



# Sandy City, Utah

10000 Centennial Parkway  
Sandy, UT 84070  
Phone: 801-568-7141

## Meeting Agenda

### City Council

*Scott Cowdell, District 1*  
*Maren Barker, District 2*  
*Kristin Coleman-Nicholl, District 3*  
*Chris McCandless, District 4*  
*Steve Fairbanks, At-large*  
*Linda Martinez Saville, At-large*  
*Stephen P. Smith, At-large*

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Tuesday, April 18, 2017

5:15 PM

Council Chambers

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The Sandy City Council has adopted Rules of Procedure which are available at the rear of the Council Chambers and online at: <http://sandy.utah.gov/government/city-council/procedure-guidelines.html>. Public comments during the Citizen Comment portion of the City Council meeting, or those offered during a Public Hearing may not exceed 3 minutes. If you wish to comment on a public hearing item(s), please hold your comments until that item is being discussed. Work Session items may or may not occur prior to 7:00 PM. Items not concluded during the Work Session will occur in the regular Council Meeting at the conclusion of other official business. Consent Calendar items have been previously considered or are otherwise routine in nature and will be considered in a single motion unless a Council Member wishes to discuss an item separately. In compliance with the Americans with Disabilities Act, reasonable accommodations for individuals with disabilities will be provided upon request. For assistance, please call (801) 568-7141.

#### 4:30 Dinner

#### 5:15 Work Session

1. [17-095](#) Bell Canyon Trailhead Tour.

**Attachments:** [Memo - City Council - Bell Canyon Trailheads Tour](#)  
[Bell Canyon Trailhead Tour Docs](#)

Agenda Planning Calendar Review

Council Member Business

Council Office Director's Report

Mayor's Report

CAO Report

#### Information Items

2. [17-096](#) Finance Department and Public Utilities Department briefing the City Council on the proposed the issuance of approximately \$7,200,000 Water Revenue Bonds.
3. [17-093](#) City Council Office introducing new Management Analyst Dustin Fratto.

## 7:00 Council Meeting

### Roll Call

Opening Remarks / Prayer / Pledge of Allegiance

### Consent Calendar

4. [17-083](#) Approval of the March 7, 2017 Meeting Minutes.  
*Attachments:* [March 7, 2017 Minutes.pdf](#)
5. [17-084](#) Approval of the March 14, 2017 Minutes  
*Attachments:* [March 14, 2017 Minutes.pdf](#)
6. [17-085](#) Approval of the March 21, 2017 Minutes.  
*Attachments:* [March 21, 2017 Minutes .pdf](#)
7. [17-087](#) Approval of the March 28, 2017 Minutes.  
*Attachments:* [March 28, 2017 Minutes.pdf](#)
8. [17-090](#) Approval of the March 31, 2017 Minutes.  
*Attachments:* [March 31, 2017 Minutes.pdf](#)

## 7:05 Public Hearing(s)

9. [17-044](#) Public hearing to receive input from the public with respect to (a) the issuance of approximately \$7,200,000 Water Revenue Bonds and (b) the potential economic impact that the improvements to be financed with the proceeds of said bonds will have on the private sector.

**Attachments:**

[Memo to Council - Public Utilities Bond projects - Flat Iron Tank and Well 3-9-17](#)

[Third Supplemental Indenture of Trust - Sandy City Water Revenue Bonds, Series](#)

[Bond Purchase Agreement - Sandy Water Revenue Bonds 2017 - 1](#)

[Preliminary Official Statement - Sandy City Water Revenue Bonds 2017 - DRAFT](#)

[Calendar of Events - Draft 3.10.17](#)

[Summary of Structuring Scenarios 3.10.2017](#)

[Water Debt Service Coverage Table 3.10.2017](#)

[Executed Resolution #17-15C](#)

[Executed Resolution #17-11C](#)

[Public Hearing Minutes - Sandy Water Revenue 2017](#)

Completion of reports and other items not held in the Work Session.

## Adjournment



## Staff Report

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**File #:** 17-095, **Version:** 1

**Date:** 4/18/2017

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**Agenda Item Title:**

Bell Canyon Trailhead Tour.

**Presenter:**

Korban Lee & Shane Pace

**Description/Background:**

City Council Members, as you are aware, the Bell Canyon trails, trailheads, and recreation area are becoming extremely popular. Hiking to Bell Canyon reservoir and the Lower Bell Canyon Waterfall is a well-loved outdoor activity in our community. However, the demand for parking at the trailheads is exceeding the supply on many days.

On a tour on Tuesday, April 18, 2017, we would like to show you the following:

1. The Boulders Trailhead to Bell Canyon, including
  - a. Recent Improvements
  - b. Trail and Signage
2. The Granite Trailhead to Bell Canyon
  - a. Overflow Parking Options
  - b. Recent Parking Improvements at the former Granite Tank Site
  - c. Possible Further Trailhead Improvements and Costs
3. The Richardson Property, currently up for sale

Attached are some aerial images of this area for your review prior to the tour.

**Recommended Action and/or Suggested Motion:**

No Recommended Action at this Time.



## Memorandum

TO: Mayor Tom Dolan  
Sandy City Council Members  
Scott Bond, CAO

FROM: Shane Pace, Assistant CAO  
Korban Lee, Assistant CAO

DATE: April 14, 2017

**RE: Bell Canyon Trailheads Tour**

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As you are aware, the Bell Canyon trails, trailheads, and recreation area are becoming extremely popular. Hiking to Bell Canyon reservoir and the Lower Bell Canyon Waterfall is a well-loved outdoor activity in our community. However, the demand for parking at the trailheads is exceeding the supply on many days.

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Attached are some aerial images of this area for your review prior to the tour.



# Boulders Trailhead



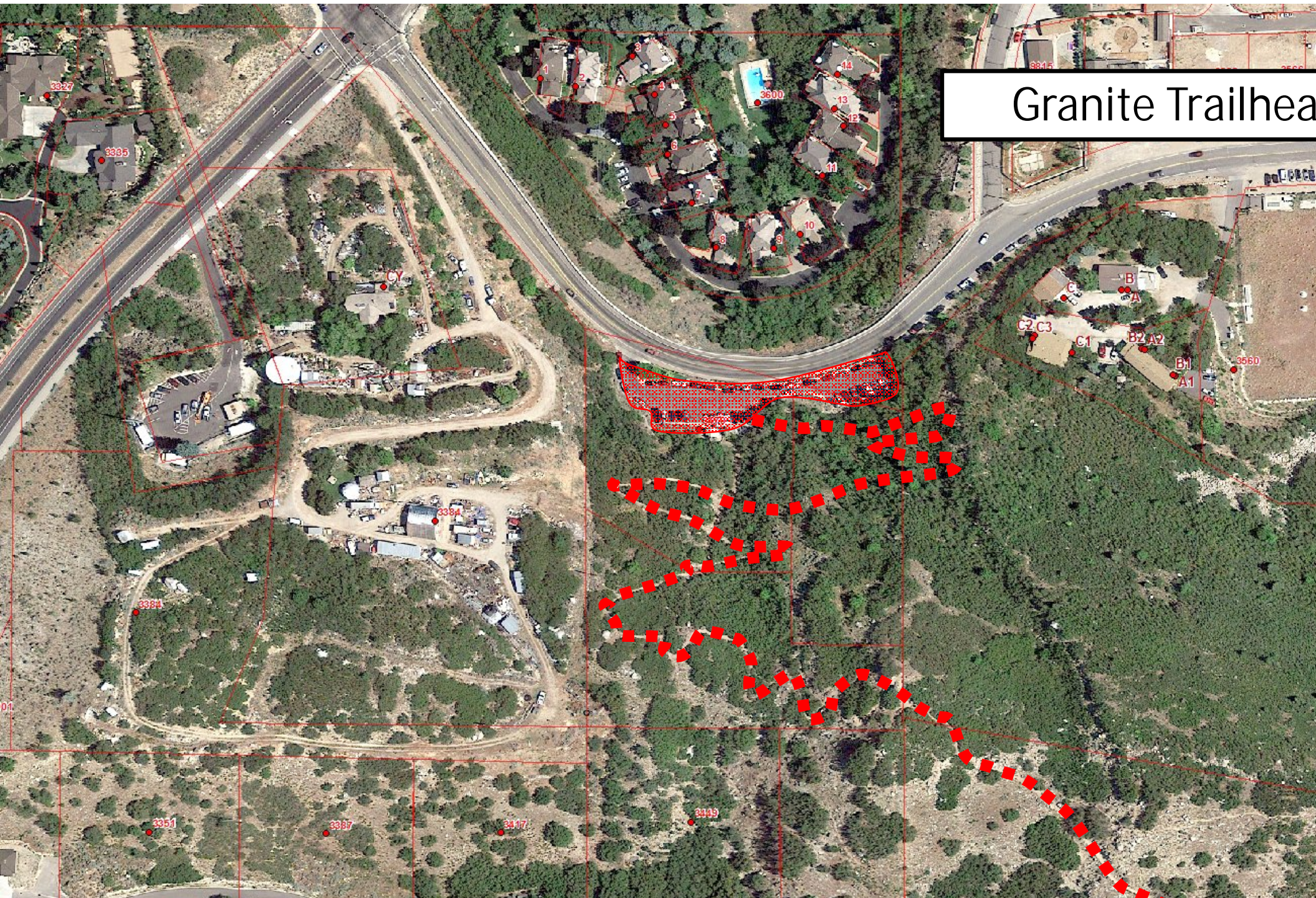


# Granite Trailhead Area Overview



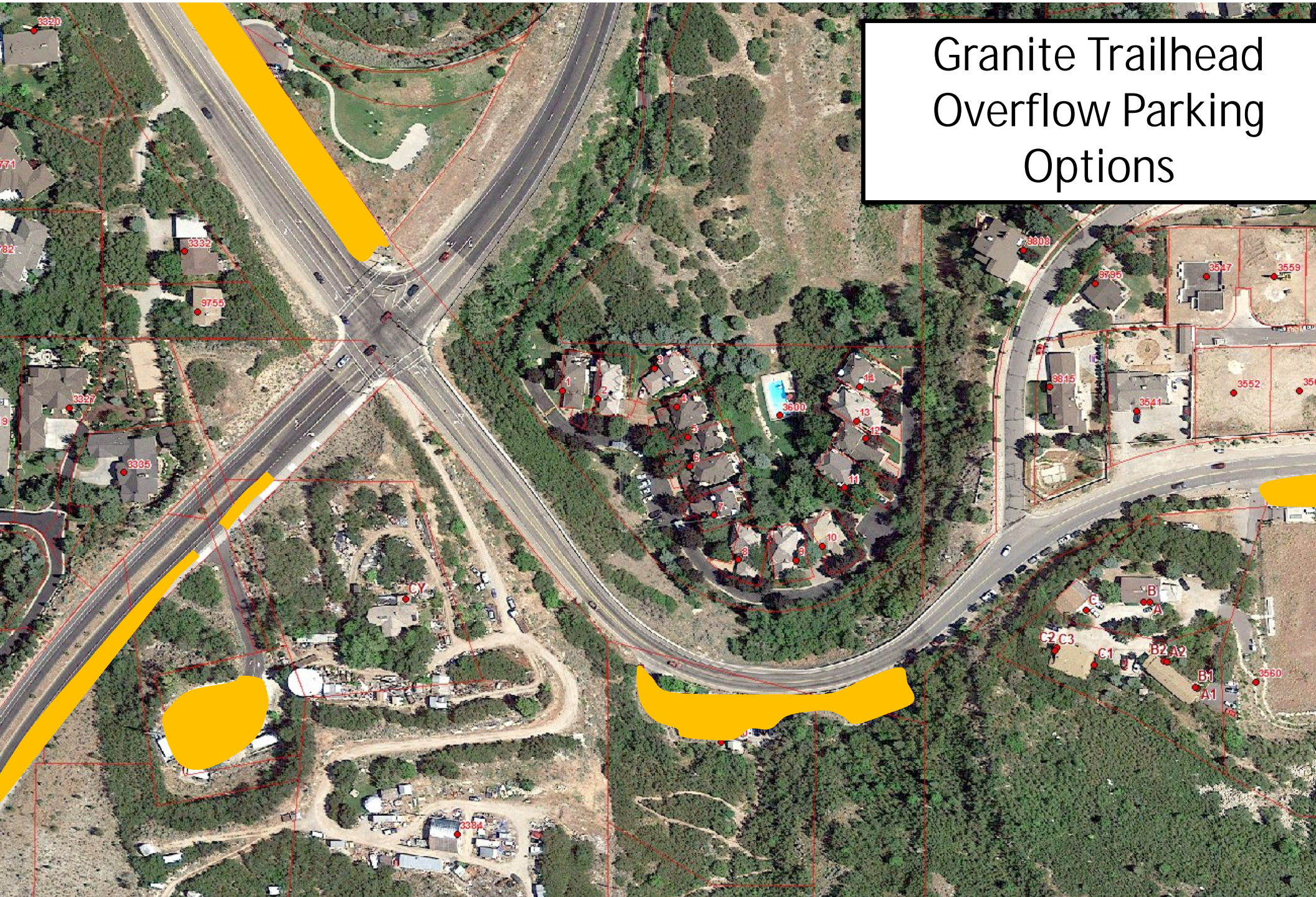


# Granite Trailhead



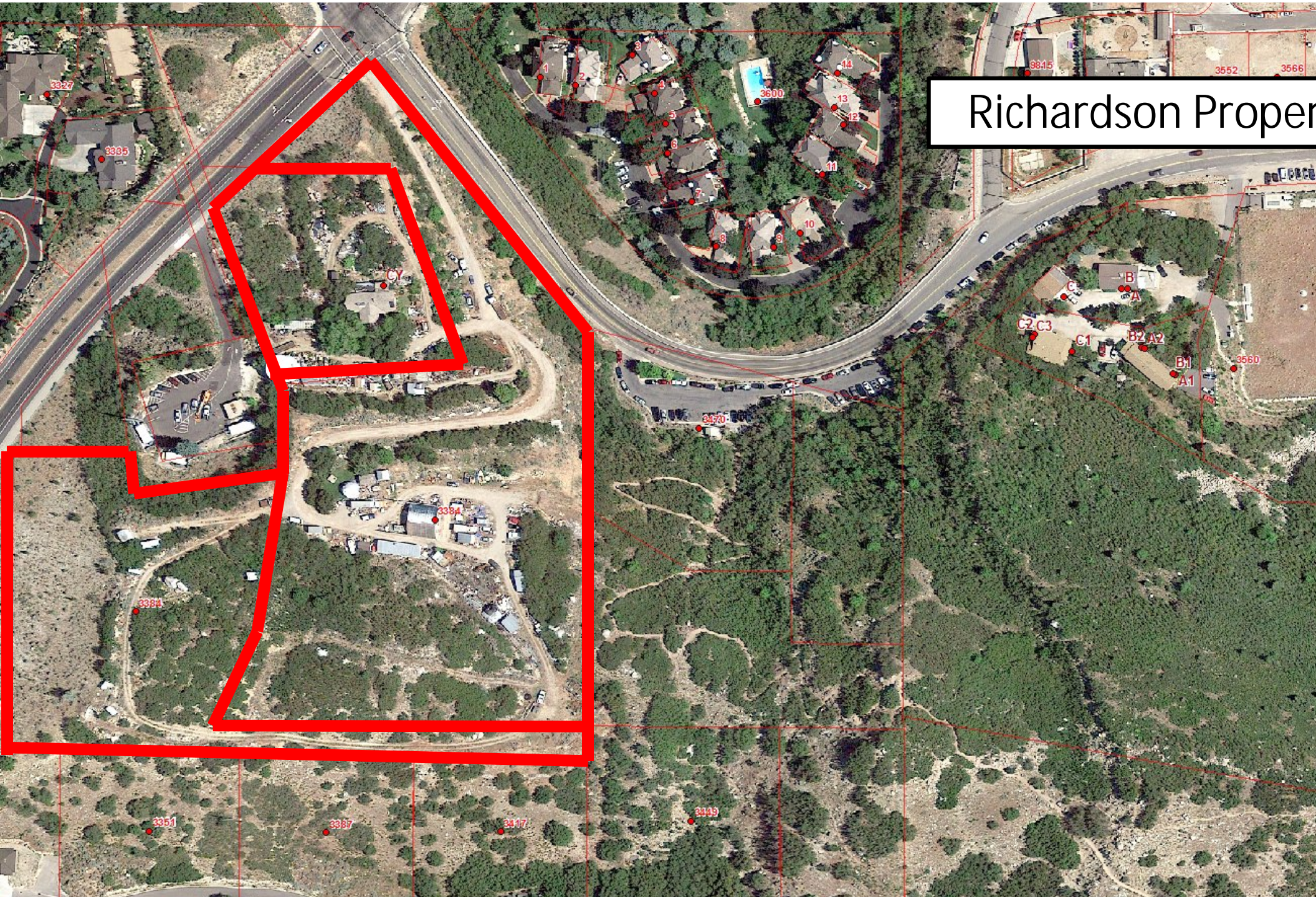


# Granite Trailhead Overflow Parking Options





# Richardson Property







## Staff Report

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File #: 17-096, Version: 1

Date: 4/18/2017

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### Agenda Item Title:

Finance Department and Public Utilities Department briefing the City Council on the proposed the issuance of approximately \$7,200,000 Water Revenue Bonds.

### Presenter:

Tom Ward and Brian Kelley

### Description/Background:

A public hearing has been noticed for tonight's agenda relative to the 2017 water bond. The item is listed on this agenda as item number 17-044.





