: (801) 596-0700
E-mail: jason@lrbfinance.com

THE SERIES 2023 BONDS

General

The Series 2023 Bonds will be dated their date of delivery and except as otherwise provided in the Indenture, shall bear interest from said date. Interest on the Series 2023 Bonds will be payable semiannually on April 15 and October 15 of each year commencing April 15, 2024. The Series 2023 Bonds are issued on a parity with the Outstanding Parity Bonds, as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

The Series 2023 Bonds shall bear interest at the rates and shall mature annually in each of the years as described on the inside cover page hereof. Interest on the Series 2023 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2023 Bonds rank on a parity with the Outstanding Parity Bonds and are special limited obligations of the City, and are payable solely from the Revenues, moneys, securities and funds pledged therefor in the Indenture. *The Series 2023 Bonds will not be a general obligation of the City or the State or any agency, instrumentality or political subdivision thereof. Neither the faith and credit nor the ad valorem taxing power of the City or the taxing power of the State or any agency, instrumentality or political subdivision thereof will be assigned or pledged for payment of principal of, premium, if any, and interest on the Series 2023 Bonds. The issuance of the Series 2023 Bonds shall not directly, indirectly or contingently obligate the City or the State or any agency, instrumentality or political subdivision thereof to levy any form of ad valorem taxation therefor or to make any appropriation for the payment of the Series 2023 Bonds. The City will not mortgage or grant a security interest in the improvements refinanced with the proceeds of the Series 2023 Bonds or any portion thereof to secure payment of the Series 2023 Bonds.*

Interest on the Series 2023 Bonds will be payable by check or draft mailed by the Trustee to the registered owner thereof (initially DTC) as of the Record Date. Principal of and premium, if any, on the Series 2023 Bonds will be payable at the principal corporate trust office of the Trustee as Paying Agent.

Redemption

Optional Redemption. The Series 2023 Bonds maturing on or prior to April 15, 20___, are not subject to redemption prior to maturity. The Series 2023 Bonds maturing on or after April 15, 20___, are subject to redemption at the option of the City on April 15, 20___, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the City, at a redemption price equal to 100% of the principal amount of the Series 2023 Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption.

[Mandatory Sinking Fund Redemption. The Series 2023 Bonds maturing on April 15, 20___, are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date on the dates and in the principal amounts as follows:

Mandatory Sinking Fund
Redemption Date
(April 15)

Mandatory Sinking Fund
Redemption Amount

* Final Maturity Date

Upon redemption of any Series 2023 Bonds maturing on April 15, 20___, other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a

part or all of any one or more of such mandatory sinking fund redemption amounts for the Series 2023 Bonds maturing on April 15, 20____, in such order of mandatory sinking fund date as shall be directed by the City.]

Book-Entry Only System

The Series 2023 Bonds will originally be issued solely in book-entry form to The Depository Trust Company (“DTC”), New York, New York, or its nominee, Cede & Co., to be held in DTC’s book-entry system. So long as the Series 2023 Bonds are held in the book-entry only system, DTC or its nominee will be the registered owner or Holder of the Series 2023 Bonds for all purposes of the Series 2023 Bonds and this Official Statement. Purchases of beneficial ownership interests in the Series 2023 Bonds may be made in denominations described above. For a description of the book-entry only system for the Series 2023 Bonds, see “APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM” herein.

SECURITY FOR THE BONDS

Source and Pledge of Revenues

The principal, premium, if any, and interest on the Series 2023 Bonds rank on a parity with the Outstanding Parity Bonds and are payable from and secured by a first lien pledge of the Revenues under the Indenture. Revenues consist primarily of 100% of the Local Sales and Use Tax revenues received by the City pursuant to Title 59, Chapter 12, Part 2, Utah Code Annotated 1953, as amended.

The Bonds are special limited obligations of the City and no Bondholder will have the right, directly or indirectly, to require the exercise of the ad valorem taxing power of the City for the payment of the Bonds. The Bonds do not constitute a general obligation indebtedness of the City nor a lien on any property of the City other than the Revenues pledged to the payment of the Bonds.

Flow of Funds

In order to secure timely payment of the principal of and interest on the Bonds, the City has pledged and assigned to the Trustee the Revenues and all moneys in certain funds and accounts established by the Indenture. The Indenture establishes a Construction Fund, a Bond Fund, a Revenue Fund, and certain other funds and accounts.

The Indenture provides that all Revenues shall be accounted for by the City separate and apart from all other moneys of the City.

As a first charge and lien on the Revenues, the City shall on or before the fifteenth day of each month allocate to the Revenue Fund an amount equal to:

- (a) approximately 1/6th of the interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds; plus
- (b) approximately 1/12th of the principal and premium, if any, falling due on the next succeeding Principal payment date established for the Bonds; plus
- (c) approximately 1/12th of the Sinking Fund Installments, if any, falling due on the next succeeding Sinking Fund Installment payment date; plus
- (d) Administrative Costs which shall be paid by the City from the Revenues as they become due and payable.

The sum of these allocations is required to be sufficient, when added to the allocations previously made by the City, to pay the principal of, premium, if any, and interest on the Bonds promptly on each such Interest Payment Date as the same become due and payable and to pay Administrative Costs. Not less than 15 days before each Interest Payment Date, the City shall transfer to the Trustee for deposit into the Bond Fund the amount necessary to pay the principal,

premium and interest coming due on the Bonds on such date. The foregoing provision may be revised by a Supplemental Indenture for any Series of Bonds having other than semiannual Interest Payment Dates.

As a second charge and lien on the Revenues, the City shall make the following transfers to the Trustee on or before the fifteenth day of each month:

(i) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (A) to the accounts in the Debt Service Reserve Fund any amounts required by the Indenture to accumulate therein the applicable Debt Service Reserve Requirement at the times and in the amounts provided in the Indenture and (B) if funds shall have been withdrawn from an account in the Debt Service Reserve Fund to pay debt service or Sinking Fund Installments, the City shall deposit Revenues in such account in the Debt Service Reserve Fund sufficient in amount to restore such moneys so withdrawn within the period required by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement; or a ratable portion (based on the amount to be transferred pursuant to subparagraph (ii) of this Paragraph) of remaining Revenues if less than the amount necessary, and

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

The Revenues remaining in each month after the allocations and deposits listed above have been made (and not required to be used for remedying any deficiencies) may be used at any time and from time to time by the City for any other lawful purpose.

Pledged Sales and Use Taxes

The Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code Annotated 1953, as amended (the "Local Sales and Use Tax Act"), provides that each county, city and town in the State may levy a local sales and use tax of up to 1.00% on the purchase price of taxable goods and services for general purposes. Although local governments may elect to levy sales and use taxes at rates less than 1.00%, various provisions of the Local Sales and Use Tax Act encourage them to levy these taxes at the rate of 1.00%. The City currently levies sales and use taxes at the full rate of 1.00%. The legislative intent contained in the Local Sales and Use Tax Act is to provide an additional source of revenues to counties and municipalities that is to be used to finance their capital outlay requirements and to service their bonded indebtedness.

The local sales and use tax is levied in addition to a statewide sales and use tax (the "Statewide Tax") which is currently imposed at a rate of 4.85% of the purchase price of taxable goods and services (except that only 1.75% is levied on unprepared food and food ingredients). Sales of natural gas, electricity and fuel oil for residential use are taxed at a statewide rate of 2.00%. The taxable transactions and the exemptions under the Local Sales and Use Tax Act conform to those of the statewide sales and use tax.

Sales tax is imposed on the amount paid or charged for sales of tangible personal property in the State and for services rendered in the State for the repair, renovation or installation of tangible personal property. Use tax is imposed on the amount paid or charged for the use, storage or other consumption of tangible personal property in the State, including services for the repair, renovation or installation of such tangible personal property. Sales and use taxes also apply to leases and rentals of tangible personal property if the tangible personal property is in the State, the lessee takes possession in the State or the tangible personal property is stored, used or otherwise consumed in the State.

In addition to the sales and use taxes described above, counties and cities in the State are authorized to impose sales and use taxes to fund a public transportation system, for zoo, art and parks purposes and at the option of the county for general fund purposes of the county, which sales and use taxes do not constitute Pledged Sales and Use Taxes. The County currently imposes sales and use taxes to fund public transportation, zoo, art and parks purposes, and for general fund purposes of the County. None of these taxes are pledged as a component of Pledged Sales and Use Taxes. The total sales and use tax imposed in the City (other than certain specialty taxes, including a motor vehicle rental tax, a transient room tax, and a tourism restaurant tax imposed by the County) is 7.25%.

Local sales and use taxes, including the Pledged Sales and Use Taxes, are collected by the Utah State Tax Commission and distributed on a monthly basis to each county, city and town. The distributions are based on a formula, which provides that (1) 50% of sales tax collections will be distributed on the basis of the population of the local government and (2) 50% of sales tax collections will be distributed on the basis of the point of sale (the “50/50 Distribution”). The 50/50 Distribution formula is subject to legislative changes and the State Legislature has from time to time discussed altering this 50/50 Distribution formula. Changes to such formula have been and continue to be under discussion and the City cannot predict whether the State Legislature will make any such adjustments. See “RISK FACTORS—Legislative Changes to Sales Tax Statutes,” herein.

A sales and use tax due and unpaid constitutes a debt due from the vendor and may be collected, together with interest, penalty, and costs, by appropriate judicial proceeding within three years after the vendor is delinquent. Furthermore, if a sales and use tax is not paid when due and if the vendor has not followed the procedures to object to a notice of deficiency, the Utah State Tax Commission may issue a warrant directed to the sheriff of any county commanding him to levy upon and sell the real and personal property of a delinquent taxpayer found within such county for the payment of the tax due. The amount of the warrant shall have the force and effect of an execution against all personal property of the delinquent taxpayer and shall become a lien upon the real property of the delinquent taxpayer in the same manner as a judgment duly rendered by any district court.

Sources of Revenues

The City has a relatively diverse sales tax base. In fiscal year 2022, the top ten sales tax payers in the City during this period accounted for 29% of all sales tax revenues remitted to the City for that year and included five major retailers, three automobile dealers, and one home improvement store.

Historical Revenues

The following table shows the amounts of Pledged Sales and Use Taxes received by the City in the last ten fiscal years and an estimate for the fiscal year ending June 30, 2023:

<u>Fiscal Year Ending June 30,</u>	<u>Pledged Sales and Use Taxes</u>	<u>% Change from Prior Year</u>
2023*	\$30,106,136*	1.3%
2022	29,714,666	11.0
2021	26,759,689	16.0
2020	23,060,272	3.5
2019	22,289,422	1.7
2018	21,909,964	6.1
2017	20,642,039	3.8
2016	19,891,096	3.5
2015	19,221,835	2.5
2014	18,750,745	2.5
2013	18,292,178	7.9

* Preliminary, unaudited estimate of the City; subject to change.
(Source: The City.)

As previously noted, the 2022 Pledged Sales and Use Taxes (assuming no decrease or growth) will provide approximately []* times the maximum annual debt service requirement on the Series 2023 Bonds and the Outstanding Parity Bonds which occurs in Fiscal Year [20__].

No Debt Service Reserve Requirement

No Debt Service Reserve Requirement is anticipated with respect to the Series 2023 Bonds.

Outstanding Parity Bonds

As of September 1, 2023, the Outstanding Parity Bonds are outstanding in the total aggregate principal amount of \$54,152,000. The Outstanding Parity Bonds are secured by the Pledged Sales and Use Taxes on a parity with the Series 2023 Bonds.

Additional Parity Debt

No bonds payable out of the Revenues, funds and accounts pledged under the Indenture may be issued and secured with a lien prior to that of the Bonds without the consent of the owners of 100% of the Outstanding Bonds. The Indenture permits the issuance of Additional Bonds by the City that are payable on a parity with the Bonds out of the Revenues, funds and accounts pledged under the Indenture.

The Indenture does not limit the amount of Additional Bonds that may be issued by the City, but requires the following requirements of the Indenture must be satisfied as a condition to the issuance of any Additional Bonds:

(a) No Event of Default shall have occurred under the Indenture and be continuing under the Indenture on the date of authentication of any Additional Bonds. This shall not preclude the issuance of Additional Bonds if (i) the issuance of such Additional Bonds otherwise complies with the provisions of the Indenture and (ii) such Event of Default will cease to continue upon the issuance of Additional Bonds and the application of the proceeds thereof; and

(b) A certificate shall be delivered to the Trustee by an Authorized Representative to the effect that the Revenues for any consecutive 12-month period in the 24 months immediately preceding the proposed date of issuance of such Additional Bonds were at least equal to 200% of the sum of (x) the maximum Aggregate Annual Debt Service Requirement on all Bonds and Additional Bonds to be Outstanding following the issuance of the Additional Bonds plus (y) the maximum annual installments due on all Reserve Instrument Repayment Obligations to be outstanding following the issuance of such Additional Bonds; and

provided, however, that such Revenue coverage test set forth above shall not apply to the issuance of any Additional Bonds to the extent (i) they are issued for the purpose of refunding Bonds issued under the Indenture, (ii) the Average Aggregate Annual Debt Service for such Additional Bonds does not exceed the then remaining Average Aggregate Annual Debt Service for the Bonds being refunded therewith and (iii) the maximum Aggregate Annual Debt Service Requirement for such Additional Bonds is less than or equal to the maximum Aggregate Annual Debt Service Requirement for the Bonds being refunded therewith; and

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

(d) The proceeds of the Additional Bonds must be used (i) to refund Bonds issued under the Indenture or other obligations of the City (including the funding of necessary reserves and the payment of costs of issuance), or (ii) to finance or refinance a Project (including the funding of necessary reserves and the payment of costs of issuance).

The Indenture does not limit or restrict the issuance of subordinate lien obligations by the City.

State Pledge of Nonimpairment

In accordance with Section 11-14-307, Utah Code Annotated 1953, as amended, the State pledges and agrees with the holders of the Series 2023 Bonds that it will not alter, impair or limit the pledged excise taxes in a manner that reduces the amounts to be rebated to the City which are devoted or pledged for the payment of the Series 2023 Bonds until the Series 2023 Bonds, together with applicable interest, 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 2023 Bonds.

