

PROMISSORY NOTE
(SERIES 2022B)

\$ _____

April 21, 2022

For value received, the undersigned, Waterford School, LLC, a Utah limited liability company, the sole member of which is Waterford School Holding Corporation, a Utah nonprofit corporation, as borrower (“Borrower”), hereby promises to pay to the order of Sandy City, Utah (“City”) in its capacity as Issuer under the Loan Agreement dated as of April 1, 2022, among the Borrower, City and Zions Bancorporation, N.A. dba Zions First National Bank, as lender (with its successors and assigns, “Lender”) (the “Loan Agreement”), at City’s designated office in Sandy City, Utah, or at any other place designated at any time by the holder hereof, in lawful money of the United States of America and in immediately available funds, the principal sum of _____ DOLLARS (\$ _____), together with interest at the rate described below assessed on the unpaid balance of this Promissory Note (the “Note”) as outstanding from time to time, from the date hereof until this Note is fully paid.

This Note may be prepaid only in accordance with the Loan Agreement. This Note is issued pursuant, and is subject, to the Loan Agreement, which provides, among other things, for acceleration hereof. The terms, provisions and conditions of the Loan Agreement are incorporated herein by reference and made a part hereof.

1. Definitions. For the purposes of this Note, unless otherwise defined herein, capitalized terms used herein shall have the meaning ascribed to such terms in the Loan Agreement. The following definitions shall apply to the words and phrases used herein.

- (a) “Business Day” means a day other than a Saturday, Sunday or holiday on which banks are generally open for business in Salt Lake City, Utah.
- (b) “Default Rate” means either (i) the interest rate on the Bonds, plus 3.0% per annum, or (ii) upon the occurrence of an Event of Taxability, the Gross Up-Rate, but not to exceed the highest rate permitted by applicable law.
- (c) “Event of Default” has the meaning assigned to such term in the Loan Agreement.
- (d) “Interest Rate” means 2.75% per annum.
- (e) “Maturity Date” means _____.

2. Interest Rate. The outstanding principal amount of this Note from time to time will bear interest at the Interest Rate. From and after the date of any Event of Default and continuing so long as such Event of Default is continuing, interest on all principal amounts outstanding under this Note will accrue at the Default Rate. All interest payable hereunder will be computed on the basis of a 360-day year consisting of twelve 30-day months.

3. Payment.

- (a) The outstanding principal amount and accrued interest of this Note shall be due and payable on the dates set forth in the Loan Agreement.
- (b) Borrower shall make each payment required to be made by it hereunder on the date when due.
- (c) Whenever any payment to be made on this Note shall be stated to be due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of Interest and interest on the Note.

4. Prepayment.

(a) Borrower shall prepay the Note in whole or in part at any time prepayment is required pursuant to the Loan Agreement by paying the applicable Prepayment Amount.

(b) Borrower shall prepay the Note in full immediately upon demand of Lender after the occurrence of an Event of Default by paying the applicable Prepayment Amount.

5. Miscellaneous.

- (a) The captions or headings in this Note are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Note. In this Note, whenever the context so requires, the singular includes the plural and the plural also includes the singular.
- (b) Borrower hereby agrees to pay all reasonable costs of collection, including attorneys' fees and legal expenses in the event this Note is not paid when due, whether or not legal proceedings are commenced.
- (c) Borrower agrees that the interest rate contracted for includes the interest rate set forth herein or in the Loan Agreement plus any other charges or fees set forth herein or therein and costs and expenses incident to this transaction paid by the Borrower to the extent the same are deemed interest under applicable law.

Presentment or other demand for payment, notice of dishonor and protest are expressly waived.

WATERFORD SCHOOL, LLC

By: _____

Its: _____

ENDORSEMENT

Pay to the order of Zions Bancorporation, N.A. dba Zions First National Bank without recourse, as Lender under the Loan Agreement referred to in the within mentioned Note, as security for such Series 2022B Bonds issued under such Loan Agreement. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

DATED: April 21, 2022

SANDY CITY, UTAH

By: _____
Mayor