## Staff Report

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File #: 17-093, Version: 1

Date: 4/18/2017

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**Agenda Item Title:**

City Council Office introducing new Management Analyst Dustin Fratto.

**Presenter:**

Mike Applegarth

**Description/Background:**

Dustin comes to the City Council Office with a background in management, civic engagement, communications, and municipal planning. He has a Bachelors degree in urban planning from the University of Utah and a Masters degree in public administration from Southern Utah University. He is a long time resident of Sandy City, and is excited to contribute to the City Council and our community.





## Staff Report

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**File #:** 17-083, **Version:** 1

**Date:** 4/18/2017

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Approval of the March 7, 2017 Meeting Minutes.

Motion to approve the minutes as presented.





# Sandy City, Utah

10000 Centennial Parkway  
Sandy, UT 84070  
Phone: 801-568-7141

## Meeting Minutes

### City Council

*Scott Cowdell, District 1*  
*Maren Barker, District 2*  
*Kristin Coleman-Nicholl, District 3*  
*Chris McCandless, District 4*  
*Steve Fairbanks, At-large*  
*Linda Martinez Saville, At-large*  
*Stephen P. Smith, At-large*

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Tuesday, March 7, 2017

4:30 PM

Council Chambers

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#### 4:30 Work Session

1. [17-056](#) The City Council will be participating in a projects tour in the Cairns area of the City.

Members of the City Council and Administration participated in a tour of the Cairns area.

#### 6:00 Dinner

##### Roll Call

**Present:** 7 - Council Member Scott Cowdell  
Council Member Maren Barker  
Council Member Kristin Coleman-Nicholl  
Council Member Chris McCandless  
Council Member Steve Fairbanks  
Council Member Linda Martinez Saville  
Council Member Stephen P. Smith

##### Agenda Planning Calendar Review

Chairman Smith reviewed items on the agenda calendar.

##### Council Member Business

Chris McCandless reported on the annual PEAK Awards sponsored by the Sandy Chamber of Commerce. The Council agreed to send congratulatory letters to the recipients. He asked that a letter be sent to the Alta High Coach who helped organize the All Poly 2017 Camp. He would like an overlay zone for short term rentals. Chairman Smith noted that he would schedule a discussion on the calendar. He presented a concept for an initiative to be placed on the 2017 ballot for a proposed parks, trails and recreation bond. He also proposed that a check box be added to residents' water bills to voluntarily contribute to help the homeless population. He would like a letter sent to Park City in support of Bonanza Flats. He would like the City to consider moving a portion of trail near Brandon Canyon if determined the city owns it.

Scott Cowdell would like information on the implementation of a voluntary box on the water bill for people to contribute to low income/senior residents to help pay their water



bills.

### Council Office Director's Report

Mike Applegarth reminded the Council that he was still recovering from ear surgery. He updated the Council on changes to the Council office to provide for an additional office space. Interviews will be held with nine candidates for the Management Analyst position.

### Mayor's Report

No Report was given.

### CAO Report

Scott Bond expressed appreciation to the Council for Byron Jorgenson's retirement tribute. He updated the Council on the upcoming 2018 Hale Centre Theater's Season.

## Information Items

2. [17-059](#) City Council recommending a quarterly report from the Salt Lake County Aging and Adult Services.  
  
Michael Applegarth introduced Charles Otis, Director of the Sandy Senior Center, Salt Lake County.  
  
Charles Otis provided a brief update on the services that are provided to the senior residents along with a few highlights of achievement at the Center. He presented a copy of their monthly newsletter to the Council.  
  
Mayor Dolan noted that he is working with Salt Lake County on a possible expansion of the Senior Center. Sandy City is one of a few communities who have built their own senior center.  
  
Linda Saville expressed great pride in serving with and on the Senior Center committee.
3. [16-340](#) Administration updating the City Council on the recodification of City code.  
  
Shane Pace updated the Council on the codification project. The successful bidder was Municode. The administration is in the process of reviewing the contract.
4. [16-196](#) Council Office recommending the City Council review and adopt the draft public hearings policy as discussed on March 7, 2017.  
  
**Attachments:** [Public Hearing Policy \(March 14, 2017 Tracked Changes Version\)](#)  
[Public Hearing Policy \(Clean March 14, 2017 Consent Version\)](#)  
  
Mike Applegarth updated and reviewed the changes to the public hearing policy. The Council members reviewed the document line by line with each member adding their recommendations to the policy.  
  
The amended document will be brought back for adoption.
5. [17-011](#) City Council discussion of the development review process and use of development agreements.



Council members held a discussion on development agreements and reviewed various scenarios.

The Council made a determination to have the Planning Commission vet the process and make their recommendation to the City Council.

6. [17-005](#) Discussion of appointments to citizen committees.

**Attachments:** [Council Committee and Staff Assignment](#)

This item was tabled.

7. [17-055](#) City Council requesting update on the Rio Tinto Stadium Development Agreement obligations.

**Attachments:** [Development Agreement Summary](#)

Nick Duerksen provided a summary on Rio Tinto's Stadium Development Agreement obligations. Mr. Duerksen informed the Council that the Utah Stadium Soccer Owners (USSO) were in compliance with all of their 14 obligations.

Council questions and discussion followed.

8. [17-050](#) City Council requesting a discussion from the Park's Department on Capital Projects.

Scott Earl updated the Council on the Parks Department's Capital Projects. He reviewed completed projects, projects in progress, and projects that are scheduled to begin.

9. [17-054](#) City Council requesting a 2017 Legislative Session update.

**Attachments:** [Handout](#)

Nicole Martin presented a briefing to the Council on various trends that are becoming prevalent at the Legislature; i.e. state over reach, legislatures fixing cities, development community influence on bills, libertarian philosophy, negotiated compromises, getting our house in order, and better communication and outreach on local issues.

Council discussion and questions followed.

10. [17-052](#) Council Member Barker requesting discussion of fencing requirements, Chapter 15A-28 of the Sandy City Land Development Code.

**Attachments:** [Community Development Department Memo](#)  
[Chapter 15A-28 Rough Draft Concept Amendments](#)

Maren Barker requested a discussion with the City Council regarding eight foot fencing requirements.

Council questions and comments followed.

Chairman Smith indicated that he would schedule this item for further discussion.



11. [17-041](#) Council Member Barker recommending the City Council consider invocation of the pending ordinance doctrine amending the Land Development Code to limit Planned Unit Developments to parcels larger than five acres in size, or other alternatives improving the use of PUDs as a development tool.

**Attachments:** [Community Development Department Memo Development Code Chapter 15A-20-07 \(Planned Unit Development District\) 2017-01 Buildable over 5 acres in Sandy](#)

Maren Barker had requested a discussion with the Council to discuss amending the Land Development Code to limit Planned Unit Developments to parcels larger than five acres in size, or other alternatives improving the use of PUDs as a development tool.

A discussion was held.

Chairman Smith noted that he would schedule further discussion at an upcoming work session. The Council also requested a tour of the existing PUD's in the City.

12. [17-010](#) City Council requesting update on code amendments relative to the review of reasonable accommodation requests.

**Attachments:** [Sandy City Land Development Code 15A-11-08 15A-11-08 \(redline draft\)](#)

Darian Alcorn presented an update on code amendments relative to review of reasonable accommodation requests. This would consider adding a hearing officer for residential facilities for persons with disabilities. She reviewed the process and answered questions.

Chairman Smith asked that a draft be put together then schedule a discussion in an upcoming work session.

## Adjournment

The meeting adjourned at approximately 10:00 p.m. by Scott Cowdell. The next scheduled meeting of the City Council is Tuesday, March 14, 2017 at 7:00 p.m.

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Stephen P. Smith, Chair  
Sandy City Council

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Pam Lehman  
Meeting Clerk

**This was adopted.**





# Sandy City, Utah

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## Staff Report

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File #: 17-084, Version: 1

Date: 4/18/2017

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Approval of the March 14, 2017 Minutes

Motion to approve the minutes as presented.





# Sandy City, Utah

10000 Centennial Parkway  
Sandy, UT 84070  
Phone: 801-568-7141

## Meeting Minutes

### City Council

*Scott Cowdell, District 1*  
*Maren Barker, District 2*  
*Kristin Coleman-Nicholl, District 3*  
*Chris McCandless, District 4*  
*Steve Fairbanks, At-large*  
*Linda Martinez Saville, At-large*  
*Stephen P. Smith, At-large*

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Tuesday, March 14, 2017

5:15 PM

Council Chambers

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### 5:15 Work Session

#### Agenda Planning Calendar Review

Chairman Smith reviewed upcoming items on the Agenda Calendar.

#### Council Member Business

Councilwoman Nicholl would like a presentation on the three year history of the Code Enforcement Department. She also asked Planning Staff to put the changes together to the general plan on the Dimple Dell Overlay Zone

Councilman Chris McCandless discussed future projects with Sandy's Sister City in Piedras Negras, Mexico and extended an invitation for Councilmembers to participate in a future trip to Piedras Negras.

Councilwoman Nicholl inquired about the maintenance of fencing around a city public utilities building along 10600 South.

Councilman Cowdell raised issue of re-considering allowed re-zones if a proposed project changes significantly from the original proposed project.

Councilwoman Barker further discussed the 10600 South Conservation Easement issue. Councilmembers discussed the issue collectively about how to proceed.

#### Council Office Director's Report

Mike reported on Pam's absence, and thanked Korban Lee for sitting in.

#### Mayor's Report

Mayor Dolan reported on his meeting this past week with the Shops at South Towne.

Mayor Dolan also reported on a possible re-location of a city park. He further mentioned the city's efforts regarding affordable housing projects.

Mayor Dolan further noted on the closure of the legislative session.



- Present:** 5 - Council Member Scott Cowdell  
Council Member Maren Barker  
Council Member Kristin Coleman-Nicholl  
Council Member Chris McCandless  
Council Member Stephen P. Smith
- Absent:** 2 - Council Member Steve Fairbanks  
Council Member Linda Martinez Saville

## CAO Report

Scott Bond asked Scott Earl to report to the City Council on the follow up of an issue in Brandon Canyon where a corral was placed over the city trail and on city property. Scott reported on how the issue has been resolved to this point.

## Information Items

- [17-063](#) Possible Closed Session to discuss pending or reasonably imminent litigation.

Meeting went into Recess

Meeting Reconvened

Chairman Smith noted that he is going to ask to entertain re-ordering the work session agenda.

**A motion was made by Kris Coleman Nicholl , seconded by Maren Barker, to adjourn Work Session and convene into Closed Session... The motion carried by the following vote:**

**Yes:** 5 - Scott Cowdell  
Maren Barker  
Kristin Coleman-Nicholl  
Chris McCandless  
Stephen P. Smith

**Absent:** 2 - Steve Fairbanks  
Linda Martinez Saville
- [17-029](#) Police Department providing the City Council a three-year statistical comparison.

**Attachments:** [Years in Review](#)

Chief Thacker gave a presentation regarding the Police Department. This presentation gave statistical and workload information for the police department going back to 2014.
- [16-334](#) Open and Public Meeting Act Training

**Attachments:** [Council Presentation Ethics ex parte 3.14.17](#)

Rob Wall gave a presentation about Open and Public meetings.

Chairman Smith adjourned work session for a five minute recess.

Meeting went into Recess

Meeting Reconvened

4. [17-062](#) Finance Department presenting a Fiscal Year 2018 budget process update

**Attachments:** [Budget Update](#)

Brian Kelley gave an update to the City Council on the Councilmember feedback the Budget Committee received last month. He gave an additional update on estimated on-going and one time revenues for next fiscal year and reviewed possible sources of additional general fund revenues.

5. [17-044](#) Finance Department presenting an informational report to introduce, review and discuss draft Bond Documents

**Attachments:** [Memo to Council - Public Utilities Bond projects - Flat Iron Tank and Well 3-9-17 FINAL w signature](#)  
[Parameters Resolution v3 \(super\) -Sandy Water Bonds 2017](#)

[Third Supplemental Indenture of Trust - Sandy City Water RevenueBonds, Series 2017](#)  
[Bond Purchase Agreement - Sandy Water Revenue Bonds 2017\\_1](#)

[Preliminary Official Statement - Sandy City Water Revenue Bonds2017 - DRAFT 03-09-2017 v1](#)  
[Calendar of Events - Draft 3.10.17](#)

[Summary of Structuring Scenarios 3.10.2017](#)

[Water Debt Service Coverage Table 3.10.2017](#)

[17-11C Proprietary Funds DRAFT](#)

Brian Kelley presented to the City Council information about the proposed bond from water revenues to replace water infrastructure components (Flat Iron water tank).

Brian explained the bond proceed options, interest costs, and debt service alternatives.

Brian also reviewed the cash flow analysis from water revenues.

Randy, the bond counsel attorney representing the city on this possible bond sale, explained some further options regarding the bonds. He noted that he expects the bonds to be tax exempt and bank qualified in order to get a lower interest rate.

Ms. Nicholl asked what the possible interest rate may be. Brian Kelley explained that it would likely be in the mid 2% range.

Scott Cowdell asked Mr. Kelley if the cost of this would be covered by the water fund. Mr. Kelley explained that this bond would be covered by the water fund.

Mr. Kelley mentioned that he anticipates the City Council voting on this issue on the 28th of March and hold a public hearing as well.

Councilmembers discussed keeping the bond to only cover the cost of the tank replacement or to add additional funds to the bond issuance to take advantage of low interest rates currently and complete additional projects.



Ms. Barker asked about how long we have known that we need to replace these tanks. Tom Ward explained the need to replace the tanks for growth and seismic reasons and explained the need for growth is making the timing more eminent. Tom also explained the need to time the project to minimize impacts on Parks and Recreation. He also noted that the low cost of money currently is adding to the timing of the project.

Ms. Barker noted that she hears from residents frequently about rising water rates.

Tom Ward explained the Public Utilities Department's practice of putting aside a half million dollars per year toward capital project improvements.

Ms. Barker expressed frustration at bonding for the full amount and expressed interest in trying to find money for this project from other capital projects.

Councilmember Smith noted that part of this need for the bond currently is that several years ago, the Council voted to charge a franchise tax on water. The net effect has reduced the fund balance in the water fund. Further, the rising costs of Metro has reduced the fund balance.

Councilmember Smith asked Mr. Kelley some questions and made some comments about the trend projections in the long term financial plans.

Mr. Kelley noted that the recognition of the bond proceeds and expenses are not in the current year budget and so there would need to be a budget amendment to recognize those in the current fiscal year.

Mr. Ward also noted a couple of items about the schedule of the proposed project and the public outreach.

Chairman Smith asked Chief Thacker to defer his agenda item to a future time.

6. [17-060](#) Representative John Knotwell briefing the City Council on short-term rental legislation.

**Attachments:** [AIRBNB Legislation request letter](#)  
[H.B. 253 \(as of March 2, 2017\)](#)  
[Memo from Mike Coulam with article](#)  
[Peering into the Peer Economy - Short-Term Rental Regulation](#)  
[Short term rental history](#)

Councilman McCandless discussed with the City Council the issue of short term rentals within Sandy and asked the Council to consider the idea of an overlay zone to allow for short term rentals within certain areas of Sandy or consider other ideas regarding the possibility of allowing short term rentals in limited areas.

Councilman McCandless and Mayor Dolan both noted that they expect this issue will come back at the State Legislature next year if Sandy and other cities don't address this issue at the local issue first.

Councilmembers discussed the possibility of creating an ordinance that addresses Sandy's specific issues and concerns.

Chairman Smith noted that issues will be agendized in the future.

7. [17-054](#) City Council requesting a 2017 Legislative Session update.

**Attachments:** [Handout](#)

Mrs. Martin's presentation regarding a Legislative Update will be deferred for a one week period.

## 7:00 Council Meeting

Chairman Smith thanked attendees and started the meeting.

## Roll Call

### Opening Remarks / Prayer / Pledge of Allegiance

Josh Pierson offered the opening prayer. Garik Fowler offered the pledge.

Both are scouts with Troop 1908.

### Citizen Comments

Chairman Smith asked for a show of hands for all who wish to talk about the Dimple Dell Trail.

Julie Collette - gave public comment regarding retail development, multifamily housing, and the Dimple Dell Trail.

Kathy Stark gave public comment in favor of better trail maintenance.

Prior to taking further public comment about the Dimple Dell Trail which is proposed, Chairman Smith commented to the Audience who wish to speak about the trail in Dimple Dell Park noting that the Dimple Dell Park is not a Sandy City Park, the trail in Dimple Dell Park is not a Sandy City project. He further noted that the project is not imminent. He further explained that the City Council is in process of gathering information and that this takes some time.

Chairman Smith asked members of the audience to speak about items that were not discussed two weeks ago.

Chairman Smith started to take comment cards.

Anna Macnamure spoke against the Dimple Dell Trail in favor of other aspects of the Parks and Recreation Master Plan.

Anne Fritz gave public comment. Spoke in favor of Dimple Dell as a nature reserve.

Kathleen Petersen gave public comment in favor of protecting the greenbelt of Dimple Dell.

Isaac Stewart gave public comment opposed to a possible trail in Dimple Dell Park and had questions about the accuracy of future polls. He further commented about the use of the trail for bikers and joggers.



Chairman Smith noted that all members of the audience are allowed to submit written comments to the City Council.

Alyssa Nelson gave public comment about her feelings regarding the proposed trail in Dimple Dell Park.

Diane Gandrey gave public comment noting that she was on the Dimple Dell Advisory Board when the original master plan included a multi-use park. She noted the plan is now different and she is opposed to the park.

Carol Writeout gave public comment opposed to the proposed Dimple Dell Trail.