The City notes that this provision has not been interpreted by a court of law and, therefore, the extent that such provision would (i) be upheld under constitutional or other legal attack, (ii) protect the current rates and collection of all Pledged Sales and Use Taxes, or (iii) impact any other aspect of Pledged Sales and Use Taxes, cannot be predicted by the City.

THE SERIES 2023 PROJECT

A portion of the proceeds from the Series 2023 Bonds will be used to finance Monroe Street construction and all related improvements.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds relating to the Series 2023 Bonds are as follows:

Sources of Funds

Principal Amount of Series 2023 Bonds	\$ _____
[Net] Reoffering Premium.....	_____
TOTAL	\$ _____

Uses of Funds

Deposit to Construction Fund.....	\$ _____
Costs of Issuance ⁽¹⁾	_____
TOTAL	\$ _____

⁽¹⁾ Costs of Issuance include legal, municipal advisor, rating agency, and Trustee fees, Underwriter’s discount, and other costs and expenses related to the issuance of the Series 2023 Bonds.

DEBT SERVICE SCHEDULE

The following table sets forth the estimated debt service schedule for the Series 2023 Bonds and the Outstanding Parity Sales Tax Bonds [*does not include debt service on the RDA Bonds*]. As noted elsewhere in this Official Statement, the Series 2023 Bonds will, upon their issuance, be secured by the Indenture on a parity with the Outstanding Parity Bonds.

Fiscal Year Ending June 30.	Series 2023 Bonds		Outstanding Parity Sales Tax Bonds ⁽¹⁾	Fiscal Total
	Principal*	Interest	Principal/Interest	
2024	\$685,000		\$4,586,605	
2025	500,000		4,111,633	
2026	525,000		4,111,953	
2027	550,000		4,106,686	
2028	580,000		4,105,933	
2029	605,000		4,104,391	
2030	640,000		3,309,663	
2031	670,000		2,854,250	
2032	705,000		2,857,500	
2033	740,000		2,856,500	
2034	775,000		2,856,250	
2035	815,000		2,856,500	
2036	855,000		2,857,000	
2037	—		2,853,400	
2038	—		2,854,900	
2039	—		2,855,900	
2040	—		2,856,150	
2041	—		2,855,400	
2042	—		<u>2,854,800</u>	
Total	<u>\$8,645,000*</u>		<u>\$62,705,414</u>	

⁽¹⁾ Includes principal and interest; amounts have been rounded.

* Preliminary; subject to change.

(Source: The Municipal Advisor.)

SANDY CITY, UTAH

General Information

The City, incorporated in 1893, covers an area of approximately 22 square miles and is located in the southeast portion of the County. According to the U.S. Census Bureau, the City had an estimated 93,022 residents in 2022 and is ranked as the 7th largest city in the State.

The City is a suburb of metropolitan Salt Lake City within the County and is the fifth city in a line of eight cities located directly south of Salt Lake City along Interstate Highway I-15. These cities constitute a portion of a continuous area of development from the north end of the County through the City. The City is approximately 15 miles from metropolitan Salt Lake City.

Form of Government

The City is organized under general law and governed by a Council-Mayor form of government, with seven Council members serving four-year terms (three of whom are elected at large and four of whom are elected from districts). The Mayor, who is elected at large by voters for a four-year term, is charged with the executive and administrative duties of the government. The City Council is charged with the responsibility of performing the legislative functions of the City.

The principal powers and duties of Utah municipalities are to maintain law and order, abate nuisances, guard public health and sanitation, promote recreation, provide fire protection, and to construct and maintain streets, sidewalks, waterworks and sewers. Municipalities also regulate commercial and residential development within their boundaries by means of zoning ordinances, building codes and licensing procedures.

<u>Office</u>	<u>Person</u>	<u>Years of Service in Current Position</u>	<u>Expiration of Term</u>
Mayor	Monica Zoltanski	2	January 2026
Council Chair	Brooke D’Sousa	1	January 2026
Council Member	Scott Earl	2	January 2024
Council Member	Marci Houseman	4	January 2024
Council Member	Ryan Mecham	2	January 2026
Council Member	Zach Robinson	6	January 2026
Council Member	Cyndi Starkey	4	January 2024
Council Member	Alison Stroud	4	January 2024
Deputy Mayor	Kimberly Bell	2	Appointed
Administrative Services Director	Brian Kelley	9	Appointed
Chief Administrative Officer	Shane Pace	1	Appointed
City Attorney	Lynn Pace	3	Appointed
Deputy Finance Director	Glade Jardine	9	Appointed
City Recorder	Wendy Downs	5	Appointed
City Treasurer	Helen R. Kurtz	9	Appointed

Employee Workforce and Retirement System

The City currently employs approximately 530 full-time employees and 1,100 part-time employees (including seasonal employees) for a total employment of approximately 1,630 employees. The City is a member of the Utah State Retirement Systems (the “Systems”). The City reports that it has no material post-employment benefit obligations. See “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF SANDY CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022—Notes to the Financial Statements, Note 12—Pension Plans” and “—Note 14—Post-employment benefits” herein.

The City records a liability and expense equal to its proportionate share of the collective net pension liability and expense of the Systems due to the implementation of the Government Accounting Standards Board's Statement 68, Accounting and Financial Reporting for Pensions ("GASB 68"). More information regarding this standard can be found in Note 12–Pension Plans" contained in the City's audited financial statements. See "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF SANDY CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

FINANCIAL INFORMATION REGARDING SANDY CITY, UTAH

Fund Structure; Accounting Basis

The accounting policies of the City conform to all generally accepted accounting principles for governmental units in general and the cities of the State in particular.

The accounts of the City are organized on the basis of funds or groups of accounts, each of which is considered to be a separate accounting entity. The operations of each fund or account group are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures or expenses. The various funds are grouped by type in the combined financial statements. See "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF SANDY CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022—Notes to the Financial Statements, Note 1—Summary of Significant Accounting Policies" herein.

Revenues and expenditures are recognized using the modified accrual basis of accounting in all governmental funds. Revenues are recognized in the accounting period in which they become both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues on cost-reimbursement grants are accrued when the related expenditures are incurred.

In proprietary funds, revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred.

Budget and Appropriation Process

The budget and appropriation process of the City is governed by the Uniform Fiscal Procedures Act for Utah Cities (the "Fiscal Procedures Act"). Pursuant to the Fiscal Procedures Act, the budget officer of the City is required to prepare budgets for the general fund, special revenue funds, debt service funds and capital improvement funds. These budgets are to provide a complete financial plan for the budget (ensuing fiscal) year. Each budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures. Under the Fiscal Procedures Act, the total of anticipated revenues must equal the total of appropriated expenditures.

On or before the first regular meeting of the City Council of the City in May of each year, the budget officer is required to submit to the City Council tentative budgets for all funds for the fiscal year commencing July 1. Various actual and estimated budget data are required to be set forth in the tentative budgets. The budget officer may revise the budget requests submitted by the heads of City departments, but must file these submissions with the City Council together with the tentative budget. The budget officer is required to estimate in the tentative budget the revenue from non-property tax sources available for each fund and the revenue from general property taxes required by each fund. The tentative budget is then tentatively adopted by the City Council, with any amendments or revisions that the City Council deems advisable prior to the public hearing on the tentative budget. After public notice and hearing, the tentative budget is adopted by the City Council, subject to further amendment or revisions by the City Council prior to adoption of the final budget.

Prior to June 30 of each year, the final budgets for all funds are adopted by the City Council. The Fiscal Procedures Act prohibits the City Council from making any appropriation in the final budget of any fund in excess of the estimated expendable revenue of such fund. The adopted final budget is subject to amendment by the City Council

during the fiscal year. However, in order to increase the budget total of any fund, public notice and hearing must be provided. Intra- and inter-department transfers of appropriation balances are permitted upon compliance with the Fiscal Procedures Act.

The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the City Council for the succeeding tax year.

Adoption of Ad Valorem Tax Levy

The governing body of each taxing entity shall, before June 22 of each year, adopt a proposed or, if the tax rate is not more than the certified tax rate, a final tax rate for the taxing entity. The governing body shall report the rate and levy, and any other information prescribed by rules of the county commission for the preparation, review, and certification of the rate, to the county auditor of the county in which the taxing entity is located.

Financial Controls

The City utilizes a financial accounting system which includes a system of budgetary controls. State law requires budgets to be controlled by individual departments, but the City has also empowered the Administrative Services Director to maintain control by major categories within departments. These controls are such that a requisition will not be entered into the purchasing system unless the appropriated funds are available. The Administrative Services Director checks for sufficient funds again prior to the purchase order being issued and again before the payment check is issued. Voucher payments are also controlled by the Administrative Services Director for sufficient appropriations.

Risk Management

The City manages its risks through the purchase of individual private insurance policies. Its general liability policy has a \$1,000,000 self-insured retention with a \$10,000,000 annual aggregate limit. The City commercially insures real property and fleet equipment with value in excess of \$50,000 and self-insures all other fleet equipment. For the three years prior to June 30, 2022, claim settlements have not exceeded insurance coverage. As of the date of this Official Statement, all policies are current and in force. The City believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the City provides. See “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF SANDY CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022—Notes to the Financial Statements, Note 19–Risk Management” herein.

Investment of Funds

Investment of Operating Funds; The Utah Money Management Act. The Utah Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended (the “Money Management Act”), governs the investment of all public funds held by public treasurers in the State of Utah (the “State”). It establishes criteria for investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The Money Management Act provides a limited list of approved investments including qualified in-state and permitted out-of-state financial institutions, approved government agency securities and investments in corporate securities carrying “top credit ratings.” The Money Management Act also provides for pre-qualification of broker dealers by requiring that broker dealers agree in writing to comply with the Money Management Act and certify that they have read and understand the Money Management Act. The Money Management Act establishes the Money Management Council (the “Money Management Council”) to exercise oversight of public deposits and investments. The law requires all securities to be delivered versus payment to the public treasurer’s safekeeping bank. It requires diversification of investments, especially in securities of corporate issuers. Not more than 5% of the portfolio may be invested with any one issuer. Investments in mortgage pools and mortgage derivatives or any security making unscheduled periodic principal payments are prohibited. The Money Management Act also defines the State’s prudent investor rules. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The City is currently complying with all of the provisions of the Money Management Act for all City operating funds. The City has no investments in derivative or leveraged securities. A significant portion of City funds are invested in the Utah Public Treasurers' Investment Fund (the "Utah Treasurers' Fund"), as discussed herein.

The Utah Public Treasurers' Investment Fund. The Utah Treasurers' Fund is a public treasurers' investment fund, established in 1981, and is managed by the Treasurer of the State of Utah. The Utah Treasurers' Fund invests to ensure safety of principal, liquidity and a competitive rate of return on short-term investments. All moneys transferred to the Utah Treasurers' Fund are promptly invested in securities authorized by the Money Management Act. Safe-keeping and audit controls for all investments owned by the Utah Treasurers' Fund must comply with the Money Management Act.

All investments in the Utah Treasurers' Fund must comply with the Money Management Act and rules of the Money Management Council. The Utah Treasurers' Fund invests primarily in money market securities including time certificates of deposit, top rated commercial paper, treasuries and certain agencies of the U.S. Government. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The maximum final maturity of any security purchased by the Utah Treasurers' Fund is limited to three years, except for a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. All securities purchased are delivered via payment to the custody of the State Treasurer or the State Treasurer's safekeeping bank, assuring a perfected interest in the securities. Securities owned by the Utah Treasurers' Fund are completely segregated from securities owned by the State. The State has no claim on assets owned by the Utah Treasurers' Fund except for any investment of State moneys in the Utah Treasurers' Fund. Deposits are not insured or otherwise guaranteed by the State.

Securities in the Utah Treasurers' Fund include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the U.S. Government. These short-term securities must be rated "first tier" ("A-1," "P1," for short-term investments and "A" or better for long-term investments) by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service, Inc. or Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. These securities represent limited risks to governmental institutions investing with the Utah Treasurers' Fund. Variable rate securities in the Utah Treasurers' Fund must have an index or rate formula that has a correlation of at least 94% of the effective Federal Funds rate.

Investment activity of the State Treasurer in the management of the Utah Treasurers' Fund is reviewed monthly by the Money Management Council and is audited by the State Auditor.

See "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF SANDY CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022—Notes to the Financial Statements, Note 4—Cash, Cash Equivalents, and Investments" and "—Note 5—Investment Rating and Risk."

Moneys from the sale of obligations issued by the City or pledged to the payment therefor are also on deposit in funds and accounts of the City. Investment policies regarding such moneys are governed by the specific instruments pursuant to which such obligations were issued.

Sources of General Fund Revenues

Set forth herein are brief descriptions of the various sources of revenues available to the City's general fund. The percentage of total general fund revenues represented by each source is based on the City's audited financial statements for the fiscal year ended June 30, 2022.

Taxes—Approximately 69% of general fund revenues are from taxes (of this amount, approximately 24% are from property taxes, 60% from sales and use taxes, 15% from franchise taxes, and 1% from other taxes).

Charges for Sales and Services—Approximately 6% of general fund revenues are from charges for services.

Intergovernmental Revenue—Approximately 13% of general fund revenues are from State shared revenues.

Licenses and Permits—Approximately 4% of general fund revenues are from licenses and permits.

Administrative Charges—Approximately 4% of general fund revenues are from licenses and permits.

Miscellaneous Revenue—Approximately 4% of general fund revenues are from miscellaneous revenues, including innkeeper fees, fines and forfeitures, interest income and income from a cell tower lease.

Five-Year Financial Summaries

The following tables set forth a summary of certain financial information regarding the City and have been extracted from the City's audited basic financial statements for the fiscal years ended June 30, 2018 through June 30, 2022. The following summaries are unaudited.

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SANDY CITY
Statement of Net Position – Governmental and Business-Type Activities
(This summary has not been audited.)

	<u>Fiscal Year Ended June 30,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS:					
Cash, Cash Equivalents & Investments	\$122,218,934	\$86,419,333	\$62,229,629	\$67,282,180	\$48,398,379
Receivables - Net	24,722,536	25,388,091	25,883,282	22,731,411	23,354,819
Lease Receivable	48,885,269	-	-	-	-
Intergovernmental Receivable	976,448	2,585,411	2,794,645	819,920	1,339,534
Inventories	1,284,611	1,241,501	1,264,326	1,224,872	1,370,904
Prepaid Assets	67,617	79,862	98,112	96,572	59,017
Net Pension Asset	27,532,950	7,229,013	2,886,101	70,740	1,087,843
<i>Restricted Cash, Cash Equivalents & Investments:</i>					
Road Funds	3,073,431	2,920,056	2,214,002	1,413,751	1,200,308
Capital Projects	6,475,122	9,080,554	10,866,970	8,628,447	28,875,521
Debt Service	0	800,000	800,000	800,000	800,000
Investment in Joint Venture	10,086,816	9,226,932	8,476,750	7,887,738	7,154,124
<i>Capital Assets Not Being Depreciated:</i>					
Land	254,545,591	253,774,891	253,038,348	254,898,546	249,148,801
Infrastructure	174,681,029	173,809,121	165,821,116	164,428,014	160,655,185
Construction in Progress	2,118,985	5,506,448	16,545,095	13,043,803	8,844,864
Water Rights & Capacity	41,464,209	41,464,209	41,459,709	41,140,174	41,137,174
<i>Capital Assets Net of Depreciation:</i>					
Buildings & Systems	203,665,619	205,660,619	202,305,387	204,654,274	206,422,604
Improvements Other than Buildings	35,442,243	30,985,030	30,326,683	27,670,975	25,444,283
Vehicles	7,153,058	8,401,765	9,342,427	8,921,464	8,840,536
Machinery & Equipment	3,310,826	3,215,960	3,445,889	3,625,146	3,190,366
Right-to-Use Assets	<u>344,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>968,049,688</u>	<u>867,788,796</u>	<u>839,798,471</u>	<u>829,267,287</u>	<u>817,324,262</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charges	318,236	425,020	775,480	796,599	1,023,026
Deferred Outflow of Resources Relating to Pension	<u>8,970,650</u>	<u>8,596,971</u>	<u>8,208,267</u>	<u>14,334,024</u>	<u>14,069,705</u>
Total Deferred Outflows of Resources	<u>9,288,886</u>	<u>9,021,991</u>	<u>8,983,747</u>	<u>15,130,623</u>	<u>15,092,731</u>
LIABILITIES:					
Accounts Payable	4,566,350	5,795,086	5,308,283	9,359,558	1,779,197
Salaries & Benefits Payable	5,711,407	3,458,731	2,399,875	2,787,194	2,279,132
Accrued Interest Payable	1,043,573	1,182,859	1,131,225	1,282,034	1,308,184
Unamortized Interest Payable	5,080,722	-	-	-	-
Claims & Judgments Payable	488,692	268,975	1,009,198	497,287	697,086
Intergovernmental Payable	-	24,141	-	6,453	143,684
Unearned Revenue	70,781	117,207	117,400	160,564	135,089
Customer Deposits	12,420,087	9,064,783	8,506,037	8,960,428	8,336,576
<i>Noncurrent Liabilities</i>					
Due within one year	7,299,763	6,900,733	7,521,035	6,453,283	9,082,673
Due in more than one year	91,510,103	89,034,715	96,239,793	103,889,781	109,648,573
Net Pension Liability	-	3,803,066	9,690,420	19,999,218	10,603,106
Net Lease Liability	<u>350,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>128,542,466</u>	<u>119,650,296</u>	<u>131,923,266</u>	<u>153,395,800</u>	<u>144,013,300</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	12,587,321	12,495,755	12,387,000	12,249,002	9,485,369
Deferred Amounts relating to Pensions	28,411,835	13,903,028	7,458,649	1,588,653	10,955,618
Deferred Amounts relating to Leases	<u>48,638,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>89,638,108</u>	<u>26,398,783</u>	<u>19,845,649</u>	<u>13,837,655</u>	<u>20,440,987</u>
NET POSITION					
Net Investment in Capital Assets	628,949,164	637,087,677	629,164,588	616,266,368	593,397,225
Restricted for Debt Service	-	800,000	800,000	800,000	800,000
Restricted for Capital Projects	7,376,922	9,080,553	10,866,969	8,620,162	13,165,248
Restricted for Road Funds	2,171,631	2,920,056	2,214,002	1,413,751	1,200,308
Unrestricted	<u>120,660,283</u>	<u>80,873,424</u>	<u>53,967,743</u>	<u>50,064,173</u>	<u>59,399,925</u>
Total Net Position	<u>\$759,158,000</u>	<u>\$730,761,710</u>	<u>\$697,013,302</u>	<u>\$677,164,454</u>	<u>\$667,962,706</u>

(Source: Information extracted from the City's 2018-2022 audited basic financial statements. This summary is unaudited.)

SANDY CITY
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund
(This summary has not been audited.)

	<u>Fiscal Year Ended June 30,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES:					
Taxes	\$49,693,458	\$46,530,993	\$42,916,920	\$38,954,086	\$39,759,331
Innkeeper Fees	510,628	104,175	–	–	–
Licenses & permits	3,152,235	2,426,845	2,321,492	3,002,184	3,032,875
Intergovernmental	9,144,232	10,733,669	6,201,593	4,005,340	3,629,940
Administrative Charges	3,225,649	3,107,512	3,020,203	3,065,305	2,972,165
Fines & Forfeitures	1,060,110	992,344	1,145,274	1,436,029	1,777,237
Cell Tower Lease	988,546	742,038	868,230	819,312	537,244
Charges for Sales & Services	4,315,990	3,758,695	3,339,512	3,526,230	3,914,573
Interest Income	91,630	85,779	225,520	287,470	212,427
Miscellaneous	<u>242,831</u>	<u>96,643</u>	<u>235,649</u>	<u>51,284</u>	<u>100,721</u>
Total Revenues	<u>72,425,309</u>	<u>68,578,693</u>	<u>60,274,393</u>	<u>55,147,240</u>	<u>55,936,513</u>
EXPENDITURES:					
General government	12,482,856	11,338,373	11,235,495	10,559,256	10,850,109
Police & Animal Services	19,360,659	17,063,041	16,833,059	15,944,950	15,513,773
Fire	12,186,699	10,943,349	10,733,100	9,968,691	9,710,320
Public Works	5,813,425	4,791,289	5,925,348	5,170,518	5,205,894
Parks & Cemetery	5,480,108	5,170,177	5,532,876	5,660,493	5,044,923
Community Development	<u>3,055,214</u>	<u>2,748,469</u>	<u>2,973,967</u>	<u>2,896,513</u>	<u>2,714,449</u>
Total Expenditures	<u>58,378,961</u>	<u>52,054,698</u>	<u>53,233,845</u>	<u>50,200,421</u>	<u>49,039,468</u>
Excess of Revenues over Expenditures	<u>14,046,348</u>	<u>16,523,995</u>	<u>7,040,548</u>	<u>4,946,819</u>	<u>6,897,045</u>
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	–	–	–	16,400	–
Transfers in	197,303	188,476	179,271	116,397	1,533,670
Transfers out	<u>(13,801,866)</u>	<u>(15,756,875)</u>	<u>(6,632,083)</u>	<u>(5,342,721)</u>	<u>(7,967,505)</u>
Total Other Financing Sources	<u>(13,604,563)</u>	<u>(15,568,399)</u>	<u>(6,452,812)</u>	<u>(5,209,924)</u>	<u>(6,433,835)</u>
Net Change in Fund Balance	441,785	955,596	587,736	(263,105)	463,210
Fund balance - beginning of year	<u>7,912,125</u>	<u>6,956,529</u>	<u>6,368,793</u>	<u>6,631,898⁽¹⁾</u>	<u>6,275,746</u>
Fund balance - end of year	<u>\$8,353,910</u>	<u>\$7,912,125</u>	<u>\$6,956,529</u>	<u>\$6,368,793</u>	<u>\$6,738,956</u>

⁽¹⁾ As restated.

(Source: Information extracted from the City's 2018-2022 audited basic financial statements. This summary is unaudited.)

Outstanding Obligations of the City

The following is a list of the City’s outstanding obligations as of September 1, 2023:

Outstanding Sales Tax Revenue Bonds

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>
2023 ⁽¹⁾	Road reconstruction	\$8,645,000*	April 15, 2036	\$8,645,000*
2019	Refunding	4,725,000	September 15, 2029	2,775,000
2015	Hale Centre Theatre	41,545,000	March 1, 2042	35,505,000
2013C	Mount Jordan Theater/Refunding	10,816,000	June 15, 2029	4,452,000
2012	Refunding	3,920,000	March 15, 2024	<u>290,000</u>
Total				<u>\$51,667,000*</u>

⁽¹⁾ For purposes of this Official Statement the Series 2023 Bonds are considered issued and outstanding.
 * Preliminary; subject to change.

Outstanding Water Revenue Bonds

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>
2020	Refunding	\$7,035,000	July 15, 2032	\$5,650,000
2012	Refunding	4,330,000	November 15, 2024	<u>1,045,000</u>
Total				<u>\$6,695,000</u>

Outstanding Redevelopment Agency Bonds

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>
2021 ⁽¹⁾	Refunding	\$15,605,000	July 15, 2027	<u>\$11,130,000</u>

⁽¹⁾ These are the RDA Bonds which have a parity lien on the Pledged Sales and Use Taxes. The RDA Bonds are primarily secured a pledge of the City’s transient room tax revenues pursuant to an Interlocal Cooperation Agreement dated as of May 8, 2007, by and between the City, the RDA, and the Governor’s Office of Economic Development, acting on behalf of the State of Utah. The Interlocal Agreement between the City and the Agency provides that the City will transfer to the RDA from Pledged Sales and Use Taxes an amount sufficient to pay debt service on the RDA Bonds to the extent pledged transient room taxes are insufficient therefor.

Future Bond Issues

[The City has no current plans to issue any Additional Bonds under the Indenture. The City reserves the right to issue Additional Bonds as capital needs may require.]

Other Financial Considerations

See “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF SANDY CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022—Notes to the Financial Statements, Note 11–Long-term Liabilities–Contracts Payable” herein.

TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Series 2023 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2023 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2023 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2023 Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law currently existing as of the issue date of the Series 2023 Bonds:

Federal Tax Exemption. The interest on the Series 2023 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. The interest on the Series 2023 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Series 2023 Bonds have been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

State of Utah Tax Exemption. The interest on the Series 2023 Bonds is exempt from State of Utah individual income taxes.

Bond counsel’s opinions are provided as of the date of the original issue of the Series 2023 Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2023 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2023 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2023 Bonds.

No Other Opinion. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2023 Bonds but has reviewed the discussion under the heading “TAX MATTERS.”

Other Tax Consequences

[Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2023 Bond over its issue price. The stated redemption price at maturity of a Series 2023 Bond is the sum of all payments on the Series 2023 Bond other than “qualified stated interest” (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2023 Bond is generally the first price at which a substantial amount of the Series 2023 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2023 Bond during any accrual period generally equals (1) the issue price of that Series 2023 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2023 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2023 Bond during that accrual period. The amount of original issue discount

accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2023 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.]

[Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2023 Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2023 Bond is the sum of all payments on the Series 2023 Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2023 Bond is generally the first price at which a substantial amount of the Series 2023 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2023 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2023 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2023 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

Sale, Exchange, or Retirement of Series 2023 Bonds. Upon the sale, exchange, or retirement (including redemption) of a Series 2023 Bond, an owner of the Series 2023 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange, or retirement of the Series 2023 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2023 Bond. To the extent a Series 2023 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2023 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2023 Bonds, and to the proceeds paid on the sale of the Series 2023 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2023 Bonds should be aware that ownership of the Series 2023 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2023 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2023 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2023 Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that for tax years beginning after December 31, 2022, the interest on the Series 2023 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

NO DEFAULTED BONDS

The City has never failed to pay principal and interest when due on its outstanding bonded indebtedness or any other obligations.

INDEPENDENT AUDITORS

The basic financial statements of the City as of June 30, 2022, and for the year then ended, contained in APPENDIX A to this Official Statement, have been audited by BDO USA, LLP (“BDO”) independent auditors, as set forth in their report included in “APPENDIX A” hereto. BDO has not been asked to consent to the use of its name, audited financial statements and report in this Official Statement.

Copies of the City’s comprehensive annual financial report may be obtained upon request from the City’s Accounting Division, 10000 Centennial Parkway, Sandy, Utah 84070.

RISK FACTORS

The purchase of the Series 2023 Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Series 2023 Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain of these risks are described below; however, it is not intended to be a complete representation of all the possible risks involved:

Series 2023 Bonds are Limited Obligations

The Series 2023 Bonds are special limited obligations of the City, payable solely from the Revenues, moneys, securities and funds pledged therefor in the Indenture. The Revenues consist primarily of the Pledged Sales and Use Taxes. The Series 2023 Bonds do not constitute a general obligation indebtedness nor are they secured by a pledge of the ad valorem taxing power or the full faith and credit of the City, and are not obligations of the State or any other agency or other political subdivision or entity of the State. The City will not mortgage or grant any security interest in the improvements refinanced with the proceeds of the Series 2023 Bonds or any portion thereof to secure payment of the Series 2023 Bonds.

Limitation on Increasing Rates for Pledged Sales and Use Taxes

The City currently levies the maximum rate allowed under State law for the Pledged Sales and Taxes. No assurance can be given that the Pledged Sales and Use Taxes will remain sufficient for the payment of the principal or interest on the Series 2023 Bonds and the City is limited by State law in its ability to increase the rate of such taxes.

Uncertainty of Economic Activity and Sales Tax Revenues

The amount of Pledged Sales and Use Taxes to be collected by the City is dependent on several factors beyond the control of the City, including, but not limited to, the state of the United States economy and the economy of the State and the City. Any one or more of these factors could result in the City receiving less Pledged Sales and Use Taxes than anticipated. During periods in which economic activity declines, Pledged Sales and Use Taxes are likely to fall as compared to an earlier year.