Monica Zoltansky gave public comment providing information about the Dimple Dell Advisory Board voting 11-1 opposing the developing of the trail. She asked for a public hearing about this trail at a future City Council meeting.

Melissa Richardson gave public comment opposed to the trail in Dimple Dell and offered information about her personal neighborhood survey.

Jolynn McClellan gave public comment opposed to the proposed multi-use trail in Dimple Dell.

Gavin Richardson gave public comment opposed to the multi-use trail in Dimple Dell Park.

Jenn Wenke gave public comment about her desire to preserve Dimple Dell Park the way it is currently. She also expressed concern about future polling regarding the trail.

Chairman Smith took a vote for a three minute recess. Vote was 4-1 in favor of a recess. Councilman Cowdell voted against a recess.

Meeting went into Recess

Meeting Reconvened

## Special Recognition

Chairman Smith asked the Council to consider amending the agenda to move the Special Recognition ahead of the Public Comment. All approved. No vote taken.

Chairman Smith and Mayor Dolan presented the special recognition to the Greater Salt Lake Chapter of the Red Cross.

### 9. [17-064](#) Resolution 17-12C honoring the Red Cross.

**Attachments:** [Red Cross Resolution](#)

Chairman Smith along with Mayor Dolan read the resolution recognizing March as Red Cross Month and recognizing their services during the City's time of need with the fire at Public Works.

## Consent Calendar

10. [16-196](#) Council Office recommending the City Council review and adopt the draft public hearings policy as discussed on March 7, 2017.

**Attachments:** [Public Hearing Policy \(March 14, 2017 Tracked Changes Version\)](#)  
[Public Hearing Policy \(Clean March 14, 2017 Consent Version\)](#)

**A motion was made by Kris Coleman Nicholl seconded by Chris McCandless to adopt the public hearing policy with minor amendments. Voice Vote: All were in favor.**

## 7:05 Public Hearing(s)

11. [ZONE-01-07-5185](#) Mr. Richard Welch of Garbett Homes, is requesting to rezone approximately 1.82 acres from the CN "Neighborhood Commercial District" to the R-1-6 "Single Family Residential District" for the subject property, located at 2111 East Oak Drive, known as the Windcroft on Highland #2 Rezone - ZONE-01-17-5185.

**Attachments:** [Council Request.pdf](#)  
[17-11.docx](#)  
[PC Minutes 02-16-2017 \(draft\).pdf](#)  
[Staff Report.pdf](#)  
[Executed Ordinance 17-11.pdf](#)

Mike Wilcox gave a report about the proposed rezone.

Richard Welch stood representing Garbett homes. Noal Balstead also came to the podium representing Garbett Homes. They are representing the applicant for the re-zone.

No Council questions of the applicant.

Chairman Smith took public comment on this agenda item.

No public comment.

**A motion was made by Chris McCandless, seconded by Kristin Coleman-Nicholl, to adopt Ordinance 17-11 located at approximately 2111 East Oak Drive, to be rezoned from the CN "Neighborhood Commercial District" to the R-1-6 "Single Family Residential District" ...the motion carried by the following vote:**

**Yes:** 5 - Scott Cowdell  
Maren Barker  
Kristin Coleman-Nicholl  
Chris McCandless  
Stephen P. Smith

**Absent:** 2 - Steve Fairbanks  
Linda Martinez Saville

## Council Items

12. [17-061](#) Recess of City Council Meeting to convene a meeting of the Sandy City Redevelopment Agency



**Attachments:** [RDA Packet 3-14-17](#)

The RDA meeting proceeded as per the noticed agenda with no changes.

Following the RDA meeting, there was a motion to re-convene the City Council Meeting.

**A motion was made by Chris McCandless, seconded by Kristin Coleman-Nicholl, to recess the City Council meeting and convene a meeting of the Sandy City Redevelopment Agency.. The motion carried by the following vote:**

**Yes:** 5 - Scott Cowdell  
Maren Barker  
Kristin Coleman-Nicholl  
Chris McCandless  
Stephen P. Smith

**Absent:** 2 - Steve Fairbanks  
Linda Martinez Saville

Completion of reports and other items not held in the Work Session.

No reports were given.

## Adjournment

The meeting adjourned at approximately 9:30 p.m. by Scott Cowdell. The next scheduled meeting of the City Council is Tuesday, March 28, 2017 at 7:00 p.m.

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Stephen P. Smith, Chair  
Sandy City Council

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Michael Applegarth  
Meeting Clerk



# Sandy City, Utah

10000 Centennial Parkway  
Sandy, UT 84070  
Phone: 801-568-7141

## Staff Report

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File #: 17-085, Version: 1

Date: 4/18/2017

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Approval of the March 21, 2017 Minutes.

Motion to approve the minutes as presented.





# Sandy City, Utah

10000 Centennial Parkway  
Sandy, UT 84070  
Phone: 801-568-7141

## Meeting Minutes

### City Council

*Scott Cowdell, District 1*  
*Maren Barker, District 2*  
*Kristin Coleman-Nicholl, District 3*  
*Chris McCandless, District 4*  
*Steve Fairbanks, At-large*  
*Linda Martinez Saville, At-large*  
*Stephen P. Smith, At-large*

---

Tuesday, March 21, 2017

5:15 PM

Council Chambers

---

### 5:15 Work Session

#### Roll Call

All City Council Members were present.

Councilman Scott Cowdell

Councilwoman Maren Barker

Councilman Steve Fairbanks

Councilman Chris McCandless

Councilwoman Kris Coleman Nicholl

Councilwoman Linda Martinez Saville

Councilman Stephen Smith

Council Office Director Michael Applegarth

Administration:

Mayor Dolan

CAO Scott Bond

City Attorney Robert Wall

Assistant CAO Korban Lee

Assistant CAO Shane Pace

Information Services Administrative Services Director Brian Kelley

Community Development Director Mike Coulam

Assistant Community Development Director James Sorensen

Public Utilities Director Tom Ward

Public Works Director Mike Gladbach

Assistant Police Chief Bill O' Neil

Fire Chief Bruce Cline

Parks and Recreation Director Scott Earl

Redevelopment Agency Director Nick Duerksen

All Council were present.

#### Agenda Planning Calendar Review

Chairman Smith reviewed items on the Agenda Planning Calendar.

#### Council Member Business

Chris McCandless briefed the Council on a movement by a group to recall him from office. He reviewed and clarified false accusations against him. He reminded the Council of The Starry Night Fund Raising Gala at Corner Canyon High School on April 24 for the Canyons Education foundation.

Scott Cowdell asked for a report on crime in the Dimple Dell area. Chairman Smith indicated that he would discuss this during Agenda Planning meeting tomorrow.

### Council Office Director's Report

Mike Applegarth had nothing to report other than he is able to hear from his recent ear surgery.

### Mayor's Report

Mayor Dolan reported on the upcoming Amphitheater season. He spoke regarding the program partnered with the American Red Cross to place smoke detectors in 1,000 homes in Sandy. They are still receiving proposals for future development in the City.

Chris McCandless noted that a Sandy Pride project would be held this Saturday at 8:00 a.m. in the Sheels parking lot to clean the 114th south corridor.

### CAO Report

No report was given.

### Information Items

- [17-066](#) Mr. Preston Naylor briefing the City Council on a proposed townhouse concept at 355 East 9000 South.  
  
Mr. Preston Naylor presented a concept for a project on 90th South. The Council will be inviting developers in to their pre-meetings to update the Council on their proposed project prior to going through the development and zoning process.  
  
**Discussion only. No action required.**
- [17-011](#) City Council discussion of the development review process and use of development agreements.  
  
Chairman Smith asked for Council input on zoning requests for parcels that may be controversial and whether the Council supports the review process and use of development agreements. Council discussion followed.
- [17-060](#) Representative John Knotwell briefing the City Council on short-term rental legislation.

**Attachments:** [AIRBNB Legislation request letter](#)  
[H.B. 253 \(as of March 2, 2017\)](#)  
[Memo from Mike Coulam with article](#)  
[Peering into the Peer Economy - Shor-Term Rental Regulation](#)  
[Short term rental history](#)

Representative John Knotwell was invited to speak to the Council regarding his legislation



on short term rentals. Council discussion and questions followed.

A motion was made to recess work session.

4. [17-052](#) Council Member Barker requesting discussion of fencing requirements, Chapter 15A-28 of the Sandy City Land Development Code.

**Attachments:** [Community Development Department Memo](#)  
[Chapter 15A-28 Rough Draft Concept Amendments](#)

Council Member Barker led a discussion with the Councilmembers to discuss 8 foot fencing requirements in the City.

5. [17-041](#) Council Member Barker recommending the City Council consider invocation of the pending ordinance doctrine amending the Land Development Code to limit Planned Unit Developments to parcels larger than five acres in size, or other alternatives improving the use of PUDs as a development tool.

**Attachments:** [Community Development Department Memo](#)  
[Development Code Chapter 15A-20-07 \(Planned Unit Development District\)](#)  
[2017-01 Buildable over 5 acres in Sandy](#)

Council Member Barker led a discussion with the City Council to consider amending the Land Development Code to limit Planned Unit Developments to parcels larger than five acres in size, or other alternatives that would help improve the use of PUD's.

6. [17-068](#) Council Member McCandless requesting discussion of a parks bond proposal.

Councilman Chris McCandless led a discussion with the Council on a proposal for a parks and trails bond to be placed on the November ballot.

7. [17-054](#) City Council requesting a 2017 Legislative Session update.

**Attachments:** [Handout](#)

This item was tabled to the March 28, 2017 Council Meeting.

#### Special Recognition

8. [17-036](#) Chief Thacker and the Police K-9 unit presenting an award in recognition of the donation of a K-9 to the Police Department.

Chief Thacker and the Police K-9 unit presented an award to the non-profit organization, Havoc, in recognition of the donation of a K-9 to the Sandy Police Department.

9. [17-067](#) City Council honoring Barbara Ortis as a Citizen of Merit for her work at Altara Elementary as a 1st and 2nd grade volunteer.

Councilman Steve Fairbanks presented a Citizen of Merit Award to Barbara Ortis, a resident of Silver Pines Senior Community. Ms. Ortis volunteers at Altara Elementary and helped with two very special Down Syndrome twins. She helped them learn their colors, alphabet, numbers, shapes and handwriting. A plaque was presented on behalf of the Council.

## Adjournment

The meeting adjourned at approximately 8:30 p.m. by Chairman Smith. The next scheduled meeting of the City Council is Tuesday, March 28, 2017 at 7:00 p.m.

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Stephen P. Smith, Chair  
Sandy City Council

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Pam Lehman  
Meeting Clerk





# Sandy City, Utah

10000 Centennial Parkway  
Sandy, UT 84070  
Phone: 801-568-7141

## Staff Report

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File #: 17-087, Version: 1

Date: 4/18/2017

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Approval of the March 28, 2017 Minutes.

Motion to approve the minutes as presented.



# Sandy City, Utah

10000 Centennial Parkway  
Sandy, UT 84070  
Phone: 801-568-7141

## Meeting Minutes

### City Council

*Scott Cowdell, District 1*  
*Maren Barker, District 2*  
*Kristin Coleman-Nicholl, District 3*  
*Chris McCandless, District 4*  
*Steve Fairbanks, At-large*  
*Linda Martinez Saville, At-large*  
*Stephen P. Smith, At-large*

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Tuesday, March 28, 2017

5:15 PM

Council Chambers

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### 5:15 Work Session

#### Agenda Planning Calendar Review

Chairman Smith reviewed the Agenda Planning Calendar.

#### Council Member Business

Steve Fairbanks distributed invitations to the Council from the Draper Philharmonic Orchestra and Chorus. They are looking for support from the City Council.

Chris McCandless updated the Council on a report from the Cottonwood Canyon Analysis. He noted that they had 3.7 million visitors last year which is more than Zion's National Park. He also presented a copy of the UDOT analysis sheet.

#### Council Office Director's Report

Michael Applegarth informed the Council that an offer was extended to an individual for the new Council Office Analyst. He will be joining the Council Office on April 12, 2017.

#### Mayor's Report

Deputy Mayor Nicole Martin gave the report on behalf of Mayor Dolan who was out of town. She reported on meetings regarding the Horman property.

#### CAO Report

CAO Scott Bond informed the Council on the passing of former Deputy Mayor John Hiskey's mother.

Chief Cline provided an update on a recent house fire in the City.

Public Utilities Director Tom Ward briefed the Council on flood preparation.

Public Works Director Mike Gladbach updated the Council regarding the continued recovery of the Public Works facility and return of borrowed equipment.



## Information Items

1. [17-010](#) City Council requesting update on code amendments relative to the review of reasonable accommodation requests.

**Attachments:** [Sandy City Land Development Code 15A-11-08](#)  
[15A-11-08 \(redline draft\)](#)

Assistant City Attorney Darien Alcorn provided an update regarding a Code Amendment relative to the review of special accommodations requests.

2. [17-054](#) City Council requesting a 2017 Legislative Session update.

**Attachments:** [Handout](#)

Deputy Mayor Nicole Martin provided a report about the 2017 Legislative Session, philosophy and themes and things to work on as a City for next year's session.

3. [17-077](#) Redevelopment Agency discussing the Mountain America participation agreement and the sale of the Schulsen property to the Gardner Company.

**Attachments:** [Presentation: Mountain America Credit Union Participation Agreement](#)

Nick Duerksen updated the Council on the Mountain America participation agreement and the sale of the Schulsen property to the Gardner Company. He reviewed the agreement with Mountain America and RDA participation. He reviewed the Gardner purchase sale agreement details for the land by DelSol and Hilton Garden Inn. Discussions are on going.

Council questions and discussion followed.

4. [17-076](#) Mr. David George with A Better Quality Home, LC briefing the City Council on a proposed project and rezone request at 789 East 7800 South.

Mike Coulam introduced David George and Kory Nielsen. They would like to provide a proposal for middle housing. The City Council has asked that developers come before them to present future plans prior to going through the development and rezone process.

Kory Nielsen, from Brad Reynolds construction, wanted to know what the Council would support on the subject property.

Council comments and recommendations were discussed.

Motion to recess and reconvene at 7:00 p.m.

Meeting went into Recess

Meeting Reconvened

**Present:** 7 - Council Member Scott Cowdell  
Council Member Maren Barker  
Council Member Kristin Coleman-Nicholl  
Council Member Chris McCandless  
Council Member Steve Fairbanks  
Council Member Linda Martinez Saville  
Council Member Stephen P. Smith

## 7:00 Council Meeting

### Roll Call

Council Office Director Michael Applegarth

Administration:

Mayor Dolan-Absent  
Deputy Mayor Nicole Martin  
CAO Scott Bond  
City Attorney Robert Wall  
Assistant CAO Korban Lee  
Assistant CAO Shane Pace  
Information Services Administrative Services Director Brian Kelley  
Community Development Director Mike Coulam  
Assistant Community Development Director James Sorensen  
Public Utilities Director Tom Ward  
Public Works Director Mike Gladbach  
Assistant Police Chief Bill O' Neil  
Fire Chief Bruce Cline  
Parks and Recreation Director Scott Earl  
Redevelopment Agency Director Nick Duerksen

### Opening Remarks / Prayer / Pledge of Allegiance

Chairman Stephen P. Smith welcomed all those in attendance.

Austin Kehl , from Bou Scout Troop 230, offered the opening prayer.

Trevor Harrison, from Boy Scout Troop 1236, led the audience in the pledge.

### Special Recognition

5. [17-072](#) City Council presenting a resolution to Community Development Director Mike Coulam in honor of his years of service to Sandy City.  
  
Council Chairman Stephen Smith along with the members of the City Council read and presented a resolution honoring and commending Mike Coulam for his service to the City for over 35 years. Flowers were presented to his wife Ann on behalf of the City Council.
6. [17-075](#) Proclamation recognizing National Boys & Girls Club Week.  
  
Deputy Mayor Nicole Martin presented a resolution commending the Boys and Girls Club. The Club provides an important gap between the home and schools to help children lean and grow. The week of March 27th - March 31, 2017 was declared as Boys and Girls club week in Sandy.



## Citizen Comments

There were no citizen comments.

Approval of the Consent Calendar

**A motion was made by Kristin Coleman-Nicholl, seconded by Steve Fairbanks, to approve the Consent Calendar. The motion carried by the following vote:**

**Yes:** 7 - Scott Cowdell  
Maren Barker  
Kristin Coleman-Nicholl  
Chris McCandless  
Steve Fairbanks  
Linda Martinez Saville  
Stephen P. Smith

## Consent Calendar

7. [17-069](#) The Community Development Department is recommending the City Council adopt Resolution #17-13c indicating the intent to annex an unincorporated area located at approximately 3202 E. 10000 S., setting a hearing to consider such an annexation and directing publication of a hearing notice.

**Attachments:** [Mock Annexation Resolution 1.pdf](#)  
[Executed Resolution 17-13 C.pdf](#)

**Item adopted.**

8. [17-074](#) City Council Office recommending the City Council adopt Resolution 17-16C reappointing Don Milne to the Metropolitan Water District of Salt Lake Sandy for a four year term beginning on January 1, 2017.

**Attachments:** [Resolution 17-16C](#)  
[Letter from Metropolitan Water District](#)  
[Executed Resolution 17-16 C.pdf](#)

**Item adopted.**

9. [17-078](#) Approval of the February 28, 2017 City Council Meeting Minutes.

**Attachments:** [February 28, 2017 Meeting Minutes.pdf](#)

**Item approved.**

## 7:05 Public Hearing(s)

10. [17-071](#) Finance Department recommending the City Council adopt Resolution #17-14C increasing appropriations within the governmental funds.