Legislative Changes to Sales Tax Statutes

The State Legislature has authority to alter the statutes under which the City derives its various sales and use tax revenues, including specifically the Pledged Sales and Use Taxes. From time to time proposals are discussed and introduced to change these statutes, including changes that could significantly reduce the amount of Pledged Sales and Use Taxes the City receives. This can be done by, among other things, expanding or diminishing the sales tax base, reducing rates or altering the formula by which the tax revenues are allocated among the counties, cities and towns within the State.

The City cannot predict whether the State Legislature will change the sales and use tax base, rates, and/or distribution methods, including changes that could affect Pledged Sales and Use Taxes at some point in the future. Consequently, no assurance can be given that the Revenues from Pledged Sales and Use Taxes will remain sufficient for the payment of the principal or interest on the Bonds, and the City is limited by State law in its ability to increase the rate of such taxes.

No Reserve Fund Requirement for the Series 2023 Bonds

Pursuant to the Indenture, each Series of Bonds may be secured by a separate subaccount in the Debt Service Reserve Fund. Upon the issuance of the Series 2023 Bonds there will be no funding of a subaccount of the Debt Service Reserve Fund with respect to the Series 2023 Bonds.

Cybersecurity

The risk of cyberattacks against commercial enterprises, including those operated for a governmental purpose, has become more prevalent in recent years. A cyberattack could cause the informational systems of the City to be compromised and could limit operational capacity, for short or extended lengths of time and could bring about the release of sensitive and private information. Additionally, other potential negative consequences include data loss or compromise, diversion of resources to prevent future incidences and reputational damage. [To date, the City has not been the subject of a successful materially adverse cyberattack.] The City believes it has made all reasonable efforts to ensure that any such attack is not successful and that the information systems of the City are secure. However, there can be no assurance that a cyberattack will not occur in a manner resulting in damage to the City's information systems or other challenges. [The City has insurance coverage for cyber-related risk.]

Natural Disasters and Infectious Disease Outbreak

[The City, like communities in the State, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the City which could result in a decrease in retail sales thereby reducing the amount of Pledged Sales and Use Taxes available to pay debt service on the Series 2023 Bonds. The City may also be subject to local, national, or global outbreaks of infectious disease, such as COVID-19. The City cannot predict what impact future infectious disease outbreaks will ultimately have on future collections of the Pledged Sales and Use Taxes and City operations.]

CONTINUING DISCLOSURE

The City has undertaken for the benefit of the Bondholders and the beneficial owners of the Series 2023 Bonds to provide certain annual financial information and operating data and notice of certain material events to the Municipal Securities Rulemaking Board all in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. See "APPENDIX D" attached hereto and incorporated herein by reference for a form of the Continuing Disclosure Undertaking that will be executed and delivered by the City. The City reports that within the last five years it has been in compliance with its continuing disclosure undertakings [with the following exceptions: _____].

A failure by the City to comply with the Continuing Disclosure Undertaking will not constitute a default under the Indenture and beneficial owners of the Series 2023 Bonds are limited to the remedies described in the Continuing Disclosure Undertaking. See "APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING—Default." A failure by the City to comply with the Continuing Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2023 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2023 Bonds and their market price.

UNDERWRITING

[_____] as the underwriter of the Series 2023 Bonds (the “Underwriter”), has agreed, subject to certain conditions, to purchase all of the Series 2023 Bonds from the City at a purchase price of [_____] (being the par amount thereof plus [net] original issue premium of [_____] and less an underwriter’s discount of [_____] and to make a public offering of the Series 2023 Bonds. The Series 2023 Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2023 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside front cover page of this Official Statement and such public offering prices may be changed from time to time.

The Underwriter has provided the following information for inclusion in this Official Statement: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

Although the Underwriter expects to maintain a secondary market in the Series 2023 Bonds after the initial offering, no guarantee can be given concerning the future existence of such a secondary market or its maintenance by the Underwriter or others.

RATING

S&P Global Ratings (“S&P”) has assigned a municipal bond rating of [“___”] to the Series 2023 Bonds.

Any explanation of the significance of the rating should be obtained from the rating agency furnishing the same. There is no assurance that the rating given to the Series 2023 Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of such rating may have an adverse effect on the market price of the Series 2023 Bonds.

LITIGATION

A non-litigation certificate issued by the City Attorney, dated the date of closing, will be provided stating, among other things, that to the best of his knowledge, after due inquiry, no action, suit, proceeding, inquiry, or any other litigation or investigation at law or in equity, before or by any court, public board or body, has been served on the City or is threatened, challenging the creation, organization, or existence of the City or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale, or delivery of the Series 2023 Bonds or for the purpose of restraining or enjoining the levy and collection of taxes by the City, or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2023 Bonds are issued or the validity of the Series 2023 Bonds or the issuance thereof.

The City Attorney reports that several lawsuits have been filed against the City and/or its employees, involving contract, tort and civil rights matters. The City has a statutory obligation to defend and indemnify its officers and employees for lawsuits arising from acts of the employee while in the scope and course of employment. In the event the fund is not sufficient to pay any outstanding judgment or judgments, the City has the ability under State law to levy a limited ad valorem tax to pay such judgments. This tax levy is separate and apart from the other taxing powers of the City.

MUNICIPAL ADVISOR

The City has engaged LRB Public Finance Advisors, Inc., Salt Lake City, Utah (the “Municipal Advisor”), to provide financial recommendations and guidance to the City with respect to preparation for sale of the Series 2023 Bonds, timing of sale, bond market conditions, costs of issuance and other factors relating to the sale of the Series 2023 Bonds. The Municipal Advisor has read and participated in the drafting of certain provisions of this Official Statement. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the Official Statement or any other matters related to the Official Statement. Municipal Advisor fees are contingent upon the sale and delivery of the Series 2023 Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2023 Bonds is subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the City. Certain matters relating to disclosure will be passed upon for the City by Gilmore & Bell, P.C., disclosure counsel to the City. Certain legal matters will be passed upon for the City by Lynn Pace, Esq., City Attorney. The approving opinion of Bond Counsel will be delivered with the Series 2023 Bonds. A copy of the form of the opinion of Bond Counsel is set forth in “APPENDIX E” of this Official Statement.

MISCELLANEOUS

All quotations from and summaries and explanations of the Utah Constitution, statutes, programs, laws of the State of Utah, court decisions, and the Indenture, which are contained herein, do not purport to be complete, and reference is made to said Constitution, statutes, programs, laws, court decisions, and the Indenture for full and complete statements of their respective provisions.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, is intended as such and not as representations of fact.

This Preliminary Official Statement is in a form “deemed final” by the City for purposes for Rule 15c2-12 of the Securities and Exchange Commission.

The appendices attached hereto are an integral part of this Official Statement and should be read in conjunction with the foregoing material.

The delivery of the Official Statement has been duly authorized by the City.

SANDY CITY, UTAH

APPENDIX A

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF SANDY CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

APPENDIX B

DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING SALT LAKE COUNTY, UTAH

The tables in this appendix contain information with respect to Salt Lake County, Utah (the “County”), the general area in which the City is located and is provided solely to provide background information regarding the County. For additional information regarding the City, see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF SANDY CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2022.”

The County is the economic and population center of the State. Based on 2020 Census data, the County has approximately 36% of the total population of the State. The State capital, Salt Lake City, is located in the County.

County and State Population

<u>Year</u>	<u>County</u>	<u>% Change</u>	<u>State</u>	<u>% Change</u>
2022 Estimate	1,186,257	(0.02)%	3,380,800	1.25%
2021 Estimate	1,186,440	0.10	3,339,113	2.06
2020 Census	1,185,238	2.14	3,271,616	2.05
2019 Estimate	1,160,437	1.02	3,205,958	1.66
2018 Estimate	1,148,692	1.05	3,153,550	1.69
2017 Estimate	1,136,719	1.48	3,101,042	1.95
2016 Estimate	1,120,109	1.62	3,041,868	2.01
2015 Estimate	1,102,273	1.13	2,981,835	1.53
2014 Estimate	1,090,005	0.98	2,936,879	1.35
2013 Estimate	1,079,392	1.45	2,897,640	–
2010 Census	1,029,655	–	2,763,885	–

(Source: U.S. Census Bureau, Population Division.)

Note: The 2010 and 2020 Census are as of April 1 of those years; the annual population estimates are as of July 1 of the year given. Estimates are subject to change.

Rate of Unemployment – Annual Average

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2022	2.3%	2.3%	3.6%
2021	2.8	2.7	5.3
2020	5.1	4.7	8.1
2019	2.5	2.6	3.7
2018	2.8	2.9	3.9
2017	3.1	3.3	4.4
2016	3.2	3.4	4.9
2015	3.4	3.6	5.3
2014	3.7	3.8	6.2
2013	4.4	4.6	7.4

(Source: Utah Department of Workforce Services and the U.S. Department of Labor.)

Economic Indicators in the County

LABOR FORCE ⁽¹⁾	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Labor Force (annual average)	678,077	653,817	643,461	637,173	624,844
Employed (annual average)	662,608	635,666	610,521	621,401	607,123
Unemployed (annual average)	15,468	18,161	32,940	15,772	17,721
Average Employment (Non-Farm Jobs)	783,531	750,123	720,686	737,206	718,584
% Change Prior Year	4.45	4.08	-2.24	2.59	4.28
<i>Average Employment by Sector:</i>					
Agriculture, Forestry, Fishing & Hunting	505	433	350	291	250
Mining	3,101	2,711	2,704	2,645	2,853
Utilities	2,618	2,540	2,613	2,738	2,732
Construction	52,266	49,403	46,121	43,017	40,270
Manufacturing	61,232	58,412	56,512	57,837	56,650
Wholesale Trade	36,865	34,826	33,589	32,915	32,061
Retail Trade	75,688	75,837	71,757	74,297	74,271
Transportation and Warehousing	48,479	46,635	45,470	44,359	42,585
Information	24,576	21,856	20,493	20,915	20,379
Finance and Insurance	51,587	51,570	50,506	48,968	48,266
Real Estate and Rental and Leasing	12,329	11,964	11,551	11,603	11,121
Professional, Scientific & Technical Services	73,891	67,717	62,213	60,454	56,726
Management of Companies and Enterprises Administrative, Support, Waste Management, & Remediation	16,336	16,041	16,533	16,177	15,878
Education Services	52,483	50,714	50,478	53,196	53,371
Health Care and Social Assistance	65,264	62,248	63,779	67,737	66,030
Arts, Entertainment, and Recreation	86,235	83,898	81,223	81,694	79,736
Accommodation and Food Services	11,298	9,691	8,178	10,932	10,668
Other Services and Unclassified Establishments	53,964	48,396	44,582	53,029	51,317
Public Administration	22,824	22,348	21,239	3,645	22,595
Total Establishments	31,989	31,155	30,797	31,265	30,824
Total Wages (\$Millions)	69,744	62,346	56,515	53,393	50,998
	54,649.5	49,206.1	44,541.0	41,740.6	38,893.2
INCOME AND WAGES	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Personal Income (\$000) ⁽²⁾	n/a	\$74,207,465	\$68,835,333	\$62,963,324	\$59,414,136
Per Capita Income ⁽²⁾	n/a	62,547	58,028	53,472	50,971
Median Household Income ⁽¹⁾	n/a	n/a	79,294	79,941	73,619
Average Monthly Nonfarm Wage ⁽¹⁾	\$5,812*	\$5,399	\$5,087	\$4,669	\$4,465
SALES & CONSTRUCTION	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Gross Taxable Sales (\$000,000) ⁽³⁾	41,687.3	37,173.7	31,377.7	30,093.2	28,846.0
New Dwelling Units ⁽⁴⁾	8,864	11,037	10,660	9,789	8,150
Total Construction Value (\$000) ⁽⁴⁾	3,992,958.0	4,343,554.3	4,122,671.6	3,838,632.5	3,015,289.7
New Residential Value (\$000) ⁽⁴⁾	1,711,278.5	2,153,788.4	1,964,183.1	1,804,752.7	1,470,556.5
New Nonresidential Value (\$000) ⁽⁴⁾	1,303,331.3	1,056,514.3	974,277.3	1,188,464.2	951,421.3

(Sources: (1) Utah Department of Workforce Services; (2) U.S. Department of Commerce, Bureau of Economic Analysis, last updated November 2022; (3) Utah State Tax Commission; (4) University of Utah Ivory-Boyer Construction Database; Total Construction Value includes additions/alterations/repairs.)

* Preliminary; subject to change.

Major Employers in the County

<u>Company</u>	<u>Industry</u>	<u>Employment Range</u>
University Of Utah	Higher Education	20,000+
Intermountain Health Care	Health Care	20,000+
State Of Utah	State Government	10,000-14,999
Granite School District	Public Education	7,000-9,999
Jordan School District	Public Education	5,000-6,999
Wal-Mart Associates	Warehouse Clubs and Supercenters	5,000-6,999
Amazon	Couriers	5,000-6,999
Salt Lake County	Local Government	5,000-6,999
Salt Lake City	Local Government	4,000-4,999
The Canyons School District	Public Education	4,000-4,999
Delta Air Lines	Air Transportation	4,000-4,999
ARUP Laboratories	Medical Laboratories	4,000-4,999
Smiths Food and Drug	Grocery Stores	4,000-4,999
Department Of Veterans Affairs	Health Care	3,000-3,999
United Parcel Service	Couriers	3,000-3,999
Discover Products	Financial Services	3,000-3,999
U.S. Postal Service	Postal Service	3,000-3,999
Zions Bank	Financial Services	3,000-3,999
Salt Lake City School District	Public Education	3,000-3,999
SilencerCo	Manufacturing	2,000-2,999
L3 Technologies	Manufacturing	2,000-2,999
Salt Lake Community College	Higher Education	2,000-2,999
Wells Fargo Bank	Financial Services	2,000-2,999
Biofire Diagnostics	Medical Research	2,000-2,999
Credit Corp Solutions	Financial Services	2,000-2,999
Harmons	Grocery Stores	2,000-2,999
SkyWest Airlines	Air Transportation	2,000-2,999
Utah Transit Authority	Public Transportation	2,000-2,999
Universal Protection	Security Guards and Patrol Services	2,000-2,999
Merit Medical Systems	Manufacturing	2,000-2,999
McDonalds	Restaurants	2,000-2,999
Kennecott Utah Copper	Mining	2,000-2,999
Western Governors University	Higher Education	1,000-1,999
Costco Wholesale Corporation	Warehouse Clubs and Supercenters	1,000-1,999
Mountain America Credit Union	Financial Services	1,000-1,999
Goldman Sachs	Financial Services	1,000-1,999
Northrop Grumman	Manufacturing	1,000-1,999
Select Health	Insurance Carriers	1,000-1,999
Hawthorn Academy	Public Education	1,000-1,999
Fidelity Brokerage Services	Financial Services	1,000-1,999
Home Depot	Home Centers	1,000-1,999
R1 RCM	Business Management Services	1,000-1,999
Northern Utah Healthcare	Health Care	1,000-1,999
Global Payments Holding	Business Management Services	1,000-1,999
Target	Department Store	1,000-1,999
PacifiCorp	Electric Utility	1,000-1,999
Sutter Health	Business Management Services	1,000-1,999
Ebay	Online Retail	1,000-1,999
1-800 Contacts	Online Retail	1,000-1,999
Becton, Dickinson And Company	Manufacturing	1,000-1,999
Ultradent Products	Manufacturing	1,000-1,999

(Source: Utah Department of Workforce Services; last updated August 2023.)

APPENDIX C

EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following are extracts of certain provisions contained in the General Indenture and are not to be considered as a full statement thereof. Reference is made to the General Indenture and the Twelfth Supplemental Indenture, for full details of all of the terms of the Series 2023 Bonds, the security provisions appertaining thereto and the definition of any terms used but not defined in this Official Statement. A copy of the General Indenture and Twelfth Supplemental Indenture is available upon written request from the contact person as indicated under “INTRODUCTION—Contract Persons” above.

Definitions

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

“Act” means collectively, the Utah Municipal Bond Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, to the extent applicable.

“Accreted Amount” means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds.

“Additional Bonds” means all Bonds issued under the Indenture other than the Initial Bonds.

“Administrative Costs” means all Security Instrument Costs, Reserve Instrument Costs and Rebutable Arbitrage required to be paid to the United States.

“Aggregate Annual Debt Service Requirement” means the sum of (i) the total Debt Service for any one Bond Fund Year on all Series of Bonds Outstanding or any specified portion thereof and (ii) any Repayment Obligations.

“Authorized Amount” means, with respect to a Commercial Paper Program, the maximum Principal amount of commercial paper which is then authorized by the Issuer to be outstanding at any one time pursuant to such Commercial Paper Program.

“Authorized Representatives” means the Mayor, Treasurer, Finance Director, or any other officer of the Issuer so designated in writing by the Issuer to the Trustee.

“Average Aggregate Annual Debt Service Requirement” means the total of all Aggregate Annual Debt Service Requirements divided by the total Bond Fund Years of the Bonds Outstanding or any specified portion thereof.

“Bond Fund” means Sandy City, Salt Lake County, Utah Sales Tax Revenue Bond Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

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

“Bondholder,” “Bondowner,” “Registered Owner” or “Owner” means the registered owner of any Bonds in the Indenture authorized.

“Bonds” means bonds, notes, commercial paper or other obligations (other than Repayment Obligations) authorized by and at any time Outstanding pursuant to the Indenture, including the Initial Bonds and any Additional Bonds.

“Business Day” means (i) any day on which banking business is transacted, but not including any day on which banks are authorized to be closed, in New York City or in the city in which the Trustee has its principal corporate trust office or, with respect to a related Series of Bonds, in the city in which any Security Instrument Issuer has its principal office for purposes of such Security Instrument, or (ii) as otherwise provided in a Supplemental Indenture.

“Build America Bonds” means the interest subsidy bonds issuable by the Issuer under Sections 54AA and 6431 of the Code and a “qualified bond” under Section 54AA(g)(2) of the Code or such other tax credit bonds of substantially similar nature which may be hereafter authorized.

“Capital Appreciation Bonds” means Bonds the interest on which (i) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (ii) is payable upon maturity or redemption of such Bonds.

“City Recorder” means the City Recorder of the Issuer or any successor to the duties of such office and any deputy to the City Recorder.

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

“Commercial Paper Program” means commercial paper obligations with maturities of not more than two hundred seventy (270) days from the dates of issuance thereof which are issued and reissued by the Issuer from time to time pursuant to Article II of the Indenture and are outstanding up to an Authorized Amount.

“Construction Fund” means Sandy City, Salt Lake County, Utah Sales Tax Revenue Construction Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

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

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

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

In the case of refunding or redeeming any bonds or other obligations, “Cost” includes, without limiting the generality of the foregoing, the items listed in (c), (e), (f), (i), (k), (l), (m) and (o) above, advertising and other expenses related to the redemption of such bonds to be redeemed and the redemption price of such bonds (and the accrued interest payable on redemption to the extent not otherwise provided for).

“Cross-over Date” means with respect to Cross-over Refunding Bonds the date on which the Principal portion of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

“Cross-over Refunded Bonds” means Bonds or other obligations refunded by Cross-over Refunding Bonds.

“Cross-over Refunding Bonds” means Bonds issued for the purpose of refunding Bonds or other obligations if the proceeds of such Cross-over Refunding Bonds are irrevocably deposited in escrow in satisfaction of the requirements of Section 11-27-3, Utah Code, to secure the payment on an applicable redemption date or maturity date of the Cross-over Refunded Bonds (subject to possible use to pay Principal of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds until the Cross-over Date.

“Current Interest Bonds” means Bonds not constituting Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the Interest Payment Dates provided therefor in a Supplemental Indenture.

“Debt Service” means, for any particular Bond Fund Year and for any Series of Bonds and any Repayment Obligations, an amount equal to the sum of (i) all interest payable during such Bond Fund Year on such Series of Bonds plus (ii) the Principal Installments payable during such Bond Fund Year on (a) such Bonds Outstanding, calculated on the assumption that Bonds Outstanding on the day of calculation cease to be Outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Indenture, and (b) such Repayment Obligations then outstanding;

provided, however, for purposes of issuing Additional Bonds under the Indenture,

(1) when calculating interest payable during such Bond Fund Year for any Series of Variable Rate Bonds or Repayment Obligations bearing interest at a variable rate which cannot be ascertained for any particular Bond Fund Year, it shall be assumed that such Series of Variable Rate Bonds or related Repayment Obligations will bear interest at the maximum rate applicable to such Series of Variable Rate Bonds or related Repayment Obligations;

(2) when calculating interest payable during such Bond Fund Year for any Series of Variable Rate Bonds which are issued with a floating rate and with respect to which an Interest Rate Swap is in effect in which the Issuer has agreed to pay a fixed interest rate, such Series of Variable Rate Bonds shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Interest Rate Swap; provided that such effective fixed annual rate may be utilized only if each Rating Agency has reviewed and approved such Interest Rate Swap and so long as such Interest Rate Swap is contracted to remain in full force and effect;

(3) when calculating interest payable during such Bond Fund Year for any Series of Bonds which are issued with a fixed interest rate and with respect to which an Interest Rate Swap is in effect in which the Issuer has agreed to pay a floating amount, Debt Service shall include the interest payable on such Series of Bonds, less fixed amounts to be received by the Issuer under such Interest Rate Swap plus the amount of the floating payments (using the maximum rate in a manner similar to that described in (1) above, unless another method of estimation is more appropriate, in the opinion of the Issuer's financial advisor, underwriter or similar agent with the approval of each Rating Agency, for such floating payments) to be made by the Issuer under the Interest Rate Swap; provided that the above described calculation of Debt Service may be utilized only if each Rating Agency has reviewed and approved such Interest Rate Swap and so long as such Interest Rate Swap is contracted to remain in full force and effect;

(4) when calculating interest payable during such Bond Fund Year with respect to any Commercial Paper Program, "Debt Service" shall mean an amount equal to the sum of all principal and interest payments that would be payable during such Bond Fund Year assuming that the Authorized Amount of such Commercial Paper Program is amortized on a level debt service basis over a period of 30 years beginning on the date of calculation or, if later, the last day of the period during which obligations can be issued under such Commercial Paper Program, and bearing interest at the maximum interest rate applicable to such Commercial Paper Program; and

(5) When calculating interest payable on Bonds that are Paired Obligations, the interest rate on such Bonds shall be the resulting linked rate or effective fixed interest rate to be paid by the Issuer with respect to such Paired Obligations;

and further provided, however, that there shall be excluded from Debt Service (x) interest on Bonds (including Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest or capitalized interest is available to pay such interest, (y) Principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow in satisfaction of the requirements of Section 11-27-3, Utah Code, as amended, and such proceeds or the earnings thereon are required to be applied to pay such Principal (subject to the possible use to pay the Principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such Principal, and (z) Repayment Obligations to the extent that payments on Pledged Bonds relating to such Repayment Obligations satisfy the Issuer's obligation to pay such Repayment Obligations.

"Debt Service Reserve Fund" means Sandy City, Utah Sales Tax Revenue Debt Service Reserve Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

"Debt Service Reserve Requirement," for a Series of Bonds, means the amount, if any, set forth in the Supplemental Indenture authorizing such Series of Bonds. The Debt Service Reserve Requirement applicable to any Series of Bonds may be funded by a Reserve Instrument as provided in the Indenture and, if provided in the related Supplemental Indenture, may be accumulated over time.

“Direct Payments” means the interest subsidy payments received by the Issuer from the United States Treasury pursuant to Section 6431 of the Code or other similar programs with respect to Bonds issued under the Indenture.

“Escrowed Interest” means amounts irrevocably deposited in escrow in accordance with the requirements of Section 11-27-3, Utah Code, in connection with the issuance of Refunding Bonds or Cross-over Refunding Bonds secured by such amounts or earnings on such amounts which are required to be applied to pay interest on such Cross-over Refunding Bonds or the related Cross-over Refunded Bonds.

“Event of Default” means with respect to any default or event of default under the Indenture any occurrence or event specified in and defined by the Indenture.

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

“Government Obligations” means solely one or more of the following:

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

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

“Indenture” means the General Indenture of Trust as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms of the Indenture.

“Initial Bonds” means the first Series of Bonds issued under the Indenture.

“Interest Payment Date” means the stated payment date of an installment of interest on the Bonds.

“Interest Rate Swap” means an agreement between the Issuer or the Trustee and a Swap Counterparty related to Bonds of one or more Series whereby a variable rate cash flow (which may be subject to any interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return on an equal principal or notional amount. If the Issuer or the Trustee enters into more than one Interest Rate Swap with respect to a Series of Bonds, each Interest Rate Swap shall specify the same payment dates.

“Issuer” means Sandy City, Utah and its successors.

“Mayor” means the duly elected mayor of the Issuer or any successor to the duties of such office. Such term shall also include the Deputy Mayor except as the Deputy Mayor’s powers may be limited by written declaration of the duly elected Mayor.

“Moody’s” means Moody’s Investors Service, Inc.

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

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

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

“Owner(s)” or “Registered Owner(s)” means the registered owner(s) of the Bonds according to the registration books of the Issuer maintained by the Trustee as Registrar for the Bonds pursuant to the Indenture.

“Paired Obligations” means any Series (or portion thereof) of Bonds designated as Paired Obligations in the Supplemental Indenture authorizing the issuance or incurrence thereof, which are simultaneously issued or incurred (i) the principal of which is of equal amount maturing and to be redeemed (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates which, taken together, result in an irrevocably fixed interest rate obligation of the Issuer for the terms of such Bonds.

“Paying Agent” means the Trustee, appointed as the initial paying agent for the Bonds pursuant to the Indenture, and any additional or successor paying agent appointed pursuant to the Indenture.

“Pledged Bonds” means any Bonds that have been (i) pledged or in which any interest has otherwise been granted to a Security Instrument Issuer as collateral security for Security Instrument Repayment Obligations or (ii) purchased and held by a Security Instrument Issuer pursuant to a Security Instrument.

“Principal” means (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), except as used in connection with the authorization and issuance of Bonds and with the order of priority of payment of Bonds after an Event of Default, in which case “Principal” means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest), and (ii) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

“Principal Corporate Trust Office” means, with respect to the Trustee, the office of the Trustee at One South Main Street, Third Floor, Salt Lake City, Utah, or such other or additional offices as may be specified by the Trustee.

“Principal Installment” means, as of any date of calculation, (i) with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (a) the Principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance of any Sinking Fund Installment due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a Principal amount equal to such unsatisfied balance of such Sinking Fund Installment and (ii) with respect to any Repayment Obligations, the principal amount of such Repayment Obligations due on a certain future date.

“Project” means the acquisition, construction, and/or improvement of capital facilities, equipment and/or improvements financed or refinanced with a Series of Bonds.

“Put Bond” means any Bond which is part of a Series of Bonds which is subject to purchase by the Issuer, its agent or a third party from the Owner of the Bond pursuant to provisions of the Supplemental Indenture authorizing the issuance of the Bond and designating it as a “Put Bond.”

“Qualified Investments” means any of the following securities:

(a) Government Obligations;

(b) Obligations of any of the following federal agencies which obligations represent full faith and credit obligations of the United States of America: the Export-Import Bank of the United States; the Government National Mortgage Association; the Federal Financing Bank; the Farmer’s Home Administration; the Federal Housing Administration; the Maritime Administration; General Services Administration, Small Business Administration; or the Department of Housing and Urban Development (PHA’s);

(c) Money market funds rated “AAAm” or “AAAm-G” or better by S & P and/or the equivalent rating or better of Moody’s (if so rated);

(d) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s or “A-1+” by S & P, and which matures not more than 270 days after the date of purchase;

(e) Bonds, notes or other evidences or indebtedness rated “AAA” by S & P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(f) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” or “A 1+” by S & P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(g) the fund held by the Treasurer for the State of Utah and commonly known as the Utah State Public Treasurer’s Investment Fund; and

(h) Any other investments or securities permitted for investment of public funds under the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated 1953, as amended, including investments contracts permitted by Section 51-7-17(2)(d) thereof.

“Rating Agency” means Moody’s or S & P and their successors and assigns, but only to the extent such rating agency is then providing a rating on a Series of Bonds issued under the Indenture at the request of the Issuer. If either such corporation ceases to act as a securities rating agency, the Issuer may designate any nationally recognized securities rating agency as a replacement.