**Attachments:** [17-14C Governmental Funds Executed Resolution 17-14 C.pdf](#)

Brian Kelley explained the appropriations within the governmental funds to accommodate a remodel of the council office for a new position, Resolution 17-14 C.

Brian Kelley explained the total appropriations and transferring funds within the proprietary funds, Resolution 17-11 C, for water bonds for the well replacement of the Flat Iron tanks.

Chairman Smith opened the Public Hearing.

Steve Van Maren, 11039 Lexington Circle, felt it was early on in the process to modify the budget for the bond.

Chairman Smith explained that this project was not included in the Capital Budget, so in order to authorize for a bond, this line item needed to be put in the budget.

As there were no further comments, the hearing was closed.

**Steve Fairbanks made a motion seconded by Kris Coleman Nicholl to adopt Resolution #17-14C increasing total appropriations and transferring funds within the governmental funds decreasing line item City Council travel by \$16,000 and increasing line item City Council remodel by \$16,000. The motion carried as follows:**

**Yes:** 7 - Scott Cowdell  
Maren Barker  
Kristin Coleman-Nicholl  
Chris McCandless  
Steve Fairbanks  
Linda Martinez Saville  
Stephen P. Smith

11. [17-073](#) Finance Department recommending the City Council adopt Resolution #17-11C increasing appropriations within the proprietary funds.

**Attachments:** [17-11C Proprietary Funds - water bond Executed 17-11 C.pdf](#)

Maren Barker disagreed with the water bond. She felt that the City should have had a 30 year plan in place to pay for the replacement of the water tank, and not burden our residents. She feels that this was a failure on the City's part.

Chairman Smith also shared his concerns. A prior Council made a choice to move funds from the water fund into the general fund by using the vehicle of a franchise tax, and did not allow the water fund to recover those funds through their rate structure. The need has been created for a bond, it was either a property tax increase a few years ago, or bonding now and paying the interest costs in lieu of a property tax increase.

Scott Cowdell asked what the rate increase would be to the residents on their water rates.

Tom Ward outlined the costs with a projected fee of \$ 1.85.

A lengthy discussion was held after a motion was made.

Chris McCandless called the question.

**A motion was made by Chris McCandless seconded by Steve Fairbanks, to adopt Resoluton #17-11C increasing total appropriations and transferring funds within the proprietary funds with sources coming from bond proceeds and bond premiems and being used to pay for the Flat Iron tank and well replacement as well as bond issuance costs in the amount of \$7.150.000....The motion carried by the following vote:**

**Yes:** 5 - Kristin Coleman-Nicholl  
Chris McCandless  
Steve Fairbanks  
Linda Martinez Saville  
Stephen P. Smith

**No:** 2 - Scott Cowdell  
Maren Barker

## Council Items

12. [17-045](#) Public Utilities Department recommending the City Council consider adoption of Resolution #17-15C authorizing the issuance and sale of not more than \$7,200,000 aggregate principal amount of Water Revenue Bonds, Series 2017; and related matters.

**Attachments:** [Parameters Resolution v4 \(super\) -Sandy Water Bonds 2017](#)  
[Memo to Council - Public Utilities](#)  
[Third Supplemental Indenture of Trust - Sandy City Water RevenueBonds, Series 2017](#)  
[Bond Purchase Agreement - Sandy Water Revenue Bonds 2017\\_1](#)  
[Preliminary Official Statement - Sandy City Water Revenue Bonds2017 - DRAFT 03-09-2017 v1](#)  
[Water Debt Service Coverage Table 3.22.2017](#)  
[Calendar of Events](#)  
[Summary of Structuring Scenarios](#)

Brian Kelley explained the parameters in which the Administration can act with the Council's approval. This would also set a hearing date of April 18, 2017.

Chairman Smith asked for a summary on how the parameter resolution relates to the summary of bond structuring scenarios.

Council questions and discussion followed.

Chairman Stephen Smith opened the public hearing.

**A motion was made by Steve Fairbanks, seconded by Chris McCandless, to adopt Resolution #17-15C authorizing the issuance and sale of not more than \$7,200,000 aggregate principal amount of Water Revenue Bonds, Series 2017; and related**



**matters.**

- Yes:** 5 - Kristin Coleman-Nicholl  
Chris McCandless  
Steve Fairbanks  
Linda Martinez Saville  
Stephen P. Smith
- No:** 2 - Scott Cowdell  
Maren Barker

**Adjournment**

The meeting adjourned at approximately 9:00 p.m. by Scott Cowdell. The next scheduled meeting of the City Council is Tuesday, April 4, 2017 at 7:00 p.m.

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Stephen P. Smith, Chair  
Sandy City Council

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Pam Lehman  
Meeting Clerk



# Sandy City, Utah

10000 Centennial Parkway  
Sandy, UT 84070  
Phone: 801-568-7141

## Staff Report

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File #: 17-090, Version: 1

Date: 4/18/2017

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Approval of the March 31, 2017 Minutes.

Motion to approve the minutes as presented.



# Sandy City, Utah

10000 Centennial Parkway  
Sandy, UT 84070  
Phone: 801-568-7141

## Meeting Minutes

### City Council

*Scott Cowdell, District 1*  
*Maren Barker, District 2*  
*Kristin Coleman-Nicholl, District 3*  
*Chris McCandless, District 4*  
*Steve Fairbanks, At-large*  
*Linda Martinez Saville, At-large*  
*Stephen P. Smith, At-large*

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Friday, March 31, 2017

12:00 PM

Council Chambers

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### Special Meeting

#### 12:00 Council Meeting

Rollcall

**Present:** 4 - Council Member Kristin Coleman-Nicholl  
Council Member Chris McCandless  
Council Member Steve Fairbanks  
Council Member Stephen P. Smith

**Absent:** 3 - Council Member Scott Cowdell  
Council Member Maren Barker  
Council Member Linda Martinez Saville

#### Council Items

1. [17-082](#) City Council Office recommending the Council adopt Resolution 17-17C canceling the April 4, 2017 regularly scheduled City Council meeting.

**Attachments:** [Resolution 17-17C](#)

**Steve Fairbanks made the motion seconded by Kris Coleman Nicholl to adopt Resolution 17-17C canceling the April 4, 2017 City Council Meeting.**

**Yes:** 4 - Kristin Coleman-Nicholl  
Chris McCandless  
Steve Fairbanks  
Stephen P. Smith

**Absent:** 3 - Scott Cowdell  
Maren Barker  
Linda Martinez Saville

#### Adjournment

The meeting adjourned at approximately 12:04 p.m. by Steve Fairbanks. The next scheduled meeting of the City Council is Tuesday, April 11, 2017 at 7:00 p.m.



\_\_\_\_\_  
Stephen P. Smith, Chair  
Sandy City Council

\_\_\_\_\_  
Pam Lehman  
Meeting Clerk

Note

consent form was signed by all 7 council members to hold a special meeting.

City Attorney Rob Wall was also present.



## Staff Report

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File #: 17-044, Version: 2

Date: 4/18/2017

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### Agenda Item Title

Public hearing to receive input from the public with respect to (a) the issuance of approximately \$7,200,000 Water Revenue Bonds and (b) the potential economic impact that the improvements to be financed with the proceeds of said bonds will have on the private sector.

### Presenter

Brian Kelley, Tom Ward



# DEPARTMENT OF PUBLIC UTILITIES

## MEMORANDUM

**Thomas M. Dolan**  
Mayor

**Scott J. Bond**  
Chief Administrative Officer

**Thomas K. Ward, P.E.**  
Director

**To:** City Council

**From:** Tom Ward *Tw*

**Date:** March 9, 2017

**Re:** Proposed Public Utilities Water Revenue Bond and Budget Amendment  
Project summary & updates - Flat Iron Tank, Flat Iron Well Replacement

---

This memorandum is for City Council reference in review and consideration of proposed water revenue bonds and budget amendment to support construction of several important capital improvement projects in accordance with the City's water system master plan. These projects have been reviewed and approved with our Public Utilities Advisory Board, and included in our proposed FY 2017-18 budget. Public Utilities would like to accelerate the schedule for bond issuance so that construction can begin in July 2017 to meet summer construction schedule needs, and to take advantage of current bond market conditions given the trend of rising bond rates.

Proposed budget amendment and bond documents have been prepared under separate cover which reflect bond proceeds, capital project and debt service changes for Council consideration and approval.

### PURPOSE AND NEED

The purpose of the Flat Iron Tank and Well Project is to replace the two existing 2 million gallon tanks with one new 5 million gallon tank at Flat Iron Park. The existing tanks are nearly 50 years old, do not meet current seismic structural design criteria, and are in need of repair. The new tank will meet seismic requirements and will provide an additional 1 MG of water storage to support City growth, including development in the downtown Sandy Cairns area.

The proposed well replaces a 30-year-old well located northwest of Flat Iron Park that was abandoned due to sanding. In addition, this well helps replace 5 historic well sources in other areas of the City that are no longer used for drinking water due to groundwater contamination from perchlorethylene (PCE, a cleaning solvent) and chlorides (salts). The new well, situated next to the new tank, will also provide better operational efficiency for the City's water system.

## SCHEDULE AND COST

The proposed tank is currently under design. Pending final budget approval and bonding, construction of the tank will begin this fall. Tank construction and drilling/well house installation should be completed in 2020. The estimated cost for the tank, well house and site improvements will be approximately \$7 million, which is included in the current budget and bond proposal.

## ENGAGED DESIGN AND PUBLIC INPUT

Public comments and concerns have been taken into consideration through the design process. This included meeting with neighbors next to the tanks and engagement with the area community coordinator in early 2017. We are currently going door to door to about 20 homes in the neighborhood. A broader area mailing of the project information will occur in mid-March.

Because this is an existing tank site, the project does not go to the Planning Commission, but will be submitted for Site Plan review. Various aspects of the design have been adapted to meet interests and concerns from neighbors and the public as well as Parks, Police and Fire departments. Some of the improvements include re-routing of the trail around the site and fencing prior to construction to separate the construction site and allow ongoing safe use of park fields and trails. We are including restrictions and incentives for the contractor to minimize noise, dust and impacts to neighbors and park users. In addition, the final tank location, trails and landscaping are designed to improve safety, aesthetics and public use by reducing hidden areas where the existing trail goes behind the tanks, moving the new tank further west away from the immediate neighbors to the east, and new pickle ball courts in the location of the existing tanks. Proposed design and project information is shown on the flyer that is being shared with the public (attached).

## ATTACHMENTS:

Public Engagement Flyer Information (shared with neighbors and area community coordinator in February, distribution and mailing to Flat Iron Park area and general public site in March 2017)





## **Flat Iron Tank Project**

February 8, 2016

### **Purpose of the Project:**

The purpose of this project is to replace two existing (2 million gallon) tanks with one new 5 million gallon tank. The existing tanks are nearly 50 years old, do not meet current seismic structural design criteria, and are in need of repair. The city plans to construct a new tank that is structurally sound and provides more water efficiently to the city. Additionally, a well house will be located adjacent to the tank that will drill for water approximately 1,000 feet below the surface. This will replace the existing well located northwest of the new tank.

The city plans to locate the new tank approximately 100 feet to the north of the existing tanks. The existing tanks will be demolished and replaced with pickle ball courts shortly after the construction of the new tank is complete.

### **Common Q/A:**

**1. What will the height be of the new tank?**

I will be 3 feet shorter than the existing tanks.

**2. What is the construction season?**

- Hopeful to start in the summer of 2017 (2 years of construction)
- Tank: 12 months of construction (complete by June 2018 for tank and June 2019 for well house)
- Well House: 12 months for drilling and equipping the well (3 weeks of 24 hour drilling). Sound walls will be installed for 3 of the 12 months. Sound will stay within city and county sound ordinance.

**3. Where will the construction vehicles park?**

Within Flat Iron Park

**4. What are the hours of operation?**

Within the County noise ordinance (7 a.m. to 7 p.m.) on weekdays. Residents will be notified if outside this window (specifically when drilling occurs).

**5. Who can I contact to stay up to date on the progress of the project?**

Design Team: Jamie Tsandes at 801-495-2224

City: Richard Benham 801-568-6074

**6. Will the tank and well house be fenced?**

Only around the back side (north and west) of the tank and pump house.

**7. How will this impact the adjacent neighbors?**

Construction equipment will be heard. Continuous drilling for 3 weeks (with sound walls).

**8. Will I be able to see the tank and well house?**

Yes, you will be able to see the tank and well house depending on your location, however, trees will be planted around the perimeter of the tank to provide screening. The tank will also be concrete and painted a natural brown/tan color to blend in with the landscape. See attached rendering for an idea of location and appearance.

# FLAT IRON PARK TANK REPLACEMENT PROJECT



EXISTING  
CONDITIONS



PROPOSED  
CONDITIONS

- Replace two existing (2-million gallon) tanks with one new 5-million gallon tank.
- Construct a well house to be located adjacent to the tank.
- Construct 6-8 pickleball courts
- Add additional trees
- Re-route trail
- Start construction in fall 2017

THIRD SUPPLEMENTAL INDENTURE OF TRUST

Dated as of \_\_\_\_\_ 1, 2017

by and between

SANDY CITY, UTAH

and

ZB, NATIONAL ASSOCIATION

Supplementing the General Indenture of Trust  
Dated as of April 1, 2004

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### THIRD SUPPLEMENTAL INDENTURE OF TRUST

This Third Supplemental Indenture of Trust, dated as of \_\_\_\_\_ 1, 2017, by and between Sandy City, Utah, a political subdivision and body politic duly organized and existing under the Constitution and laws of the State of Utah (the “Issuer”) and ZB, National Association, a national bank duly organized and existing under the laws of the United States of America, authorized by law to accept and execute trusts and having its principal office in Salt Lake City, Utah (the “Trustee”);

#### WITNESSETH:

WHEREAS, the Issuer has entered into a General Indenture of Trust, dated as of April 1, 2004, as heretofore amended and supplemented (the “General Indenture”) with the Trustee; and

WHEREAS in order to (i) finance \_\_\_\_\_ (the “Series 2017 Project”) and (ii) finance the costs of issuance of the Bonds herein authorized, the Issuer has determined to issue its Water Revenue Bonds, Series 2017 in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2017 Bonds”); and

WHEREAS, the Series 2017 Bonds will be authorized, issued and secured under the General Indenture, as amended and supplemented by this Third Supplemental Indenture (the “Third Supplemental Indenture,” and collectively with the General Indenture, and any amendments thereto or hereto, the “Indenture”); and

WHEREAS, the execution and delivery of the Series 2017 Bonds and of this Third Supplemental Indenture have in all respects been duly authorized and all things necessary to make the Series 2017 Bonds, when executed by the Issuer and authenticated by the Trustee, the valid and binding legal obligations of the Issuer and to make this Third Supplemental Indenture a valid and binding agreement have been done;

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH, that to secure the Series 2017 Bonds and all Additional Bonds issued and Outstanding under the Indenture, the payment of the principal or redemption price thereof and interest thereon, the rights of the Registered Owners of the Bonds, to secure the Security Instrument Issuers of Security Instruments for any Bonds, and of all Reserve Instrument Providers of Reserve Instruments for any Bonds, and the performance of all of the covenants contained in such Bonds and herein, and for and in consideration of the mutual covenants herein contained and of the purchase of such Bonds by the Registered Owners thereof from time to time and the issuance of the Reserve Instrument by the Reserve Instrument Provider, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the Issuer has executed and delivered this Third Supplemental Indenture of Trust, and by these presents does, in confirmation of the General Indenture, as amended and supplemented, hereby sell, assign, transfer, set over and pledge unto ZB, National Association, as Trustee, its successors and trusts and its assigns forever, to the extent provided in the General Indenture, as amended and supplemented, all right, title and interest of the Issuer in and to (i) the Net Revenues (as

defined in the General Indenture), (ii) all moneys in funds and accounts held by the Trustee under the General Indenture and hereunder (except the Rebate Fund), and (iii) all other rights granted under the General Indenture and hereinafter granted for the further securing of such Bonds.

TO HAVE AND TO HOLD THE SAME unto the Trustee and its successors in trust hereby created and its and their assigns forever;

IN TRUST, NEVERTHELESS, FIRST, for the equal and ratable benefit and security of all present and future Registered Owners of Bonds and Security Instrument Issuers of Security Instrument for any Bonds without preference, priority, or distinction as to lien or otherwise (except as otherwise specifically provided), of any one Bond over any other Bond, and SECOND, for the equal and proportionate benefit, security and protection of all Reserve Instrument Providers, without privilege, priority or distinction as to the lien or otherwise of any Reserve Instrument Repayment Obligation over any of the others by reason of time of issuance, delivery or expiration thereof or otherwise for any cause whatsoever.

## ARTICLE I

### SUPPLEMENTAL INDENTURE; DEFINITIONS

Section 1.1 Supplemental Indenture. This Third Supplemental Indenture is supplemental to, and is executed in accordance with and pursuant to Articles II and IX of the General Indenture.

Section 1.2 Definitions. All terms which are defined in the General Indenture, shall have the meanings, respectively, when used herein (including the use thereof in the recitals and the granting clauses thereof) unless expressly given a different meaning or unless the context clearly otherwise requires. All terms used herein which are defined in the recitals hereto shall have the meanings therein given to the same unless the context requires otherwise and, in addition, the following terms shall have the meanings specified below:

“Dated Date” means, with respect to the Series 2017 Bonds, the date of their initial delivery.

“Interest Payment Date” means, with respect to the Series 2017 Bonds, each May 15 and November 15 commencing \_\_\_\_\_.