“Rating Category” or “Rating Categories” mean one or more of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier or otherwise.

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

“Rebate Calculation Date” means, with respect to each Series of Bonds, the Interest Payment Date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the Initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last bond for such Series.

“Rebate Fund” means Sandy City, Salt Lake County, Utah Sales Tax Revenue Rebate Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“Register” means the record of ownership of the Bonds maintained by the Registrar.

“Registrar” means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the initial registrar for the Bonds pursuant to the Indenture, and any additional or successor registrar appointed pursuant to the Indenture.

“Regular Record Date” means, with respect to any Interest Payment Date for any Series of Bonds, the date specified as the Regular Record Date in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

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

“Remarketing Agent” means a remarketing agent or commercial paper dealer appointed by the Issuer pursuant to a Supplemental Indenture.

“Repayment Obligations” means, collectively, all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations.

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

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

“Reserve Instrument Costs” means all fees, premiums, expenses and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument Provider pursuant to a Reserve Instrument Agreement. Each Reserve Instrument Agreement shall specify the fees, premiums, expenses and costs constituting Reserve Instrument Costs.

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

“Reserve Instrument Fund” means Sandy City, Salt Lake County, Utah Sales Tax Revenue Reserve Instrument Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

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

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

“Reserve Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Reserve Instrument Agreement, those outstanding amounts payable by the Issuer under such Reserve Instrument Agreement to repay the Reserve Instrument Provider for payments previously made by it pursuant to a Reserve Instrument. There shall not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs. Each Reserve Instrument Agreement or the Supplemental Indenture authorizing the execution and delivery of such Reserve Instrument Agreement shall specify the amounts payable under it which, when outstanding, shall constitute Reserve Instrument Repayment Obligations and shall specify the portions of such amounts that are allocable as principal of and as interest on such Reserve Instrument Repayment Obligations.

“Revenue Fund” means Sandy City, Salt Lake County, Utah Sales Tax Revenue Fund created in the Indenture to be held by the Issuer and administered pursuant to the Indenture.

“Revenues” means (i) 100% of the Local Sales and Use Tax revenues received by the Issuer pursuant to Title 59, Chapter 12, Parts 2, Utah Code Annotated 1953, as amended and (ii) Direct Payments.

“S & P” means Standard & Poor’s Rating Services.

“Security Instrument” means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term “Security Instrument” includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and

other security instruments and credit enhancement or liquidity devices (but does not include a Reserve Instrument); provided, however, that no such device or instrument shall be a “Security Instrument” for purposes of the Indenture unless specifically so designated in a Supplemental Indenture authorizing the use of such device or instrument.

“Security Instrument Agreement” means any agreement entered into by the Issuer and a Security Instrument Issuer pursuant to a Supplemental Indenture providing for the issuance by such Security Instrument Issuer of a Security Instrument.

“Security Instrument Costs” means, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument. Such Security Instrument Agreement or Supplemental Indenture shall specify any fees, premiums, expenses and costs constituting Security Instrument Costs.

“Security Instrument Issuer” means any bank or other financial institution, insurance company, surety company or other institution issuing a Security Instrument.

“Security Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Security Instrument Agreement, any outstanding amounts payable by the Issuer under the Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs. Each Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument shall specify any amounts payable under it which, when outstanding, shall constitute Security Instrument Repayment Obligations and shall specify the portions of any such amounts that are allocable as principal of and as interest on such Security Instrument Repayment Obligations.

“Serial Bonds” means those Bonds other than Term Bonds.

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

“Sinking Fund Account” means Sandy City, Salt Lake County, Utah Sales Tax Revenue Sinking Fund Account of the Bond Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“Sinking Fund Installment” means the amount of money which is required to be deposited into the Sinking Fund Account in each Bond Fund Year as specified in the Supplemental Indenture authorizing the Bonds of a Series for the retirement of Term Bonds of such Series, if any (whether at maturity or by redemption), and including the redemption premium, if any.

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

“State” means the State of Utah.

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

“Swap Counterparty” means a member of the International Swap Dealers Association rated in one of the three top rating categories by at least one of the Rating Agencies and meeting the requirements of applicable laws of the State.

“Swap Payments” means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Swap Counterparty by the Trustee on behalf of the Issuer.

“Swap Receipts” means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Trustee for the account of the Issuer by the Swap Counterparty.

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

“Trustee” means Zions Bancorporation, National Association, Corporate Trust Department, One South Main, 12th Floor, Salt Lake City Utah 84133, or any successor corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

“Utah Code” means Utah Code Annotated 1953, as amended.

“Variable Rate Bonds” means, as of any date of calculation, Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated at a rate which is not susceptible to a precise determination.

Indenture to Constitute Contract

In consideration of the purchase and acceptance from time to time of any and all of the Bonds authorized to be issued under the Indenture by the Registered Owners thereof, the issuance from time to time of any and all Security Instruments by Security Instrument Issuers, and the issuance from time to time of any and all Reserve Instruments by Reserve Instrument Providers pursuant hereto, the Indenture shall be deemed to be and shall constitute a contract between the Issuer and the Owners from time to time of the Bonds, the Security Instrument Issuers and the Reserve Instrument Providers; and the pledge made in the Indenture and the covenants and agreements set forth in the Indenture to be performed by or on behalf of the Issuer shall be, FIRST, for the equal benefit, protection and security of the Owners of any and all of the Bonds and the Security Instrument Issuers of any and all of the Security Instruments all of which, regardless of the time or times of their issuance, delivery, maturity or expiration, shall be of equal rank without preference, priority or distinction of any of the Bonds or Security Instrument Repayment Obligations over any others, except as expressly provided in or permitted by the Indenture, and SECOND, for the equal benefit, protection and security of the Reserve Instrument Providers of any and all of the Reserve Instruments which, regardless of the time or times of their issuance, delivery or termination, shall be of equal rank without preference, priority or distinction of any Reserve Instrument over any other thereof.

Limited Obligation

The Bonds, together with interest thereon, and all Repayment Obligations shall be limited obligations of the Issuer payable solely from the Revenues (except to the extent paid out of moneys attributable to the Bond proceeds or other funds created under the Indenture or the income from the temporary investment thereof). The Bonds shall be a valid claim of the respective Registered Owners thereof only against the Revenues and other moneys in funds and accounts held by the Trustee under the Indenture (except the Rebate Fund) and the Issuer by the Indenture pledges and assigns the same for the equal and ratable payment of the Bonds and all Repayment Obligations, and the Revenues shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds and to pay the Repayment Obligations, except as may be otherwise expressly authorized in the Indenture. The issuance of the Bonds and delivery of any Security Instrument Agreement or Reserve Instrument Agreement shall not, directly, indirectly or contingently, obligate the Issuer or any agency, instrumentality or political subdivision thereof to levy any form of ad valorem taxation therefore.

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

Issuance of Additional Bonds

No additional indebtedness, bonds or notes of the Issuer secured by a pledge of the Revenues senior to the pledge of Revenues for the payment of the Bonds and the Security Instrument Repayment Obligations authorized in the Indenture shall be created or incurred without the prior written consent of the Owners of 100% of the Outstanding Bonds and the Security Instrument Issuers. In addition, no Additional Bonds or other indebtedness, bonds or notes of the Issuer payable on a parity with the Bonds authorized in the Indenture out of Revenues shall be created or incurred, unless the following requirements have been met:

(a) No Event of Default shall have occurred under the Indenture and be continuing under the Indenture on the date of authentication of any Additional Bonds. This paragraph (a) shall not preclude the issuance of Additional Bonds if (i) the issuance of such Additional Bonds otherwise complies with the provisions of the Indenture and (ii) such Event of Default will cease to continue upon the issuance of Additional Bonds and the application of the proceeds thereof; and

(b) A certificate shall be delivered to the Trustee by an Authorized Representative to the effect that the Revenues for any consecutive 12 month period in the 24 months immediately preceding the proposed date of issuance of such Additional Bonds were at least equal to 200% of the sum of (x) the maximum Aggregate Annual Debt Service Requirement on all Bonds and Additional Bonds to be Outstanding following the issuance of the Additional Bonds plus (y) the maximum annual installments due on all Reserve Instrument Repayment Obligations to be outstanding following the issuance of such Additional Bonds; and

provided, however, that such Revenue coverage test set forth above shall not apply to the issuance of any Additional Bonds to the extent (i) they are issued for the purpose of refunding Bonds issued under the Indenture, (ii) the Average Aggregate Annual Debt Service for such Additional Bonds does not exceed the then remaining Average Aggregate Annual Debt Service for the Bonds being refunded therewith and (iii) the maximum Aggregate Annual Debt Service Requirement for such Additional Bonds is less than or equal to the maximum Aggregate Annual Debt Service Requirement for the Bonds being refunded therewith; and

(c) All payments required by the Indenture to be made into the Bond Fund must have been made in full, and there must be on deposit in each account of the Debt Service Reserve Fund (taking into account any Reserve Instrument coverage) the full amount required by the Indenture to be accumulated therein at such time; and

(d) The proceeds of the Additional Bonds must be used (i) to refund Bonds issued under the Indenture or other obligations of the Issuer (including the funding of necessary reserves and the payment of costs of issuance) or (ii) to finance or refinance a Project (including the funding of necessary reserves and the payment of costs of issuance).

Covenant Against Creating or Permitting Liens

Except for the pledge of Revenues to secure payment of the Bonds and Repayment Obligations under the Indenture, the Revenues are and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; provided, however, that nothing in the Indenture shall prevent the Issuer from issuing, if and to the extent permitted by law, indebtedness having a lien on Revenues subordinated to that of the Bonds and Repayment Obligations.

Use of Construction Fund

(a) So long as an Event of Default shall not have occurred and be continuing, moneys deposited in the appropriate account in the Construction Fund shall be paid out by the Trustee in order to pay the Cost of a Project, in each case within three Business Days (or within such longer period as is reasonably required to liquidate investments in the Construction Fund if required to make such payment) after the receipt by the Trustee of a written requisition approved by an Authorized Representative of the Issuer in substantially the form as Exhibit "A" attached hereto, stating that the Trustee shall disburse sums in the manner specified by and at the direction of the Issuer to the person

or entity designated in such written requisition, and that the amount set forth therein is justly due and owing and constitutes a Cost of a Project based upon audited, itemized claims substantiated in support thereof.

(b) Upon receipt of such requisition, the Trustee shall pay the obligation set forth in such requisition out of moneys in the applicable account in the Construction Fund. In making such payments the Trustee may rely upon such requisition. Such payments shall be presumed to be made properly and the Trustee shall not be required to see to the application of any payments from the Construction Fund or to inquire into the purposes for which withdrawals are being made from the Construction Fund.

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

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

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

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

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

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

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

Application of Revenues

All Revenues shall be accounted for by the Issuer separate and apart from all other moneys of the Issuer.

(a) So long as any Bonds are Outstanding and as a first charge and lien on the Revenues, the Issuer shall on or before the fifteenth day of each month allocate to the Revenue Fund an amount equal to:

(i) approximately one-sixth of the interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds (provided, however, that so long as there are moneys representing capitalized interest on deposit with the Trustee to pay interest on the Bonds next coming due, the Issuer need not allocate to the Revenue Fund to pay interest on the Bonds); plus

(ii) if principal is due on the Bonds within the next succeeding 12 months, approximately one-twelfth of the principal and premium, if any, falling due on the next succeeding principal payment date established for the Bonds; plus

(iii) if a Sinking Fund Installment is due on the Bonds within the next succeeding 12 months, approximately one-twelfth of the Sinking Fund Installments falling due on the next succeeding Sinking Fund Installment payment date, plus

(iv) Administrative Costs which shall be paid by the Issuer from time to time as they become due and payable,

the sum of which shall be sufficient, when added to the existing balance in the Bond Fund, to pay the principal of, premium, if any, and interest on the Bonds promptly on each such Interest Payment Date as the same become due and payable and to pay Administrative Costs. The Issuer shall transfer from the Revenue Fund or otherwise provide for allocation from Revenues to the Trustee for deposit to the Bond Fund at least fifteen days prior to each Interest Payment Date amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds promptly on each such Interest Payment Date as the same become due and payable. The foregoing provisions may be revised by a Supplemental Indenture for any Series of Bonds having other than semiannual Interest Payment Dates.

(b) As a second charge and lien on the Revenues, the Issuer shall make the following transfers to the Trustee on or before the fifteenth day of each month of each year:

(i) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (A) to the accounts in the Debt Service Reserve Fund any amounts required by the Indenture and by any Supplemental Indenture to accumulate therein the applicable Debt Service Reserve Requirement at the times and in the amounts provided in the Indenture and in any Supplemental Indenture and (B) if funds shall have been withdrawn from an account in the Debt Service Reserve Fund to pay debt service or Sinking Fund Installments, the Issuer shall deposit Revenues in such account in the Debt Service Reserve Fund sufficient in amount to restore such moneys so withdrawn within the period required by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement; or a ratable portion (based on the amount to be transferred pursuant to Subparagraph (ii) of this Paragraph) of remaining Revenues if less than the amount necessary, and

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

(c) The Revenues remaining after the foregoing deposits and transfers in each month and not required to be used for remedying any deficiencies in payments previously made into the Funds established in the Indenture, may be used at any time for any other lawful purpose.

Use of Bond Fund

The Issuer may direct the Trustee, pursuant to a Supplemental Indenture, to create an account within the Bond Fund for a separate Series of Bonds under the Indenture.

(a) The Trustee shall make deposits, as and when received, as follows:

(i) accrued interest received upon the issuance of any Series of Bonds shall be deposited into the Bond Fund;

(ii) all moneys payable by the Issuer as specified elsewhere in the Indenture shall be deposited into the Bond Fund;

(iii) any amount in the Construction Fund which shall be transferred to the Bond Fund to the extent required by or directed pursuant to the Indenture upon completion of a Project;

(iv) all moneys transferred to the Bond Fund from the Debt Service Reserve Fund or from a Reserve Instrument or Instruments then in effect as provided elsewhere in the Indenture; and

(v) all other moneys received by the Trustee under the Indenture when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund, shall be deposited into the Bond Fund.

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

(i) on or before each Interest Payment Date for each Series of Bonds, the amount required for the interest payable on such date;

(ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and

(iii) on or before each redemption date for each Series of Bonds, the amount required for the payment of redemption price of and accrued interest on such Bonds then to be redeemed.

Such amounts shall be applied by the Paying Agents to pay Principal Installments and redemption price of, and interest on the related Series of Bonds.

The Trustee shall pay out of the Bond Fund to the Security Instrument Issuer, if any, that has issued a Security Instrument with respect to such Series of Bonds an amount equal to any Security Instrument Repayment Obligation then due and payable to such Security Instrument Issuer. Except as otherwise specified in a related Supplemental Indenture all such Security Instrument Repayment Obligations shall be paid on a parity with the payments to be made with respect to principal and interest on the Bonds; provided that amounts paid under a Security Instrument shall be applied only to pay the related Series of Bonds. If payment is so made on Pledged Bonds held for the benefit of the Security Instrument Issuer, a corresponding payment on the Security Instrument Repayment Obligation shall be deemed to have been made (without requiring an additional payment by the Issuer) and the Trustee shall keep its records accordingly.

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

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

Use of Sinking Fund Account

(a) The Trustee shall apply moneys in the Sinking Fund Account to the retirement of any Term Bonds required to be retired by operation of the Sinking Fund Account under the provisions of and in accordance with the Supplemental Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental Indenture or, at the direction of the Issuer, purchase of such Term Bonds in the open market prior to the

date on which notice of the redemption of such Term Bonds is given pursuant hereto, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond Fund other than those in the Sinking Fund Account).

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

Use of Debt Service Reserve Fund

Except as otherwise provided in this Section and subject to the immediately following sentence, moneys in the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the applicable Debt Service Reserve Requirement, if any. In calculating the amount on deposit in each account in the Debt Service Reserve Fund, the amount of any Reserve Instrument Coverage will be treated as an amount on deposit in such account in the Debt Service Reserve Fund. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify the Debt Service Reserve Requirement, if any, applicable to such Series which amount shall be (i) deposited immediately upon the issuance and delivery of such Series from (a) proceeds from the sale thereof or from any other legally available source, or (b) by a Reserve Instrument or Instruments, or (c) any combination thereof or (ii) deposited from available Revenues over the period of time specified therein, or (iii) deposited from any combination of (i) and (ii) above; provided however, the foregoing provisions shall be subject to the requirements of any bond insurer or other security instrument issuer set forth in any Supplemental Indenture. If at any time the amount on deposit in any account of the Debt Service Reserve Fund is less than the minimum amount to be maintained therein under this Section, the Issuer is required to, pursuant to certain provisions of the Indenture and the provisions of a Supplemental Indenture, make payments totaling the amount of any such deficiency directly to the Trustee for deposit into the Debt Service Reserve Fund.

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

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

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

Funds on deposit in any account of the Debt Reserve Fund shall be used to make up any deficiencies in the Bond Fund only for each related Series of Bonds and any Reserve Instrument for a Series of Bonds shall only be drawn upon with respect to the Series of Bonds for which such Reserve Instrument was obtained.

Use of Reserve Instrument Fund

There shall be paid into the Reserve Instrument Fund the amounts required by the Indenture and by a Supplemental Indenture to be so paid. The amounts in the Reserve Instrument Fund shall, from time to time, be applied by the Trustee on behalf of the Issuer to pay the Reserve Instrument Repayment Obligations which are due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement. The Issuer may, with the approving opinion of bond counsel that such transaction will not adversely affect the tax-exempt status

of any outstanding Bonds, replace any amounts required to be on deposit on the Debt Service Reserve Fund with a Reserve Instrument.

Use of Rebate Fund

(a) If it becomes necessary for the Issuer to comply with the rebate requirements of the Code and the Regulations, the Trustee shall establish and thereafter maintain, so long as the Bonds are Outstanding, a Rebate Fund, which shall be held separate and apart from all other funds and accounts established under the Indenture and from all other moneys of the Trustee.

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

(c) The Issuer shall determine the amount of Rebatable Arbitrage and the corresponding required rebate deposit with respect to each Series of Bonds on each applicable Rebate Calculation Date and take all other actions necessary to comply with the rebate requirements of the Code and the Regulations. The Issuer shall deposit into the Rebate Fund the required rebate deposit, if any, with respect to each Series of Bonds (or instruct the Trustee to transfer to the Rebate Fund moneys representing such required rebate deposit from the Funds and Accounts held under the Indenture other than the Rebate Fund) or shall otherwise make payment of the rebate to be paid to the United States at the times required by the Code and the Regulations. If applicable, the Issuer shall instruct in writing the Trustee to withdraw from the Rebate Fund and pay any rebate over to the United States. The determination of Rebatable Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Issuer from the Rebate Fund pursuant to the Indenture must be verified in writing by an independent public accountant or other qualified professional. The Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the Issuer's determinations, calculations and certifications required by this Section and the Trustee shall have no responsibility to independently make any calculations or determination or to review the Issuer's determinations, calculations and certifications required by this Section.

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

(e) The provisions of this Section may be amended or deleted without Bond owner consent or notice, upon receipt by the Issuer and the Trustee of an opinion of nationally recognized bond counsel that such amendment or deletion will not adversely affect the exclusion from gross income of interest on the Bonds.

Investment of Funds

Any moneys in the Bond Fund, the Construction Fund, the Rebate Fund, the Reserve Instrument Fund or the Debt Service Reserve Fund shall, at the discretion and authorization of the treasurer of the Issuer, be invested by the Trustee in Qualified Investments; provided, however, that moneys on deposit in the Bond Fund, the Reserve Instrument Fund and Debt Service Reserve Fund may only be invested in Qualified Investments having a maturity date one year or less. If no written authorization is given to the Trustee, moneys shall be held uninvested. Such investments shall be held by the Trustee, and when the Trustee determines it necessary to use the moneys in the Funds for the purposes for which the Funds were created, it shall liquidate at prevailing market prices as much of the investments as may be necessary and apply the proceeds to such purposes. All income derived from the investment of the Construction Fund, Bond Fund, the Reserve Instrument Fund and Rebate Fund shall be maintained in said respective Funds and disbursed along with the other moneys on deposit therein as provided in the Indenture. All

income derived from the investment of the Debt Service Reserve Fund shall be disbursed in accordance with the Indenture. All moneys in the Revenue Fund may at the discretion of the Issuer be invested by the Issuer in Qualified Investments.

The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with the provisions of this Section. The Trustee shall be entitled to assume that any investment, which at the time of purchase is a Qualified Investment, remains a Qualified Investment thereafter, absent receipt of written notice or information to the contrary.

The Trustee may, to the extent permitted by the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated 1953, as amended, make any and all investments permitted by the provisions of the Indenture through its own or any of its affiliate's investment departments.

The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or any other regulatory entity grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Issuer periodic cash transaction statements which include the detail for all investment transactions made by the Trustee under the Indenture.

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

Trust Funds

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

Method of Valuation and Frequency of Valuation

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

General Covenants

The Issuer by the Indenture covenants and agrees with each and every Registered Owner of the Bonds issued under the Indenture and Reserve Instrument Provider as follows:

(a) Pursuant to Section 11-14-17.5(2)(d) of the Act, while any of the Bonds remain outstanding and unpaid, or any Repayment Obligations are outstanding, the ordinance, resolution or other enactment of the Issuer imposing the taxes described in the definition of Revenues and pursuant to which said taxes are being collected, the obligation of the Issuer to continue to levy, collect, and allocate such taxes, and to apply such Revenues in accordance

with the provisions of the authorizing ordinance, resolution or other enactment, shall be irrevocable until the Bonds and/or any Repayment Obligations have been paid in full as to both principal and interest, and is not subject to amendment in any manner which would impair the rights of the holders of those Bonds or Repayment Obligations which would in any way jeopardize the timely payment of principal or interest when due.

(b) The outstanding Bonds to which the Revenues of the Issuer have been pledged as the sole source of payment shall not at any one time exceed an amount for which the Average Aggregate Annual Debt Service Requirement of the Bonds will exceed eighty percent (80%) of the Revenues to be received by the Issuer during the Bond Fund Year immediately preceding the Bond Fund Year in which the resolution authorizing the latest applicable Series of Bonds is adopted.

(c) Each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider, or any duly authorized agent or agents thereof shall have the right at all reasonable times to inspect all records, accounts and data relating to the receipt and disbursements of the Revenues. Except as otherwise provided in the Indenture, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Bond Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements of the Revenues, and that such audit will be available for inspection by each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider.

First Lien Bonds; Equality of Liens

The Bonds and any Security Instrument Repayment Obligations constitute an irrevocable first lien upon the Revenues. The Issuer covenants that the Bonds and Security Instrument Repayment Obligations hereafter authorized to be issued and from time to time outstanding are equitably and ratably secured by a first lien on the Revenues and shall not be entitled to any priority one over the other in the application of the Revenues regardless of the time or times of the issuance of the Bonds or delivery of Security Instruments, it being the intention of the Issuer that there shall be no priority among the Bonds or the Security Instrument Repayment Obligations regardless of the fact that they may be actually issued and/or delivered at different times.

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

Payment of Principal and Interest

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

Performance of Covenants; Issuer

The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, and in any and every Bond, Security Instrument Agreement and Reserve Instrument Agreement. The Issuer represents that it is duly authorized under the Constitution of the State to issue the Bonds authorized by the Indenture and to execute the Indenture, that all actions on its part for the issuance of the Bonds and the execution and delivery of the Indenture have been duly and effectively taken, and that the Bonds

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

List of Bondholders

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

Events of Default

Each of the following events is by the Indenture declared an “Event of Default”:

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

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

(c) if the Issuer shall for any reason be rendered incapable of fulfilling its obligations under the Indenture; or

(d) if an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or custodian for any of the Revenues of the Issuer, or approving a petition filed against the Issuer seeking reorganization of the Issuer under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Issuer shall not be vacated or discharged or stayed on appeal within 30 days after the entry thereof; or

(e) if any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Revenues; or

(f) if (i) the Issuer is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver, trustee or custodian of the Issuer or of the whole or any part of their property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) if the Issuer shall file a petition or answer seeking reorganization, relief or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Issuer or of the whole or any substantial part of the property of the Issuer, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control; or

(i) if the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture or any Supplemental Indenture of

the Indenture on the part of the Issuer to be performed, other than as set forth above in this Section, and such Default shall continue for 30 days after written notice specifying such Event of Default and requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Registered Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding under the Indenture; or

- (j) any event specified in a Supplemental Indenture as constituting an Event of Default.

Remedies; Rights of Registered Owners

Upon the occurrence of an Event of Default, the Trustee, upon being indemnified pursuant to the Indenture, may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding or to enforce any obligations of the Issuer under the Indenture including the right to require the Issuer to make monthly deposits to the Bond Fund in the amounts set forth in Section 5.2(a)(i) through (iii).

If an Event of Default shall have occurred, and if requested so to do by (i) Registered Owners of not less than 25% in aggregate Principal amount of the Bonds then Outstanding, (ii) Security Instrument Issuers at that time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 25% in aggregate Principal amount of Bonds at the time Outstanding, or (iii) any combination of Bondowners and Security Instrument Issuers described in (i) and (ii) above representing not less than 25% in aggregate Principal amount of Bonds at the time Outstanding, and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Registered Owners and the Security Instrument Issuers.

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

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

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

Right of Registered Owners and Security Instrument Issuers to Direct Proceedings

Anything in the Indenture to the contrary notwithstanding, unless a Supplemental Indenture provides otherwise, either (i) the Registered Owners of a majority in aggregate Principal amount of the Bonds then Outstanding, (ii) the Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of Bonds at the time Outstanding, or (iii) any combination of Bondowners and Security Instrument Issuers described in (i) and (ii) above representing not less than 50% in aggregate Principal amount of Bonds at the time Outstanding, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under these provisions of the Indenture shall, after payment of Trustee's fees and expenses including the fees and expenses of its counsel for the proceedings resulting in the collection of such moneys and of the expenses and liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund shall be applied in the following order:

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

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

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

SECOND--To the payment to the persons entitled thereto of the unpaid Principal of and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, and the Principal component of any Security Instrument Repayment Obligations then due, and, if the amount available shall not be sufficient to pay in full all the Bonds and the Principal component of any Security Instrument Repayment Obligations due on any particular date, then to the payment ratably, according to the amount of Principal due on such date, to the persons entitled thereto without any discrimination or privilege.

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

(iii) To the payment of all obligations owed to all Reserve Instrument Providers, ratably, according to the amounts due without any discrimination or preference under any applicable agreement related to any Reserve Instrument Agreement.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amounts of such moneys available for such application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such dates shall cease to accrue.

Remedies Vested in Trustee

All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings related thereto and any such suit or proceedings instituted by the Trustee shall be brought in its

name as Trustee without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the Registered Owners of the Outstanding Bonds.

Rights and Remedies of Registered Owners

Except as provided in the last sentence of this Section, no Registered Owner of any Bond or Security Instrument Issuer shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture, unless an Event of Default has occurred of which the Trustee has been notified as provided in Section 8.1(g), or of which by said Section it is deemed to have notice, nor unless also Registered Owners of 25% in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 25% in aggregate principal amount of Bonds at the time Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided elsewhere in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name or names. Such notification, request and offer of indemnity are by the Indenture declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trust of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more Registered Owner of the Bonds or Security Instrument Issuer shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of the Registered Owners of all Bonds then Outstanding and all Security Instrument Issuers at the time providing Security Instruments. Nothing contained in the Indenture shall, however, affect or impair the right of any Registered Owner or Security Instrument Issuer to enforce the covenants of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued under the Indenture held by such Registered Owner and Security Instrument Repayment Obligations at the time, place, from the source and in the manner in said Bonds or Security Instrument Repayment Obligations expressed.