“Register” means the record of ownership of the Series 2017 Bonds maintained by the Registrar.

“Series 2017 Bonds” means the Water Revenue Bonds, Series 2017, herein authorized.

“Series 2017 Cost of Issuance Account” means the account established under this Supplemental Indenture and held in trust by the Trustee, into which a portion of the proceeds of the Series 2017 Bonds shall be deposited as provided herein.

“Series 2017 Debt Service Reserve Requirement” means \$-0- with respect to the Series 2017 Bonds.

“Series 2017 Project” means \_\_\_\_\_.

“Underwriter” means \_\_\_\_\_.

ARTICLE II

ISSUANCE OF THE SERIES 2017 BONDS

Section 2.1 Principal Amount, Designation and Series. The Series 2017 Bonds are hereby authorized for issuance under the Indenture for the purpose of providing funds to (i) finance the Series 2017 Project and (ii) finance the costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds shall be limited to \$\_\_\_\_\_ in aggregate principal amount, shall be issued in fully registered form, shall be in substantially the form and contain substantially the terms contained in Exhibit A attached hereto and made a part hereof, and shall bear interest at the rates and be payable as to principal or redemption price as specified herein. The Series 2017 Bonds shall be designated as, and shall be distinguished from the Bonds of all other series by the title, “Water Revenue Bonds, Series 2017.”

Section 2.2 Date, Maturities and Interest. The Series 2017 Bonds shall be dated as of the Dated Date, and shall mature on the dates and in the amounts and shall bear interest from the Interest Payment Date next preceding their date of authentication thereof unless authenticated as of an Interest Payment Date, in which event such Bonds shall bear interest from such date, or unless such Bonds are authenticated prior to the first Interest Payment Date, in which event such Bonds shall bear interest from their dated date or unless, as shown by the records of the Trustee, interest on the Series 2017 Bonds shall be in default, in which event such Bonds shall bear interest from the date to which interest has been paid in full, or unless no interest shall have been paid on such Bonds, in which event such Bonds shall bear interest from their dated date, payable on each Interest Payment Date at the rates per annum as set forth below:

<u>Maturity</u> <u>(November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
---	-------------------------	----------------------

Interest shall be calculated on the basis of a year of 360 days comprised of twelve 30-day months.



Section 2.3 Redemption. The Series 2017 Bonds maturing on or prior to \_\_\_\_\_ are not subject to redemption prior to maturity. The Series 2017 Bonds maturing on and after \_\_\_\_\_ are subject to redemption prior to maturity at the option of the Issuer, in such order of maturity as may be selected by the Issuer, in whole or in part on any day on and after \_\_\_\_\_, at a redemption price equal to 100% of the principal amount of the Series 2017 Bonds to be redeemed plus accrued interest to the date of redemption.

Section 2.4 Execution of Bonds. The Mayor is hereby authorized to execute by facsimile or manual signature the Series 2017 Bonds and the City Recorder to countersign by facsimile or manual signature the Series 2017 Bonds and to have imprinted, engraved, lithographed, stamped or otherwise placed on the Series 2017 Bonds a facsimile of the official seal of the Issuer, and the Trustee shall manually authenticate the Series 2017 Bonds.

Section 2.5 Delivery of Bonds. It is hereby determined that the Series 2017 Bonds shall be authenticated and delivered to the Underwriter thereof on such date upon which the Issuer and the Underwriter shall mutually agree, upon payment of the purchase price thereof.

Section 2.6 Designation of Registrar. ZB, National Association, One South Main Street, 12th Floor, Salt Lake City, Utah is hereby designated as Registrar for the Series 2017 Bonds, acceptance of which appointment shall be evidenced by execution of this Third Supplemental Indenture by the Registrar.

Section 2.7 Designation of Paying Agent. ZB, National Association, One South Main Street, 12th Floor, Salt Lake City, Utah, is hereby designated as Paying Agent for the Series 2017 Bonds, acceptance of which appointment shall be evidenced by execution of this Third Supplemental Indenture from the Paying Agent.

Section 2.8 Limited Obligation. The Series 2017 Bonds, together with interest thereon, shall be limited obligations of the Issuer payable solely from the Net Revenues (except to the extent paid out of moneys attributable to the Series 2017 Bond proceeds or other funds created hereunder or under the Indenture or the income from the temporary investment thereof).

Section 2.9 Book-Entry System; Limited Obligation of Issuer.

(a) Except as provided in Sections 2.9(b) and 2.9(c), the Registered Owner of all Series 2017 Bonds shall be, and the Series 2017 Bonds shall be registered in the name of Cede & Co. (“Cede”), as nominee of The Depository Trust Company, New York, New York (together with any substitute securities depository appointed pursuant to Section 2.9(c)(ii), “DTC”). Payment of the interest on any Series 2017 Bond shall be made in accordance with the provisions of this Third Supplemental Indenture to the account of Cede on the Interest Payment Dates for the Bonds at the address indicated for Cede in the registration books of the Registrar.

(b) The Series 2017 Bonds shall be initially issued in the form of a separate single fully registered Bond in the amount of each separate stated maturity of the Series 2017 Bonds. Upon initial issuance, the ownership of each such Series 2017 Bond shall be registered in the registration books of the Issuer kept by the Registrar, in the name of Cede, as nominee of DTC. With respect to Series 2017 Bonds so registered in the name of Cede, the Issuer, the Registrar and any Paying Agent shall have no responsibility or obligation to any DTC participant or to any beneficial owner of any of such Series 2017 Bonds. Without limiting the immediately preceding sentence, the Issuer, the Registrar and any Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant with respect to any beneficial ownership interest in the Series 2017 Bonds, (ii) the delivery to any DTC participant, beneficial owner or other person, other than DTC, of any notice with respect to the Series 2017 Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or interest on, any of the Series 2017 Bonds. The Issuer, the Registrar and any Paying Agent may treat DTC as, and deem DTC to be, the absolute owner of each Series 2017 Bond for all purposes whatsoever, including (but not limited to) (1) payment of the principal or redemption price of, and interest on, each such Bond, (2) giving notices of redemption and other matters with respect to such Bonds and (3) registering transfers with respect to such Bonds. So long as the Series 2017 Bonds are registered in the name of Cede & Co., the Paying Agent shall pay the principal or redemption price of, and interest on, all Series 2017 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy fully and discharge the Issuer's obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid. Except as provided in paragraph (c) of this Section 2.9, no person other than DTC shall receive a Bond evidencing the obligation of the Issuer to make payments of principal or redemption price of, and interest on, any such Bond pursuant to this Third Supplemental Indenture. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of the Indenture, the word "Cede" in this Third Supplemental Indenture shall refer to such new nominee of DTC.

Except as provided in Section 2.9(c)(iii), and notwithstanding any other provisions of this Third Supplemental Indenture, the Series 2017 Bonds may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

(c) (i) DTC may determine to discontinue providing its services with respect to the Series 2017 Bonds at any time by giving written notice to the Issuer, the Registrar, and the Paying Agent, which notice shall certify that DTC has discharged its responsibilities with respect to the Series 2017 Bonds under applicable law.

(ii) The Issuer, in its sole discretion and without the consent of any other person, may, by notice to the Registrar, terminate the services of DTC with respect to the Series 2017 Bonds if the Issuer determines that the continuation of the system of book-entry-only transfers through DTC is not in the best interests of the beneficial owners of the Series 2017 Bonds or the Issuer; and the Issuer shall, by notice to the Registrar, terminate the services of DTC with respect to the Series 2017 Bonds upon receipt by the Issuer, the Registrar, and the Paying Agent of written notice from DTC to the effect that DTC has received written notice from DTC participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then outstanding Series 2017 Bonds to the effect that: (1) DTC is unable to discharge its responsibilities with respect to the Series 2017 Bonds; or (2) a continuation of the requirement that all of the outstanding Series 2017 Bonds be registered in the registration books kept by the Registrar in the name of Cede, as nominee of DTC, is not in the best interests of the beneficial owners of the Series 2017 Bonds.

(iii) Upon the termination of the services of DTC with respect to the Series 2017 Bonds pursuant to Section 2.9(c)(ii)(2) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to Section 2.9(c) or Section 2.9(c)(ii)(1) hereof the Issuer may within 90 days thereafter appoint a substitute securities depository which, in the opinion of the Issuer, is willing and able to undertake the functions of DTC hereunder upon reasonable and customary terms. If no such successor can be found within such period, the Series 2017 Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of Cede, as nominee of DTC. In such event, the Issuer shall execute and the Registrar shall authenticate Series 2017 Bond certificates as requested by DTC of like principal amount, maturity and Series, in authorized denominations to the identifiable beneficial owners in replacement of such beneficial owners' beneficial interest in the Series 2017 Bonds.

(iv) Notwithstanding any other provision of this Third Supplemental Indenture to the contrary, so long as any Series 2017 Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal or redemption price of, and interest on, such Series 2017 Bond and all notices with respect to such Series 2017 Bond shall be made and given, respectively, to DTC.

(v) In connection with any notice or other communication to be provided to Holders of Series 2017 Bonds registered in the name of Cede pursuant to this Third Supplemental Indenture by the Issuer or the Registrar with respect to any consent or other action to be taken by such Holders, the Issuer shall establish a record date for such consent or other action by such

Holders and give DTC notice of such record date not less than fifteen (15) days in advance of such record date to the extent possible.

Section 2.10 Perfection of Security Interest.

(a) The Indenture creates a valid and binding pledge and assignment of security interest in all of the Net Revenues pledged under the Indenture in favor of the Trustee as security for payment of the Series 2017 Bonds, enforceable by the Trustee in accordance with the terms thereof.

(b) Under the laws of the State, such pledge and assignment and security interest is automatically perfected by Section 11-14-501, Utah Code Annotated 1953, as amended, and is and shall have priority as against all parties having claims of any kind in tort, contract, or otherwise hereafter imposed on the Net Revenues.

Section 2.11 Series 2017 Bonds as Additional Bonds. The Series 2017 Bonds are issued as Additional Bonds under the Indenture. The Issuer hereby certifies that the requirements set forth in Section 2.13 of the General Indenture have been and will be complied with in connection with the issuance of the Series 2017 Bonds, as follows:

(a) No Event of Default has occurred and is continuing under the Indenture on the date of authentication of the Series 2017 Bonds; and

(b) A certificate has been delivered to the Trustee by an Authorized Representative to the effect that the Net Revenues for any Year in the 24 months immediately preceding the proposed date of issuance of such Additional Bonds were at least equal to 110% of the sum of the Aggregate Annual Debt Service Requirement on all Bonds Outstanding for said Year; and

(c) The Issuer has delivered to the Trustee a certificate from a Qualified Engineer (i) setting forth the Estimated Net Revenues as herein described (assuming, if applicable, the completion of the Project, or any portion thereof, financed with proceeds of the Additional Bonds) either: (A) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Project, or any portion thereof, if proceeds of the Additional Bonds are used to fund interest during the construction period, or (B) if (A) is not the case, for the then current Bond Fund Year and each succeeding Bond Fund Year to and including the second Bond Fund Year succeeding the latest estimated date of completion of the Project, or any portion thereof; and (ii) verifying that the Estimated Net Revenues as shown in (i) above for each of such Bond Fund Years are not less than 110% of the Aggregate Annual Debt Service Requirement for each of such Bond Fund Years with respect to all of the Bond and Additional Bonds which would then be Outstanding (after taking into account any principal reductions resulting from regularly scheduled principal or sinking fund redemption payments) and the Additional Bonds so proposed to be issued; and

(d) All payments required by the Indenture to be made into the Bond Fund have been made in full, and there is on deposit in each account of the Debt



Service Reserve Fund (taking into account any Reserve Instrument coverage) the full amount required to be accumulated therein at the time of issuance of the Series 2017 Bonds; and

(e) The proceeds of the Series 2017 Bonds will be used to finance a Project (including the funding of necessary reserves and the payment of costs of issuance).

## ARTICLE III

### APPLICATION OF PROCEEDS AND FUNDS AND ACCOUNTS

Section 3.1 Application of Proceeds of the Series 2017 Bonds. The Issuer shall deposit with the Trustee the proceeds from the sale of the Series 2017 Bonds (representing the principal amount of the Series 2017 Bonds, plus a net reoffering premium of \$\_\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_\_ ) and the Trustee shall deposit such proceeds as follows:

(a) \$\_\_\_\_\_ into the Series 2017 Construction Account; and

(b) the remaining amount shall be deposited into the Series 2017 Cost of Issuance Account to be held by the Trustee under this Supplemental Indenture and to be used to pay costs of issuance of the Series 2017 Bonds.

Section 3.2 Creation of Series 2017 Accounts. There is hereby established with the Trustee a Series 2017 Construction Account and a Series 2017 Costs of Issuance Account.

Section 3.3 [No Debt Service Reserve Requirement for the Series 2017 Bonds]. There is no debt service reserve requirement for the Series 2017 Bonds.]

Section 3.4 Payment of Costs of Issuance. Costs of issuance shall be paid by the Trustee from the Series 2017 Cost of Issuance Account upon receipt from the Issuer of an executed Cost of Issuance Disbursement Request in substantially the form of Exhibit B attached hereto. Any unexpended balance remaining in the Series 2017 Cost of Issuance Account 30 days after delivery of the Series 2017 Bonds shall be paid to the Issuer for payment of its additional costs of issuance.

## ARTICLE IV

### MISCELLANEOUS

Section 4.1 Confirmation of General Indenture. As supplemented by this Third Supplemental Indenture, and except as provided herein, the General Indenture is in all respects ratified and confirmed, and the General Indenture, and this Third Supplemental Indenture shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the General Indenture shall apply and remain in full force and effect with respect to this Third Supplemental Indenture, and to any revenues, receipts and moneys to be derived therefrom.

Section 4.2 Confirmation of Sale of Series 2017 Bonds. The sale of the Series 2017 Bonds to the Underwriter at a price of \$\_\_\_\_\_ (the total principal amount of the Series 2017 Bonds plus a net reoffering premium of \$\_\_\_\_\_, less an Underwriter's discount in the amount of \$\_\_\_\_\_), is hereby ratified, confirmed and approved.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Third Supplemental Indenture of Trust to be executed as of the date first written above.

SANDY CITY, UTAH

(SEAL)

By: \_\_\_\_\_  
Mayor

COUNTERSIGN:

By: \_\_\_\_\_  
City Recorder

ZB, NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

Title: \_\_\_\_\_



EXHIBIT A

(FORM OF SERIES 2017 BOND)

Unless this certificate is presented by an authorized representative of the Depository Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of the Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA  
STATE OF UTAH  
SANDY CITY, UTAH  
WATER REVENUE BOND  
SERIES 2017

Number R - \_\_\_\_\_ \$ \_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
	November 15, ____		800280 ____

Registered Owner: CEDE & CO.

Principal Amount: \_\_\_\_\_ DOLLARS

Sandy City, Utah (“Issuer”), a political subdivision and body politic duly organized and existing under the Constitution and laws of the State of Utah, for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner named above or registered assigns, out of the special fund hereinbelow designated and not otherwise, the Principal Amount specified above on the Maturity Date specified above with interest thereon until paid at the Interest Rate specified above per annum, payable semiannually on May 15 and November 15 of each year commencing \_\_\_\_\_ (each an “Interest Payment Date”) until said Principal Amount is paid. Principal and premium, if any, shall be payable upon surrender of this Bond at the principal offices of ZB, National Association, Corporate Trust Department, One South Main Street, 12th Floor, Salt Lake City, Utah 84133 (“Trustee” and “Paying Agent”) or its successors. Interest on this Bond shall be payable by check or draft mailed to the Registered Owner hereof at his address as it appears on the registration books of the Paying Agent, who shall also act as the Registrar for the Issuer, or at such other address as is furnished to the Paying Agent in writing by such Registered Owner. Interest hereon shall be deemed to be paid by the Paying Agent when mailed. Both principal and interest shall be payable in lawful money of the United States of America.

This Bond is one of an issue of Bonds of the Issuer designated as the “Water Revenue Bonds, Series 2017 (the “Series 2017 Bonds”) in the aggregate principal amount of \$\_\_\_\_\_, of like tenor and effect, except as to date of maturity and interest rate, numbered R-1 and upwards, issued by the Issuer pursuant to a General Indenture of Trust dated as of April 1, 2004, as previously amended and supplemented (the “General Indenture”), as further amended and supplemented by a Third Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2017 (collectively with the General Indenture, the “Indenture”) and a resolution adopted on March 7, 2017 (the “Bond Resolution”), for the purpose of (i) financing \_\_\_\_\_ and (ii) paying certain issuance expenses, all in full conformity with the Constitution and laws of the State of Utah. Both principal of and interest on this Bond and the issue of which it is a part are payable solely from a special fund designated “Sandy City, Utah Water Revenue Bond Fund” (the “Bond Fund”), into which fund, to the extent necessary to assure prompt payment of the principal of and interest on the issue of which this is one and on all series of bonds issued on a lien parity with this Bond shall be paid the Net Revenues (as defined in the Indenture) derived and to be derived from the Issuer’s water system (the “System”) all as more fully described and provided in the Indenture.

Pursuant to the Indenture, the Issuer has previously issued its Water Revenue Refunding Bonds, Series 2012 (the “Series 2012 Bonds”) and the Series 2017 Bonds are issued on a parity with the Series 2012 Bonds. As provided in the Indenture, additional bonds, notes and other obligations of the Issuer may be issued and secured on an equal lien parity with the Series 2012 Bonds and Series 2017 Bonds, from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Indenture, and the aggregate principal amount of such bonds, notes and other obligations issued and to be issued under the Indenture is not limited.

As more fully provided in the Indenture, the Series 2017 Bonds shall be payable only from the Net Revenues and shall not constitute a general indebtedness or pledge of the full faith and credit of the Issuer, within the meaning of any constitutional or statutory provision or limitation of indebtedness.

Reference is hereby made to the Indenture, copies of which are on file with the Trustee, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Issuer, the Trustee and the Registered Owners of the Series 2017 Bonds, the terms upon which the Series 2017 Bonds are issued and secured, and upon which the Indenture may be modified and amended, to all of which the Registered Owner of this Bond assents by the acceptance of this Bond.

Except as otherwise provided herein and unless the context indicates otherwise, words and phrases used herein shall have the same meanings as such words and phrases in the Indenture.

Interest on the initially issued Bonds and on all Series 2017 Bonds authenticated prior to the first Interest Payment Date shall accrue from the Original Issue Date specified above. Interest on the Series 2017 Bonds authenticated on or subsequent to the first Interest

Payment Date shall accrue from the Interest Payment Date next preceding their date of authentication, or if authenticated on an Interest Payment Date as of that date; provided, however, that if interest on the Series 2017 Bonds shall be in default, interest on the Series 2017 Bonds issued in exchange for Series 2017 Bonds surrendered for transfer or exchange shall be payable from the date to which interest has been paid in full on the Series 2017 Bonds surrendered.

The Bonds are subject to redemption prior to maturity upon the terms and with notice as provided in the Indenture.

The Bonds are issued as fully registered Bonds. Subject to the limitations and upon payment of the charges provided in the Indenture, registered Bonds may be exchanged for a like aggregate principal amount of registered Bonds of other authorized denominations of the same series and the same maturity.

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

The Issuer and the Paying Agent may deem and treat the Registered Holder hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and neither Issuer nor Paying Agent shall be affected by any notice to the contrary.

This Bond is issued under and pursuant to the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and this Bond does not constitute a general obligation indebtedness of the Issuer within the meaning of any state constitutional or statutory limitation. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

The Issuer covenants and agrees that it will cause to be collected and accounted for sufficient Net Revenues as will at all times be sufficient to pay promptly the principal of and interest on this Bond and the issue of which it forms a part and to make all payments required to be made into the Bond Fund, and to carry out all the requirements of the Indenture.

It is hereby declared and represented that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in regular and due time, form and manner as required by law, that the amount of this Bond, together with the issue of which it forms a

part, does not exceed any limitation prescribed by the Constitution or statutes of the State of Utah, that the Net Revenues of the Issuer have been pledged and that an amount therefrom will be set aside into a special fund by the Issuer sufficient for the prompt payment of the principal of and interest on this Bond and the issue of which it forms a part, as authorized for issue under the Indenture, and that upon the issuance of the Series 2017 Bonds the Net Revenues of the Issuer will not have been pledged, hypothecated or anticipated in any way other than by the issue of the Bonds of which this Bond is one and all bonds issued on a parity with this Bond.

This Bond shall not be valid or become obligatory for any purpose nor be entitled to any security or benefit under the Indenture until the Certificate of Authentication on this Bond shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by the manual or facsimile signature of its Mayor and countersigned by the manual or facsimile signature of its City Recorder under its corporate seal or a facsimile thereof.

(SEAL)

\_\_\_\_\_  
(facsimile or manual signature)

Mayor

COUNTERSIGN:

\_\_\_\_\_  
(facsimile or manual signature)

City Recorder

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Water Revenue Bonds, Series 2017 of Sandy City, Utah.

ZB, NATIONAL ASSOCIATION, As  
Trustee

By: \_\_\_\_\_ (Manual Signature)  
Authorized Officer

Date of Authentication: \_\_\_\_\_



ASSIGNMENT

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

\_\_\_\_\_  
(Social Security or Other Identifying Number of Assignee)

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

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

Signature: \_\_\_\_\_

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

Signature Guaranteed:

\_\_\_\_\_

NOTICE: The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM – as tenants in common
- TEN ENT – as tenants by the entireties
- JT TEN – as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT \_\_\_\_\_  
(Cust.)

Custodian for \_\_\_\_\_  
(Minor)

under Uniform Gifts to Minors Act of \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the above list.

EXHIBIT B

COST OF ISSUANCE DISBURSEMENT REQUEST

ZB, National Association  
Corporate Trust Department  
One South Main Street, 12th Floor  
Salt Lake City, Utah 84133

Pursuant to Section 3.4 of the Third Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2017, you are hereby authorized to pay to the following costs of issuance from the Series 2017 Costs of Issuance Account:

[See Attached Schedule]

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MAYOR  
SANDY CITY, UTAH

COSTS OF ISSUANCE

<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
--------------	----------------	---------------

\$ \_\_\_\_\_  
SANDY CITY, UTAH  
WATER REVENUE BONDS,  
SERIES 2017

\_\_\_\_\_  
BOND PURCHASE AGREEMENT  
\_\_\_\_\_

\_\_\_\_\_, 2017

Sandy City, Utah  
10000 Centennial Parkway  
Sandy, Utah 84070

The undersigned, \_\_\_\_\_ and \_\_\_\_\_ as underwriters (the “Underwriters”), and not as fiduciaries or agents for you, offer to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with Sandy City, Utah (the “Issuer”) which, upon the acceptance by the Issuer of this offer, shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriters.

This offer is made subject to your acceptance and approval on or before 11:59 P.M., Utah Time, on \_\_\_\_\_, 2017. Terms not otherwise defined herein shall have the same meanings as are set forth in the hereinafter referred to Preliminary Official Statement.

ARTICLE I

SALE, PURCHASE AND DELIVERY

Section 1.1 (a) On the basis of the representations, warranties and agreements contained herein and upon the terms and conditions herein set forth, the Underwriters hereby agree to purchase, and the Issuer hereby agrees to sell to the Underwriters, all, but not less than all, of the Issuer’s \$ \_\_\_\_\_ aggregate principal amount of Water Revenue Bonds, Series 2017 (the “Series 2017 Bonds”), at a purchase price of \$ \_\_\_\_\_ (representing the principal amount of the Series 2017 Bonds, plus a net reoffering premium of \$ \_\_\_\_\_ and less an Underwriters’ discount of \$ \_\_\_\_\_) plus accrued interest, if any, from their dated date to the date of delivery of the Series 2017 Bonds to the Underwriters. The Series 2017 Bonds will mature on the dates and in the amounts and bear interest at the rates per annum as set forth in Exhibit A hereto. The Series 2017 Bonds shall be as described in the Official Statement dated \_\_\_\_\_, 2017, of the Issuer relating to the Series 2017 Bonds (together with all appendices thereto, the “Official Statement”) and shall be issued and secured under and pursuant to a General Indenture of Trust dated April 1, 2004, as heretofore amended and supplemented (the “General Indenture”), and as further amended and supplemented by a Third Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2017 (the “Third Supplemental Indenture,” and together with the General Indenture, the “Indenture”), each

by and between the Issuer and ZB, National Association, as successor trustee (the “Trustee”), all as authorized pursuant to a resolution adopted by the Issuer on March 7, 2017 (the “Resolution”). The Series 2017 Bonds are payable from and secured solely by (i) all revenues, fees, income, rents and receipts derived by the Issuer (as further defined in the Indenture, the “Revenues”) from or attributable to the water facilities owned and operated by the Issuer (collectively, the “System”) after payment of operation and maintenance costs of the System as provided in the Indenture (“Net Revenues”), and (ii) all funds (other than the Rebate Fund and the Repair and Replacement Fund) established by the Indenture. The Series 2017 Bonds are being issued pursuant to the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the “Act”). The proceeds from the sale of the Series 2017 Bonds will be used for the purpose of (a) financing \_\_\_\_\_ (the “Project”) and (b) paying costs of issuance of the Series 2017 Bonds.

(b) The Issuer has previously issued its Water Revenue Refunding Bonds, Series 2012 (the “Outstanding Parity Bonds”), which are payable from and secured by a pledge of the Net Revenues on a parity with the Series 2017 Bonds.

Section 1.2 The Underwriters agree to make a public offering of the Series 2017 Bonds at the initial offering prices or yields set forth on the inside front cover of the Official Statement. The Underwriters may, however, change such initial offering prices or yields as they deem necessary in connection with the marketing of the Series 2017 Bonds and offer and sell the Series 2017 Bonds to certain dealers (including dealers depositing the Series 2017 Bonds into investment trusts) and others at prices lower than the initial offering prices or yields set forth in the Official Statement. The Underwriters also reserve the right (a) to over-allot or effect transactions which stabilize or maintain the market prices of the Series 2017 Bonds at levels above those which might otherwise prevail in the open market and (b) to discontinue such transactions, if commenced, at any time without prior notice.

Section 1.3 (a) By acceptance and approval of this Purchase Agreement, the Issuer hereby authorizes the use of copies of the following in connection with the public offering and sale of the Series 2017 Bonds: the Official Statement and the Indenture. The Issuer hereby agrees to provide to the Underwriters within seven business days of the date hereof sufficient copies of the Official Statement to enable the Underwriters to comply with the requirements of paragraph (b)(4) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board (the “MSRB”). The Issuer has heretofore “deemed final” the Preliminary Official Statement dated \_\_\_\_\_, 2017, relating to the Series 2017 Bonds (the “Preliminary Official Statement”) for purposes of paragraph (b)(1) of Rule 15c2-12 and acknowledges and ratifies the use by the Underwriters prior to the date hereof, of the Preliminary Official Statement in connection with the public offering of the Series 2017 Bonds.

(b) In order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12, the Issuer will undertake, pursuant to a Continuing Disclosure Undertaking to be dated as of the Closing Date (the “Continuing Disclosure Undertaking”) to provide



annual reports and notices of certain events to the MSRB pursuant to the requirements of Section (b)(5) of Rule 15c2-12.

Section 1.4 At 9:00 a.m., Utah time, on \_\_\_\_\_, 2017, or on such later date as shall be agreed upon in writing by the Issuer and the Underwriters (the “Closing Date”), the Issuer will cause the Series 2017 Bonds to be delivered to the Underwriters in definitive form, duly executed and authenticated, and will deliver to the Underwriters the other documents herein mentioned at the offices of Gilmore & Bell, P.C., Salt Lake City, Utah, or such other location as may be mutually agreed upon by the Issuer and the Underwriters. The Underwriters will accept such delivery and pay the purchase price of the Series 2017 Bonds as set forth in Section 1.1(a) hereof by wire transfer, payable in Federal Funds or other immediately available funds to the order of the Trustee (such delivery and payment are herein called the “Closing”). The Series 2017 Bonds shall be issued in the form of one fully registered Bond for each maturity of the Series 2017 Bonds, shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”).

## ARTICLE II

### REPRESENTATIONS, WARRANTIES AND

### AGREEMENTS OF ISSUER

By its acceptance hereof, the Issuer represents and warrants to and covenants with the Underwriters that:

Section 2.1 The Issuer is a political subdivision and body politic duly organized and existing under the laws of the State of Utah with full power and authority to consummate the transactions contemplated by this Purchase Agreement, the Indenture, and the Official Statement, including the execution, delivery and/or approval of all documents and agreements referred to herein or therein.

Section 2.2 The Issuer has duly adopted and approved the Resolution in accordance with all requirements of Utah law and procedural rules of those respective bodies, and the Resolution is in full force and effect on the date hereof.

Section 2.3 The adoption of the Resolution and the execution and delivery of the Continuing Disclosure Undertaking, the Indenture, and this Purchase Agreement, compliance by the Issuer with the provisions of any or all of the foregoing documents and the application of the proceeds of the Series 2017 Bonds for the purposes described in the Preliminary Official Statement do not and will not conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any existing law, court or administrative regulation, decree or order, agreement, indenture, mortgage, lease or instrument to which the Issuer is a party or by which the Issuer or any of its property is or may be bound.

Section 2.4 The Issuer has duly authorized all necessary action to be taken by it for the adoption of the Resolution; the issuance and sale of the Series 2017 Bonds by the

Issuer upon the terms and conditions set forth herein, in the Official Statement and in the Indenture; and the execution, delivery and receipt of this Purchase Agreement, the Indenture and the Continuing Disclosure Undertaking, and any and all such agreements, certificates and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, effectuate and consummate the transactions contemplated hereby and by the Official Statement, including but not limited to such certifications as may be necessary to establish and preserve the excludability from gross income for federal income tax purposes of interest on the Series 2017 Bonds.

Section 2.5 Except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court or administrative body pending or, to the best of the Issuer's knowledge, threatened against the Issuer, or to the knowledge of the Issuer, any meritorious basis therefor, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the operation of the System, the Revenues of the System, the financial condition of the Issuer or the transactions contemplated by this Purchase Agreement and the Preliminary Official Statement, or would have an adverse effect on the validity or enforceability of the Series 2017 Bonds, the Resolution, the Indenture, or the Continuing Disclosure Undertaking, or which would in any way adversely affect the existence or any power of the Issuer or the titles of its officers to their respective positions or which would in any way adversely affect the excludability from gross income for federal income tax purposes of interest on the Series 2017 Bonds.

Section 2.6 When delivered to and paid by the Underwriters at the Closing in accordance with the provisions of this Purchase Agreement, the Series 2017 Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding special limited obligations of the Issuer in conformity with, and entitled to the benefit and security of the Indenture.

Section 2.7 The Issuer is not in breach of or in default under any existing law, court or administrative regulation, decree or order, ordinance, resolution, agreement, indenture, mortgage, lease, sublease or other instrument to which the Issuer is a party or by which the Issuer or its property is bound; and the execution and delivery of the Series 2017 Bonds, the Continuing Disclosure Undertaking, the Indenture, and this Purchase Agreement, and compliance with the provisions thereof, will not conflict with or constitute a breach or a default under any law, administrative regulation, judgment, decree, loan agreement, mortgage, indenture, deed of trust, note, resolution, agreement or other instrument to which the Issuer or its property is or may be bound.

Section 2.8 No event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under the Indenture, the Continuing Disclosure Undertaking or this Purchase Agreement, or which could have a material adverse effect on the financial condition of the Issuer, the operation of the System, the Revenues of the System or the transactions contemplated by this Purchase Agreement and the Preliminary Official Statement, or have an adverse effect on the validity or enforceability in accordance with their respective terms of the Series 2017 Bonds, the Resolution, the Indenture or the Continuing Disclosure Undertaking or in

any way adversely affect the existence or any powers of the Issuer or the titles of its officers to their respective positions or the excludability from gross income for federal income tax purposes of interest on the Series 2017 Bonds.

Section 2.9 The information contained in the Preliminary Official Statement was, as of its date, and the information contained in the Official Statement is as of its date and will be, as of the Closing Date, true and correct in all material respects. The Preliminary Official Statement does not contain, and the Official Statement, as of its date and as of the Closing Date, will not contain any untrue statement of a material fact, and the Preliminary Official Statement does not omit and the Official Statement, as of its date and as of the Closing Date, will not omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not be deemed to cover or apply to (a) information provided to the Issuer in writing by the Underwriters or the Issuer's municipal advisor and included on the cover page or inside front cover page of the Preliminary Official Statement or the Official Statement regarding the principal amount, interest rates, maturities and initial public offering prices of the Series 2017 Bonds or (b) statements in the Preliminary Official Statement or the Official Statement relating to DTC, or its book-entry system.

Section 2.10 The Issuer has full power and authority to own and operate the System and to establish and collect the rates for the services provided by the System.

Section 2.11 The Issuer will not take or omit to take any action which will in any way cause the proceeds from the sale of the Series 2017 Bonds to be applied or result in such proceeds being applied in a manner other than as provided in the Indenture.

Section 2.12 The Issuer hereby authorizes the use of the Official Statement, including all amendments and supplements thereto, by the Underwriters in connection with the public offering and sale of the Series 2017 Bonds and consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering and sale of the Series 2017 Bonds.

Section 2.13 The Issuer agrees to reasonably cooperate with the Underwriters in any endeavor to qualify the Series 2017 Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriters may request; provided, however, that the Issuer shall not be required with respect to the offer or sale of the Series 2017 Bonds to file written consent to suit or to file written consent to service of process in any jurisdiction. The Issuer hereby consents to the use of the Official Statement by the Underwriters in obtaining such qualification.

Section 2.14 If between the date of this Purchase Agreement and 25 days following the "end of the underwriting period" (as defined under Rule 15c2-12), any event shall occur which might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstance under which they were made, not misleading, the Issuer shall notify the Underwriters and if, in the

opinion of the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer will supplement or amend the Official Statement in a form and in a manner approved by the Underwriters. If the Official Statement is so supplemented or amended prior to the Closing, such approval by the Underwriters of a supplement or amendment to the Official Statement shall not preclude the Underwriters from thereafter terminating this Purchase Agreement, and if the Official Statement is amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriters may terminate this Purchase Agreement by notification to the Issuer at any time prior to the Closing if, in the reasonable judgment of the Underwriters, such amendment or supplement has or will have a material adverse effect on the marketability of the Series 2017 Bonds.

Section 2.15 When executed by the respective parties thereto, this Purchase Agreement, the Indenture and the Continuing Disclosure Undertaking will constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms.

Section 2.16 The Issuer has complied, and will at the Closing be in compliance in all respects, with the obligations on its part contained in the Continuing Disclosure Undertaking, this Purchase Agreement, the Indenture, and any and all other agreements relating thereto.

Section 2.17 Each representation, warranty or agreement stated in any certificate signed by any officer of the Issuer and delivered to the Underwriters at or before the Closing shall constitute a representation, warranty, or agreement by the Issuer upon which the Underwriters shall be entitled to rely.