Termination of Proceedings

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

Waivers of Events of Default

Subject to provisions elsewhere in the Indenture, the Trustee may in its discretion, and with the prior written consent of all Security Instrument Issuers at the time providing Security Instruments, waive any Event of Default under the Indenture and its consequences and shall do so upon the written request of the Registered Owners of (a) a majority in aggregate principal amount of all the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of Bonds at the time Outstanding in respect of which an Event of Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of Bonds at the time Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (i) any default in the payment of the principal of any Bonds at the date that a Principal Installment is due or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest and all arrears of

payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee, the Registered Owners and the Security Instrument Issuers shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Cooperation of Issuer

In the case of any Event of Default under the Indenture, the Issuer shall cooperate with the Trustee and use its best efforts to protect the Registered Owners, Bondowners and the Security Instrument Issuers.

Fees, Charges and Expenses of Trustee

The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its services rendered as Trustee under the Indenture and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and Registrar for the Bonds as provided in the Indenture. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs and expenses incurred. The Trustee's rights under this Section will not terminate upon its resignation or removal or upon payment of the Bonds and discharge of the Indenture. Notice to Registered Owners if Event of Default Occurs. If an Event of Default occurs of which the Trustee is by provisions of the Indenture required to take notice or if notice of an Event of Default be given to the Trustee as in said Section provided, then the Trustee shall give written notice thereof by registered or certified mail to all Security Instrument Issuers or to Registered Owners of all Bonds then Outstanding shown on the registration books of the Bonds kept by the Trustee as Registrar for the Bonds.

Intervention by Trustee

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

Resignation by the Trustee

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

Removal of the Trustee

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

Appointment of Successor Trustee by Registered Owners; Temporary Trustee

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

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

Trustee's Right to Own and Deal in Bonds

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

Direct Payment Authorization

The Issuer by the Indenture authorizes and directs the Trustee to take all necessary actions to effectively carry out the duties required to apply for and accept Direct Payments from the Internal Revenue Service on behalf of the Issuer under Sections 54AA and 6431 of the Code or such other tax provisions of substantially similar nature which may be hereafter authorized, including, but not limited to, filing IRS Form 8038-CP, receiving the Direct Payment on the Issuer's behalf, and using such Direct Payment to pay Debt Service on the Bonds. For fixed rate bonds, the Trustee shall file the 8038-CP at least 75 days (but not more than 90 days) before the relevant Interest Payment Date (unless otherwise directed by a change in regulations). For variable rate bonds, the Trustee shall file the 8038-CP for reimbursements in arrears within 25 days after the last Interest Payment Date within the quarterly period for which reimbursement is being requested (unless otherwise directed by a change in regulations). The Issuer by the Indenture covenants that it will deposit the Direct Payments with the Trustee for use in paying Debt Service on the Bonds.

Supplemental Indentures Not Requiring Consent of Registered Owners, Security Instrument Issuers and Reserve Instrument Providers

The Issuer and the Trustee may, without the consent of, or notice to, any of the Registered Owners or Reserve Instrument Providers, but with notice to any Security Instrument Issuer, enter into an indenture or indentures supplemental to the Indenture, as shall not be inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

- (a) To provide for the issuance of Additional Bonds in accordance with the provisions of the Indenture;
- (b) To cure any ambiguity or formal defect or omission in the Indenture;
- (c) To grant to or confer upon the Trustee for the benefit of the Registered Owners, any Security Instrument Issuers and any Reserve Instrument Providers any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or any of them which shall not adversely affect the interests of any Reserve Instrument Providers or Security Instrument Issuers without its consent;

- (d) To subject to the Indenture additional Revenues or other revenues, properties, collateral or security;
- (e) To provide for the issuance of the Bonds pursuant to a book-entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code Annotated 1953, as amended, or any successor provisions of law;
- (f) To make any change which shall not materially adversely affect the rights or interests of the Owners of any Outstanding Bonds, any Security Instrument Issuers or any Reserve Instrument Provider requested by a Rating Agency in order to obtain or maintain any rating on the Bonds or by a Security Instrument Issuer or Reserve Instrument Provider in order to insure or provide other security for any Bonds;
- (g) To make any change necessary (A) to establish or maintain the exemption from federal income taxation of interest on any Series of Bonds as a result of any modifications or amendments to Section 148 of the Code or interpretations by the Internal Revenue Service of Section 148 of the Code or of regulations proposed or promulgated under the Indenture, or (B) to comply with the provisions of Section 148(f) of the Code, including provisions for the payment of all or a portion of the investment earnings of any of the Funds established under the Indenture to the United States of America;
- (h) If the Bonds affected by such change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected, provided that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the related Security Instrument Issuer;
- (i) If the Bonds affected by such change are secured by a Security Instrument, to make any change approved in writing by the related Security Instrument Issuer, provided that if any of the Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Bonds so affected;
- (j) Unless otherwise provided by a Supplemental Indenture authorizing a Series of Bonds, the designation of the facilities to constitute a Project by such Supplemental Indenture may be modified or amended if the Issuer delivers to the Trustee (1) a Supplemental Indenture designating the facilities to comprise the Project and (2) an opinion of Bond Counsel to the effect that such amendment will not adversely affect the tax-exempt status (if applicable) or validity of the Bonds and certifying that such amendment will not adversely affect the Issuer's ability to comply with the provisions of the Indenture;
- (k) To correct any references contained in the Indenture to provisions of the Act, the Code or other applicable provisions of law that have been amended so that the references in the Indenture are correct.

Supplemental Indentures Requiring Consent of Registered Owners and Reserve Instrument Providers; Waivers and Consents by Registered Owners

Exclusive of Supplemental Indentures covered by certain provisions of the Indenture and subject to the terms and provisions contained in this Section, and not otherwise, the Registered Owners of 66 2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to (i) consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture, or (ii) waive or consent to the taking by the Issuer of any action prohibited, or the omission by the Issuer of the taking of any action required, by any of the provisions of the Indenture or of any indenture supplemental to the Indenture; provided, however, that nothing in this Section contained shall permit or be construed as permitting (a) an extension of the date that a Principal Installment is due at maturity or mandatory redemption or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bond, without the consent of the Registered Owner of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by any Fund established under the Indenture applicable to any Bonds without the consent of the Registered Owners of all the Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate

principal amount of Bonds, the Registered Owners of which are required to consent to any such waiver or Supplemental Indenture, or (d) affect the rights of the Registered Owners of less than all Bonds then outstanding, without the consent of the Registered Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken. In addition, no supplement to the Indenture shall modify the rights, duties or immunities of the Trustee, without the written consent of the Trustee. If a Security Instrument or a Reserve Instrument is in effect with respect to any Series of Bonds Outstanding and if a proposed modification or amendment would affect such Series of Bonds, then, except as provided in Section 9.1, neither the Indenture nor any Supplemental Indenture with respect to such Series of Bonds shall be modified or amended at any time without the prior written consent of the related Security Instrument Issuer or Reserve Instrument Provider, as applicable.

Discharge of Indenture

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

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

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

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

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

(c) directing the Trustee to mail, as soon as practicable, in the manner prescribed by Article II of the Indenture, a notice to the Registered Owners of such Bonds and to each related Security Instrument Issuer that the deposit required by this Section has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this provision of the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds as specified in Subparagraph (i) above.

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

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

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

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

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by Sandy City, Utah (the “City”) and Zions Bancorporation, National Association, as trustee (the “Trustee”), in connection with the issuance by the City of its \$[] Sales Tax Revenue Bonds, Series 2023 (the “Series 2023 Bonds”). The Series 2023 Bonds are being issued pursuant to resolutions adopted on August 29, 2023 and September 19, 2023, by the City Council of the City, which provides for the issuance of the Series 2023 Bonds and a General Indenture of Trust dated as of March 1, 2002, as previously amended and supplemented (the “General Indenture”), between the City and the Trustee, and as further amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of October 1, 2023 (the “Thirteenth Supplemental Indenture,” and together with the General Indenture, the “Indenture”).

The City hereby acknowledges that it is an “obligated person” within the meaning of the hereinafter defined Rule and the only “obligated person” with respect to the Series 2023 Bonds. In connection with the aforementioned transactions, the City covenants as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the City and the Trustee for the benefit of the Bondholders and Beneficial Owners of the Series 2023 Bonds and in order to assist the Participating Underwriters in complying with the Rule (each as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report of the City” means the Annual Report of the City provided by the City pursuant to, and as described in Sections 3 and 4 of this Disclosure Undertaking.

“Beneficial Owner” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean, initially, the City, acting in its capacity as Dissemination Agent hereunder, or any of its successors or assigns.

“Financial Obligation” means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is currently 1300 I Street, NW, Suite 1000, Washington D.C. 20005; Telephone (202) 838-1500; the current website address of which is www.msrb.org and www.emma.msrb.org (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the City dated [], 2023, relating to the Series 2023 Bonds.

“Participating Underwriter” shall mean [], as original underwriter of the Series 2023 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Utah.

Section 3. Provision of Annual Reports.

(a) The City shall prepare an Annual Report of the City and shall, or shall cause the Dissemination Agent to, not later than two hundred (200) days after the end of each fiscal year of the City (presently June 30), commencing with the fiscal year ended June 30, 2023, provide to the MSRB and any bond insurer of the Series 2023 Bonds, the Annual Report of the City which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report of the City to the Dissemination Agent. In each case, the Annual Report of the City may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for Listed Event under Section 5(e).

(b) If by fifteen (15) Business Days prior to the date specified in Section 3(a) for providing the Annual Report of the City to the MSRB, the Dissemination Agent has not received a copy of the Annual Report of the City, the Dissemination Agent shall contact the City to determine if the City is in compliance with Section 3(a).

(c) If the Dissemination Agent is unable to verify that the Annual Report of the City has been provided to the MSRB by the dates required in Section 3(a), the Dissemination Agent shall, in a timely manner, send a notice of a failure to file the Annual Report to the MSRB in an electronic format.

(d) The Dissemination Agent shall:

(i) determine each year prior to the dates for providing the Annual Report of the City, the website address to which the MSRB directs the Annual Report to be submitted; and

(ii) file reports with the City, as appropriate, certifying that their Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

Section 4. Content of Annual Reports. The Annual Report of the City shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles and audited by a certified public accountant or a firm of certified public accountants. If the City’s audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report of the City and audited financial statements will be provided when and if available.

(b) An update of the financial and operating information in the Official Statement relating to the City of the type contained in the tables entitled “SECURITY FOR THE SERIES 2023 BONDS—Historical Revenues,” and “FINANCIAL INFORMATION REGARDING SANDY CITY—Outstanding Obligations of the City—Outstanding Sales Tax Revenue Bonds.”

Any or all of the items listed above may be included by specific reference to other documents, including Official Statements of debt issues of the City, as appropriate or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final Official Statement, it must be available from the MSRB. The City, as appropriate, shall clearly identify each such other document so incorporated by the reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2023 Bonds in a timely manner but not more than ten (10) Business Days after the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2023 Bonds;
- (vi) Defeasances;
- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings;
- (ix) Rating changes; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2023 Bonds in a timely manner not more than ten (10) Business Days after the Listed Event, if material:

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- (ii) Appointment of a successor or additional trustee or the change of the name of a trustee;
- (iii) Non-payment related defaults;
- (iv) Modifications to the rights of the owners of the Series 2023 Bonds;
- (v) Series 2023 Bond calls;
- (vi) Release, substitution or sale of property securing repayment of the Series 2023 Bonds; or
- (vii) Incurrence of a Financial Obligation of the City or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event under Section 5(b), whether because of a notice from the Trustee or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City has determined that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the City determines that the Listed Event under Section 5(b) would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in an electronic format in a timely manner not more than ten (10) Business Days after the Listed Event.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2023 Bonds. If such termination occurs prior to the final maturity of the Series 2023 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The City will serve as the initial Dissemination Agent under this Disclosure Undertaking.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City and the Trustee may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (as defined in the Rule) with respect to the Series 2023 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2023 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2023 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2023 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the City shall describe such amendment in the next Annual Report of the City, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City, as applicable. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the City chooses to include any information in any Annual Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any Bondholder or Beneficial Owner of the Series 2023 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an “event of default” under the Indenture or the Lease, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s gross negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2023 Bonds.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Series 2023 Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: _____, 2023.

SANDY CITY, UTAH

(SEAL)

By: _____
Mayor

Attest:

By: _____
City Recorder

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Series 2023 Bonds, Gilmore & Bell, P.C., Bond Counsel to the City, proposes to issue its final approving opinion in substantially the following form.

We have acted as bond counsel to Sandy City, Utah (the “City”) in connection with the issuance by the City of its \$[] Sales Tax Revenue Bonds, Series 2023 (the “Series 2023 Bonds”). The Series 2023 Bonds are being issued pursuant to (i) resolutions of the City adopted on August 29, 2023 and September 19, 2023; (ii) a General Indenture of Trust dated as of March 1, 2002, as previously amended and supplemented (the “General Indenture”), and as further amended and supplemented by a Thirteenth Supplemental Indenture of Trust dated as of October 1, 2023 (the “Thirteenth Supplemental Indenture,” and together with the General Indenture, the “Indenture”), each between the City and Zions Bancorporation, National Association, as trustee; and (iii) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and other applicable provisions of law. Proceeds of the Series 2023 Bonds will be used by the City to (a) finance Monroe Street construction and all related improvements and (ii) pay the costs of issuing the Series 2023 Bonds.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Indenture has been authorized, executed and delivered by the City, constitutes a valid and binding obligation of the Issuer enforceable against the City and creates a valid lien on the Revenues (as defined in the Indenture) and the other amounts pledged thereunder for the security of the Series 2023 Bonds.

2. The Series 2023 Bonds are valid and binding special obligations of the City payable solely from the Revenues and other amounts pledged therefor in the Indenture, and the Series 2023 Bonds do not constitute a general obligation indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation, nor a charge against the general credit or ad valorem taxing power of the City.

3. The interest on the Series 2023 Bonds [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Series 2023 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2023 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2023 Bonds.

4. Interest on the Series 2023 Bonds is exempt from State of Utah individual income taxes.

5. The Series 2023 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

We express no opinion herein regarding the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Series 2023 Bonds.

The rights of the holders of the Series 2023 Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Respectfully submitted,

APPENDIX F

PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2023 Bonds may wish to ascertain that the nominee holding the Series 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.