Section 2.18 The Issuer has obtained or will obtain all necessary licenses, permits, consents and approvals of any kind of any governmental body in order to operate the System.

Section 2.19 The Issuer has obtained or will obtain all necessary title, rights of way and easements in order to operate the System.

Section 2.20 With the exception of the Outstanding Parity Bonds, the Issuer has not otherwise pledged or assigned the Revenues other than to secure and pay the Series 2017 Bonds and the Series 2017 Bonds enjoy a first lien and pledge on the Net Revenues on a parity with the Outstanding Parity Bonds.

Section 2.21 The use of the System complies with, all applicable federal, State of Utah and local laws or ordinances (including rules and regulations) relating to zoning, building, safety, wetlands preservation and environmental quality.

Section 2.22 The Issuer has duly authorized and approved the issuance of the Series 2017 Bonds, the execution and delivery of the Indenture and this Purchase Agreement.

Section 2.23 Except as described in the Preliminary Official Statement, the Issuer is in compliance with each undertaking it has entered into pursuant to Rule 15c2-12 of the Securities Exchange Commission.

### ARTICLE III

#### UNDERWRITERS' CONDITIONS

Section 3.1 The Underwriters have entered into this Purchase Agreement in reliance upon the performance by the Issuer of its obligations hereunder. The Underwriters' obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(i) At the time of Closing, (1) the Official Statement, the Indenture, the Resolution, the Continuing Disclosure Undertaking and this Purchase Agreement shall be in full force and effect and shall not have been revoked, rescinded, repealed, amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriters, and (2) the Issuer shall have duly adopted and there shall be in full force and effect such resolutions and ordinances as, in the opinion of Gilmore & Bell, P.C., bond counsel to the Issuer ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby.

(ii) The Underwriters may terminate their obligations hereunder by written notice to the Issuer if, at any time subsequent to the date hereof and on or prior to the Closing Date:

(A) Legislation shall have been enacted by the Congress, introduced in the Congress, or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or (B) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (C) an order, ruling, regulation, or communication (including a press release) shall have been issued by the Treasury Department of the United States or the Internal Revenue Service or (D) any action shall be taken or statement made by or on behalf of the President of the United States or the Department of Treasury or the Internal Revenue Service or any member of the United States Congress which indicates or implies that legislation will be introduced in the current or next scheduled session of the United States Congress, with the purpose or effect, directly or indirectly, of requiring the inclusion in gross income for



federal income tax purposes of interest to be received by any owners of the Series 2017 Bonds; or

(B) Legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which, in the opinion of the Underwriters, has the effect of requiring the offer or sale of the Series 2017 Bonds to be registered under the Securities Act of 1933, as amended, or any other “security,” as defined in the Securities Act of 1933, as amended, issued in connection with or as part of the issuance of the Series 2017 Bonds to be so registered or the Indenture to be qualified as an indenture under the Trust Indenture Act of 1939, as amended; or any event shall have occurred or shall exist which, in the reasonable judgment of the Underwriters, makes or has made untrue or incorrect in any respect any statement or information contained in the Official Statement or is not or was not reflected in the Official Statement but should be or should have been reflected therein in order to make the statements or information contained therein not misleading in any material respect; or

(C) In the reasonable judgment of the Underwriters, it is impractical or inadvisable for the Underwriters to market or sell or enforce agreements to sell Series 2017 Bonds because (A) trading in securities generally shall have been suspended on the New York Stock Exchange, Inc., or a general banking moratorium shall have been established by federal or the State of Utah authorities, or (B) the State of Utah shall have taken any action, whether administrative, legislative, judicial or otherwise, which would have a material adverse effect on the marketing or sale of the Series 2017 Bonds, including any action relating to (i) the tax-exempt status under Utah law of the interest to be received by any owner of the Series 2017 Bonds, or (ii) a limitation on the ability of the Issuer to fix and collect rates for the System, or (C) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crises, financial or otherwise, (D) a war involving the United States of America shall have been declared or any other conflict involving the armed forces of the United States of America has escalated, in either case to such a magnitude as to materially adversely affect the Underwriters’ ability to market the Series 2017 Bonds, (E) there shall have occurred the declaration of a general banking moratorium by any authority of the United States or the States of New York or Utah or if any material disruption in commercial banking or securities settlement or clearance services shall have occurred; or

(D) Any financial rating assigned to the Series 2017 Bonds, or any other obligations of the Issuer, by Standard & Poor's Ratings Services ("S&P"), Fitch Ratings ("Fitch"), or Moody's Investors Service, Inc. ("Moody's"), as the case may be, shall have been downgraded, withdrawn, or any other action taken, and such action, in the opinion of the Underwriters, has a material adverse effect on the marketability of the Series 2017 Bonds; or

(E) Any litigation shall be instituted, pending or threatened (A) to restrain or enjoin the issuance, sale or delivery of the Series 2017 Bonds, (B) to restrain or enjoin the operation of the System, (C) in any way contesting or affecting any authority for or the validity of the Series 2017 Bonds, any of the proceedings of the Issuer or the Trustee taken with respect to the issuance or sale thereof, the pledge, appropriation or application of any moneys or securities provided for the payment of the Series 2017 Bonds or (D) in any way contesting or affecting the existence or powers of the Issuer or the Trustee or the titles of their officers to their respective offices; or

(F) Any other event or circumstances shall have occurred which shall be beyond the reasonable control of the Underwriters and, in the opinion of the Underwriters, might in any way have a material adverse effect on the marketability of the Series 2017 Bonds.

(iii) At or prior to the Closing, the Underwriters shall receive the following:

(A) (1) The approving opinion of Gilmore & Bell, P.C., Bond Counsel, dated the Closing Date, in substantially the form attached as Appendix E to the Official Statement and (2) the approving opinion of Issuer's Counsel, dated the closing date, in form and substance satisfactory to the Underwriters and Bond Counsel;

(B) The supplemental opinion of Gilmore & Bell, P.C., dated the Closing Date and addressed to the Underwriters, substantially in the form attached hereto as Exhibit B;

(C) The Issuer's certificate, dated the Closing Date, signed by the Mayor of the Issuer and the City Recorder of the Issuer and in form and substance satisfactory to the Underwriters and Bond Counsel, to the effect that (A) the representations of the Issuer herein are true and correct in all material respects as of the Closing Date as if made on the Closing Date; (B) no litigation is pending or, to the best of their knowledge, threatened against the Issuer (i) to restrain

or enjoin the issuance or delivery of any of the Series 2017 Bonds, the operation of the System, or the collection of Revenues under the Indenture, (ii) in any way contesting or affecting the authority for the issuance of the Series 2017 Bonds or the adoption of the Resolution or the execution and delivery of the Indenture, the Continuing Disclosure Undertaking or this Purchase Agreement, the validity or enforceability of the Series 2017 Bonds, the Indenture, the Continuing Disclosure Undertaking or this Purchase Agreement, or the excludability from gross income for federal income tax purposes of interest on the Series 2017 Bonds, (iii) questioning or challenging the power of the Issuer to own and operate the System or to fix, charge and collect rates and charges in connection therewith, or (iv) in any way contesting the organization, existence or powers of the Issuer or the titles of its officers to their respective offices, or (v) contesting or attempting to restrain or enjoining the application of the proceeds thereof or the payment, collection or application of Revenues or the pledge of Net Revenues, or of other moneys, rights and interests pledged pursuant to the Indenture or the adoption of the Resolution; (C) the descriptions and information contained in the Official Statement relating to the Issuer, its organization and financial and other affairs, the System and the application of the proceeds of sale of the Series 2017 Bonds are correct in all material respects, as of the date of the Official Statement and as of the Closing Date; (D) such descriptions and information, as of the date of the Official Statement did not, and as of the Closing Date do not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (E) no event affecting the Issuer has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to be disclosed therein in order to make the statements and information therein not misleading in any material respect; (F) the Indenture, the Continuing Disclosure Undertaking, and this Purchase Agreement have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, the Indenture, the Continuing Disclosure Undertaking, and this Purchase Agreement constitute legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and by the availability of equitable remedies; (G) the Resolution has been duly adopted and has not been modified, amended or repealed; and (H) the execution and delivery of the Indenture, the Continuing Disclosure Undertaking,

and this Purchase Agreement and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any indenture, mortgage, deed of trust, agreement or other instrument to which the Issuer is a party or any law, public administrative rule or regulation, court order or consent decree to which the Issuer is subject;

(D) Copies of each of the Resolution, the Indenture, and the Continuing Disclosure Undertaking, each duly executed by each of the parties thereto;

(E) Copies of the Tax Certificate of the Issuer, relating to matters affecting the excludability from gross income for federal income tax purposes of interest on the Series 2017 Bonds, including the use of proceeds of sale of the Series 2017 Bonds and matters relating to arbitrage rebate pursuant to Section 148 of the Code and the applicable regulations thereunder, in form and substance satisfactory to Bond Counsel;

(F) Copies of the Official Statement executed on behalf of the Issuer by the Mayor of the Issuer;

(G) Evidence satisfactory to the Underwriters that the Series 2017 Bonds have received ratings of “\_\_” and “\_\_\_” from [S&P and Moody’s], respectively;

(H) All documents, certificates and opinions required by the Indenture; and

(I) Such additional legal opinions, certificates, instruments and other documents as the Underwriters or Bond Counsel may reasonably request.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters, and the Underwriters shall have the right to waive any condition set forth in this Section.

## ARTICLE IV

### EXPENSES

All expenses and costs in connection with the authorization, issuance and sale of the Series 2017 Bonds to the Underwriters, including rating agency fees, the costs of printing of the Series 2017 Bonds, advertising costs, the costs of printing, duplicating and mailing the Preliminary Official Statement, the Official Statement, the initial fees of the Trustee in connection with the issuance of the Series 2017 Bonds, the fees and expenses of Municipal Advisor, Bond Counsel and counsel to the Issuer, verification agent fees, and travel and other expenses shall be costs and expenses of the Issuer and shall be paid by the Issuer.

The Underwriters shall pay their customary costs in connection with the sale of the Series 2017 Bonds to the Underwriters.

## ARTICLE V

### GENERAL

Section 5.1 Any notice or other communication to be given to the Underwriters under this Purchase Agreement may be given by delivering the same in writing to [Underwriter], \_\_\_\_\_; Attention: \_\_\_\_\_. Any notice or other communication to be given to the Issuer under this Purchase Agreement may be given by delivering the same in writing to Sandy City, 10000 Centennial Parkway, Sandy, Utah 84070, Attention: Mayor, with a copy thereof to Issuer's counsel, Robert Wall, Esq., at 10000 Centennial Parkway, Sandy, Utah 84070. The approval or other action or exercise of judgment by the Underwriters shall be evidenced by a writing signed on behalf of the Underwriters and delivered to the Issuer.

Section 5.2 This Purchase Agreement is made solely for the benefit of the Issuer and the Underwriters (including their respective successors or assigns) and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties, covenants and agreements contained herein shall remain operative and in full force and effect and shall survive delivery of and payment of the Series 2017 Bonds hereunder and regardless of any investigation made by the Underwriters or on their behalf.

Section 5.3 This Purchase Agreement shall be governed by the laws of the State of Utah.

Section 5.4 This Purchase Agreement 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.

Section 5.5 The Issuer acknowledges and agrees that (i) the purchase and sale of the Series 2017 Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Issuer and the Underwriters, (ii) in connection

therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as agents, advisors or fiduciaries of the Issuer, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the Issuer with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters) and the Underwriters have no obligation to the Issuer with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriters are not acting as municipal advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), and (v) the Issuer consulted its own legal, financial and other advisors to the extent it deemed appropriate in connection with the offering of the Series 2017 Bonds, and (vi) the Issuer received from \_\_\_\_\_ its letter dated \_\_\_\_\_ and from \_\_\_\_\_ its letter dated \_\_\_\_\_, each addressed to the Issuer concerning the Underwriters' disclosure obligations relating to the Series 2017 Bonds under MSRB Rule G-17 and the Issuer on \_\_\_\_\_ and on \_\_\_\_\_, respectively, acknowledged receipt of such letters.

(Signature page(s) follow)



This Purchase Agreement shall become effective upon the execution by \_\_\_\_\_, as representative of the Underwriters, and the Issuer.

Very truly yours,

\_\_\_\_\_, on behalf of itself and \_\_\_\_\_, as the Underwriters

By: \_\_\_\_\_

Title: \_\_\_\_\_

SANDY CITY, UTAH

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Recorder

(SEAL)

SCHEDULE A

\$ \_\_\_\_\_  
SANDY CITY, UTAH  
WATER REVENUE BONDS,  
SERIES 2017

<u>Maturity Date</u> ( <u>November 15</u> )	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
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EXHIBIT B

(FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL)

\_\_\_\_\_, 2017

[Underwriter]

Re:    \$\_\_\_\_\_ Sandy City, Utah Water Revenue Bonds, Series 2017

We have acted as bond counsel to Sandy City, Utah (the “Issuer”) in connection with the issuance of its \$\_\_\_\_\_ aggregate principal amount of Water Revenue Bonds, Series 2017 (the “Bonds”), issued under and pursuant to a General Indenture of Trust dated April 1, 2004, as heretofore amended and supplemented (the “General Indenture”), and as further supplemented by a Third Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2017 (the “Third Supplemental Indenture,” and together with the General Indenture, the “Indenture”), each by and between the City and ZB, National Association, as successor trustee.

In that connection, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, opinions, records and other instruments as we deemed necessary or appropriate for the purpose of this opinion, including, without limitation, the Indenture, the Official Statement of the Issuer dated \_\_\_\_\_ relating to the Bonds (the “Official Statement”), and the Bond Purchase Agreement dated \_\_\_\_\_ (the “Purchase Agreement”) by and between the Issuer and \_\_\_\_\_ and \_\_\_\_\_ (together, the “Underwriter”).

In arriving at the conclusions hereinafter expressed, we are not expressing any opinion or view on, and are assuming and relying on, the validity, accuracy and sufficiency of the documents, certificates and opinions referred to above (including the accuracy of all factual matters represented and legal conclusions contained therein). We have assumed that all documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

Based on and subject to the foregoing, and in reliance thereon, we are of the opinion that:

1.       The Purchase Agreement has been duly authorized, executed and delivered by the Issuer.
2.       The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.
3.       The statements in the Official Statement under the captions entitled [“THE SERIES 2017 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “TAX MATTERS” and “APPENDIX B—EXTRACTS OF CERTAIN

PROVISIONS OF THE INDENTURE”] insofar as such statements purport to summarize certain provisions of the Bonds and the Indenture and our firm’s opinion concerning the federal tax implications of certain aspects of the Bonds, present a fair and accurate summary or extract of such provisions and implications in all material respects.

Because the primary purpose of our professional engagement as bond counsel was not to establish factual matters and because of the wholly or partially nonlegal character of many determinations involved in the preparation of the Official Statement, we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement other than those set forth in the immediately preceding paragraph above and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in our capacity as bond counsel, we met in conferences with your representatives, representatives of and counsel for the Issuer, the financial advisor to the Issuer and others, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences, and in reliance thereon and on the documents, certificates and opinions herein mentioned, we advise you that, during the course of our service as bond counsel, no information came to the attention of the attorneys of our firm rendering legal services in connection with such service, which caused them to believe that the Official Statement as of its date and as of the date of this opinion contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no opinion or belief is expressed as to the financial statements, numerical, financial, economic, demographic and statistical data, forecasts, charts, estimates, projections, assumptions, expressions of opinion, any information about book-entry and The Depository Trust Company, and information contained under the captions [“ESTIMATED SOURCES AND USES OF FUNDS,” “DEBT SERVICE SCHEDULE FOR THE SERIES 2017 BONDS AND THE OUTSTANDING PARITY BONDS,” “SANDY CITY,” “THE SYSTEM,” “HISTORICAL AND PROJECTED REVENUES AND DEBT SERVICE COVERAGE OF THE SYSTEM,” “DEBT STRUCTURE OF THE CITY,” “FINANCIAL INFORMATION REGARDING THE CITY,” and Appendices “A,” “C,” and “F” to the Official Statement]).

We are furnishing this letter to you solely for your benefit. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to be relied upon by holders of the Bonds.

Respectfully submitted,

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2017

NEW ISSUE—Issued in Book-Entry Only Form

Rating: \_\_\_\_\_  
(See “RATING” herein)

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2017 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 imposed on individuals and corporations. Bond Counsel is also of the opinion that interest on the Series 2017 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” in this Official Statement.*

**SANDY CITY, UTAH**  
**\$ \_\_\_\_\_\***  
**WATER REVENUE BONDS**  
**SERIES 2017**

**Dated: Date of Initial Delivery**

**Due: November 15, as shown herein**

The \$ \_\_\_\_\_\* Water Revenue Bonds, Series 2017 (the “Series 2017 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 2017 Bonds. Purchases of the Series 2017 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 2017 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 2017 Bonds. Interest on the Series 2017 Bonds is payable on May 15 and November 15 of each year, commencing [\_\_\_\_\_ 15, 20\_\_], by ZB, 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 2017 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 2017 BONDS—Book-Entry Only System” herein.

[The Series 2017 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2017 BONDS—Redemption” herein. ]

Proceeds of the Series 2017 Bonds will be used by the City to (i) \_\_\_\_\_ and (ii) pay the costs of issuing the Series 2017 Bonds.

*The Series 2017 Bonds are limited obligations of the City, payable solely by a pledge and assignment of Revenues from the System, after payment of Operation and Maintenance Expenses (as such terms are defined herein) of the System, and moneys on deposit in the funds and accounts (other than the Rebate Fund and the Repair and Replacement Fund) established in the Indenture between the City and ZB, National Association, as trustee. The Series 2017 Bonds do not constitute a general obligation indebtedness or a pledge of the taxing power or the full faith and credit of the City, and are not obligations of the State of Utah or any other agency or other political subdivision or entity of the State of Utah. The City will not mortgage or grant a security interest in the System or any portion thereof to secure payment of the Series 2017 Bonds or any portion thereof to secure payment of the Series 2017 Bonds. See “SECURITY AND SOURCES OF PAYMENT” herein.*

The Series 2017 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., Salt Lake City, Utah, disclosure counsel to the City. Certain legal matters will be passed upon for the City by I. Robert Wall, Esq., City Attorney. It is expected that the Series 2017 Bonds, in book-entry only form, will be available for delivery to DTC or its agent on or about \_\_\_\_\_, 2017.

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 \_\_\_\_\_, 2017, and the information contained herein speaks only as of that date.

[UNDERWRITER]

\* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**SANDY CITY, UTAH**

\$ \_\_\_\_\_\*  
**WATER REVENUE BONDS, SERIES 2017**

**MATURITIES, AMOUNTS, INTEREST RATES AND PRICES/YIELDS**

<u>Due</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u> <sup>†</sup>
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\* Preliminary; subject to change.

† The above referenced CUSIP number(s) 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 2017 Bonds. None of the City, the Trustee or the Underwriter is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to its correctness on the Series 2017 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2017 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.



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 2017 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 2017 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 2017 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.*

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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**

**\$ \_\_\_\_\_\***  
**WATER REVENUE BONDS, SERIES 2017**

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

**CITY COUNCIL**

Stephen P. Smith ..... Chair, Council Member  
Maren Barker ..... Council Member  
Kristen Coleman-Nicholl ..... Council Member  
Scott L. Cowdell ..... Council Member  
Steven K. Fairbanks ..... Council Member  
Christopher K. McCandless ..... Council Member  
Linda Martinez-Saville ..... Council Member

**CITY ADMINISTRATION**

Thomas M. Dolan ..... Mayor  
Scott J. Bond ..... Chief Administrative Officer  
Molly B. Spira ..... City Recorder  
I. Robert Wall ..... City Attorney  
Brian P. Kelley ..... Director of Finance and Information Technology  
Glade G. Jardine ..... Deputy Director of Finance  
Tom Ward ..... Director of Public Utilities

**TRUSTEE, PAYING AGENT & REGISTRAR**

ZB, National Association  
One South Main, 12th Floor  
Salt Lake City, Utah 84133  
(801) 844-7546

**MUNICIPAL ADVISOR**

Lewis Young Robertson & Burningham, Inc.  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101  
(801) 596-0700

**BOND COUNSEL [AND DISCLOSURE  
COUNSEL]**

Gilmore & Bell, P.C.  
15 West South Temple, Suite 520  
Salt Lake City, Utah 84101  
(801) 364-5080

**UNDERWRITER**

*[To be determined]*

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\* Preliminary; subject to change.

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**OFFICIAL STATEMENT  
RELATING TO  
SANDY CITY, UTAH  
\$ \_\_\_\_\_\*  
WATER REVENUE BONDS, SERIES 2017**

**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 \$ \_\_\_\_\_\* Water Revenue Bonds, Series 2017 (the “Series 2017 Bonds”), initially issued in book-entry form only. The Series 2017 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 2017 Bonds to potential investors is made only by means of the entire Official Statement.

See also the following appendices attached hereto: “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF SANDY CITY WITH INDEPENDENT AUDITORS’ REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016”; “APPENDIX B—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY”; “APPENDIX C— EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE”; “APPENDIX D—FORM OF CONTINUING DISCLOSURE AGREEMENT”; “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 has approximately 93,613 residents according to the 2015 annual estimate of the U.S. Census Bureau and is ranked as the 6th largest city in the State of Utah (the “State”). For more complete information, see “SANDY CITY” and APPENDICES A and B herein.

**Authorization and Purpose of the Series 2017 Bonds**

The Series 2017 Bonds are being issued pursuant to (i) the Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the “Act”), and other applicable provisions of law; (ii) a resolution adopted on [\_\_\_\_], 2017 (the “Resolution”) which provides for the issuance of the Series 2017 Bonds; and (iii) a General Indenture of Trust dated as of April 1, 2004, as previously amended and supplemented (the “General Indenture”), between the City and ZB, National Association, as trustee (the “Trustee”), and as further amended and supplemented by a Third Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2017 (the “Third Supplemental Indenture,” and together with the General Indenture, the “Indenture”).

Proceeds of the Series 2017 Bonds will be used by the City to (i) finance improvements to the System, including \_\_\_\_\_ (collectively, the “2017 Project”) and (ii) pay the costs of issuing the Series 2017 Bonds.

**The System**

The System provides water to approximately 25,604 connections. [The System service area includes an area of over [24] square miles, some of which is outside the City’s municipal boundary. The System currently has approximately [400] miles of transmission lines and [10] water storage tanks with storage capacity of approximately

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\* Preliminary; subject to change.

[36] million gallons. The primary sources of water for the City are [2] functional wells and water purchases from the Metropolitan Water District of Salt Lake City and Sandy.] *[To be updated – from 2012 OS information]*

### **Security and Sources of Payment**

The Series 2017 Bonds, together with interest thereon, are limited obligations of the City, payable solely from and secured solely by a pledge and assignment of Revenues of the System, after payment of Operation and Maintenance Expenses (as defined in “APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE GENERAL INDENTURE OF TRUST”) of the System (the “Net Revenues”), and moneys on deposit in the funds and accounts established under the Indenture (other than the Rebate Fund and the Repair and Replacement Fund). The Revenues consist of all revenues, fees, income, rents and receipts received or earned by the City from or attributable to the ownership and operation of the System, together with all interest earned by and profits derived from the sale of investments in the related funds thereof.

*The Series 2017 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 2017 Bonds. The issuance of the Series 2017 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 2017 Bonds. The City will not mortgage or grant a security interest in the System or any portion thereof to secure payment of the Series 2017 Bonds.*

The Series 2017 Bonds are secured on a lien parity with the Outstanding Parity Bonds (described below) 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 SERIES 2017 BONDS” herein.

### **Outstanding Parity Bonds**

The City has previously issued its Water Revenue Bonds, Series 2012 (the “Series 2012 Bonds”) currently outstanding in the aggregate principal amount of \$3,780,000. The Series 2012 Bonds (also referred to herein as the “Outstanding Parity Bonds”) are secured by the Revenues on a parity with the Series 2017 Bonds.

### **Additional Bonds**

The Indenture permits the issuance of Additional Bonds secured by the Net Revenues, on an equal lien parity with the Outstanding Parity Bonds and Series 2017 Bonds, but requires that the City provide certain certificates and opinions as a condition to the issuance of Additional Bonds. See “SECURITY AND SOURCES OF PAYMENT—Additional Bonds” herein. The Series 2017 Bonds, the Outstanding Parity Bonds, and any Additional Bonds are collectively referred to herein as the “Bonds.”

### **Redemption**

[The Series 2017 Bonds are subject to redemption prior to maturity. See “THE SERIES 2017 BONDS—Redemption Provisions” herein. ]

### **Registration, Denominations, Manner of Payment**

The Series 2017 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 2017 Bonds. Purchases of Series 2017 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 2017 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 2017 Bonds.

Principal of and interest on the Series 2017 Bonds (interest payable May 15 and November 15 of each year, commencing \_\_\_\_\_ 15, 20\_\_\_\_) are payable by ZB, National Association, as paying agent (the “Paying Agent”), to the registered owners of the Series 2017 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 2017 Bonds, as described under “THE SERIES 2017 BONDS—Book-Entry Only System” herein.

### **Tax Matters**

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2017 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 imposed on individuals and corporations. Bond Counsel is also of the opinion that the interest on the Series 2017 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 2017 Bonds.

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

The Series 2017 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., Salt Lake City, Utah, disclosure counsel to the City. Certain legal matters will be passed upon for the City by I. Robert Wall, Esq., City Attorney. It is expected that the Series 2017 Bonds, in book-entry only form, will be available for delivery to DTC or its agent on or about \_\_\_\_\_, 2017.

### **Continuing Disclosure**

The City will execute a Continuing Disclosure [Agreement] for the benefit of the beneficial owners of the Series 2017 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 AGREEMENT.”

### **Basic Documentation**

The “basic documentation” which includes the Resolution, the Indenture and other documentation, authorizing the issuance of the Series 2017 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 2017 Bonds is:

Brian Kelley  
Director of Finance and Information Technology  
10000 Centennial Parkway  
Sandy, Utah 84070-1799  
Telephone: (801) 568-7100  
bkelley@sandy.utah.gov



The chief contact person for the City's Municipal Advisor concerning the Series 2017 Bonds is:

Jason W. Burningham - Principal  
Lewis Young Robertson & Burningham, Inc.  
Gateway Plaza Building  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101  
Telephone: (801) 596-0700  
jason@lewisyoung.com

**THE SERIES 2017 BONDS**

**General**

The Series 2017 Bonds will be dated as of their date of delivery and except as otherwise provided in the Indenture, shall bear interest from said date. Interest on the Series 2017 Bonds will be payable semiannually on May 15 and November 15 of each year commencing \_\_\_\_\_ 15, 20\_\_\_. The Series 2017 Bonds are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

The Series 2017 Bonds shall bear interest at the rates and shall mature in each of the years as described on the inside cover page hereof. Interest on the Series 2017 Bonds will be calculated on the basis of a 360 day year consisting of twelve 30-day months.

Interest on the Series 2017 Bonds will be payable by check or draft mailed by the Paying Agent to the Registered Owner thereof (initially DTC) as of the Regular Record Date. Principal of and premium, if any, on the Series 2017 Bonds will be payable at the principal corporate trust office of Zions First National Bank, Salt Lake City, Utah, as Trustee and Paying Agent, or its successor upon presentation of the Series 2017 Bonds by the Registered Owners or their duly authorized agents on or after the date of maturity or redemption.

**Redemption Provisions**

[Optional Redemption. The Series 2017 Bonds maturing on or before November 15, 20\_\_ are not subject to redemption prior to maturity. The Series 2017 Bonds maturing on or after November 15, 20\_\_ are subject to redemption at the option of the City on \_\_\_\_\_, 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 2017 Bonds to be redeemed plus accrued interest thereon to the date of redemption.  
]

[Mandatory Sinking Fund Redemption. The Series 2017 Bonds maturing on November 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 date of redemption on the dates and in the principal amounts as follows:

Redemption Date ( <u>November 15</u> )	Principal <u>Amount</u>
---	----------------------------

\*

\* \_\_\_\_\_  
Final maturity

Upon redemption of any Series 2017 Bond maturing on November 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 2017 Bonds maturing on November 15, 20\_\_\_ in such order of mandatory sinking fund date as shall be directed by the City.]

Partially Redeemed Fully Registered Bonds. If fewer than all of the Series 2017 Bonds of any maturity are to be so redeemed, the particular Series 2017 Bonds or portion of the Series 2017 Bonds to be redeemed shall be selected by the Trustee, in such manner as the Trustee in its discretion may deem proper.

In case any registered Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the City shall execute and the Trustee shall authenticate and deliver or cause to be delivered to, or upon the written order of the Registered Owner thereof, at the expense of the City, a Bond or Bonds of the same Series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. A portion of any Bond of a denomination of more than the minimum denomination of such Series specified in the Indenture to be redeemed will be in the principal amount of such minimum denomination or an integral multiple thereof and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bonds by such minimum denomination.

Notice and Effect of Redemption. In the event any of the Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in the Indenture. Notice of such redemption shall be mailed by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar, at least thirty days but not more than sixty days prior to the date fixed for redemption. If at the time of mailing of any notice of optional redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption shall be conditioned upon receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and interest on such Bonds to be redeemed and that if such moneys shall not have been so received said notice shall be of no force and effect and the City shall not be required to redeem such Bonds. In the event that such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, one time, in the same manner in which the notice of redemption was given, that such moneys were not so received.

### **Book-Entry Only System**

The Bonds originally will 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 such Bonds are held in the book-entry only system, DTC or its nominee will be the registered owner or Holder of such Bonds for all purposes of the Bonds and this Official Statement. Purchases of beneficial ownership interests in the Bonds may be made in denominations described above. For a description of the book-entry only system for the Bonds, see “APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM” herein.

## **SECURITY FOR THE SERIES 2017 BONDS**

### **Limited Obligations**

The Series 2017 Bonds are limited obligations of the City, payable solely by a pledge and assignment of Revenues from the System, after payment of Operation and Maintenance Expenses of the System (the “Net Revenues”), and moneys on deposit in the funds and accounts established in the Indenture (other than the Rebate Fund and the Repair and Replacement Fund). The Series 2017 Bonds do not constitute a general obligation indebtedness or a pledge of the 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 a security interest in the System or any portion thereof to secure payment of the Series 2017 Bonds or any portion thereof to secure payment of the Series 2017 Bonds.

### **Flow of Funds**

To secure the timely payment of the principal of and interest on the Bonds, the City has pledged and assigned to the Trustee the Net Revenues and moneys on deposit in the funds and accounts established by the Indenture (other

than the Rebate Fund and the Repair and Replacement Fund). The Indenture establishes a Bond Fund, a Debt Service Reserve Fund, a Reserve Instrument Fund, a Revenue Fund and certain other funds and accounts.

The Indenture provides that all Revenues shall be accounted for and maintained by the City in the Revenue Fund, separate and apart from all other moneys of the City. The Indenture provides that the Revenues shall be expended and used by the City only in the following manner and order of priority:

(a) As a first charge and lien on the Revenues, the City shall cause to be paid from the Revenue Fund from time to time as the City shall determine, all Operation and Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

(b) So long as any Bonds are Outstanding, as a second charge and lien on the Revenues, i.e., from the Net Revenues, the City shall, at least fifteen days before each Interest Payment Date, transfer and deposit into the Bond Fund from the Revenue Fund an amount equal to:

(i) 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 City need not allocate to the Bond Fund to pay interest on the Bonds); plus

(ii) the principal and premium, if any, falling due on the next succeeding principal payment date established for the Bonds; plus

(iii) the Sinking Fund Installments, if any, falling due on the next succeeding Sinking Fund Installment payment date;

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. The foregoing provisions may be revised by a Supplemental Indenture for any Series of Bonds having other than semiannual Interest Payment Dates.

(c) As a third charge and lien on the Net Revenues (on a parity basis), the City 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 with respect to each Series of Bonds 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 or any account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, the City shall deposit Net Revenues in such account(s) in the Debt Service Reserve Fund sufficient in amount to restore such account(s) within one year with twelve (12) substantially equal payments during such period (unless otherwise provided for 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 Net 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 Net 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 Net 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, within one year from any draw date under the Reserve Instrument.

(d) As a fourth charge and lien on the Net Revenues, the City shall deposit in the Repair and Replacement Fund any amount required by the Indenture and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding (or, after the issuance of Additional Bonds, the amount required to be on deposit therein), from time to time, the City shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Net Revenues of the System after payments required by Paragraphs (a), (b) and (c) above have been made until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. Subject to the provisions of the following Paragraph, this provision is not intended to limit, and shall not limit, the right of the City to deposit additional moneys in the Repair and Replacement Fund from time to time as the City may determine.

(e) Subject to making the foregoing deposits, the City may use the balance of the Net Revenues accounted for in the Revenue Fund for any of the following:

- (i) redemption of Bonds;
- (ii) refinancing, refunding, or advance refunding of any Bonds; or
- (iii) for any other lawful purpose.

#### **[No Debt Service Reserve Requirement]**

[There is no Debt Service Reserve Requirement with respect to the Series 2015 Bonds.]

#### **Rate Covenant**

The City covenants in the Indenture that so long as any obligations remain outstanding thereunder, the City will establish and collect rates and charges (including impact fees and connection fees) for System services which, for the forthcoming year are reasonably expected to produce Net Revenues equal to 110% of the Aggregate Annual Debt Service Requirement for such year.

The City agrees that proper records and accounts showing complete and correct entries of all transactions relating to the System will be kept by the City separate and apart from all other records and accounts. An annual audit of such records and accounts will be made by an independent firm of certified public accountants.

#### **Additional Bonds**

No additional indebtedness, bonds or notes of the City secured by a pledge of the Revenues senior to the pledge of Net 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 City payable on a parity with the Bonds and the Security Instrument Repayment Obligations authorized in the Indenture out of Net Revenues shall be created or incurred, unless the following requirements have been met:

(a) No Event of Default shall have occurred 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 Net Revenues for any Year in the 24 months immediately preceding the proposed date of issuance of such Additional

Bonds were at least equal to 110% of the sum of the Aggregate Annual Debt Service Requirement on all Bonds Outstanding for said Year; 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) In the case of Additional Bonds issued to finance a Project, the City shall have delivered to the Trustee a certificate from a Qualified Engineer:

(i) setting forth the Estimated Net Revenues, described in the Indenture, (assuming, if applicable, the completion of the Project, or any portion thereof, financed with proceeds of the Additional Bonds) either:

(A) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Project, or any portion thereof, if proceeds of the Additional Bonds are used to fund interest during the construction period, or

(B) if (A) is not the case, for the then current Bond Fund Year and each succeeding Bond Fund Year to and including the second Bond Fund Year succeeding the latest estimated date of completion of the Project, or any portion thereof; and

(ii) verifying that the Estimated Net Revenues as shown in (i) above for each of such Bond Fund Years are not less than 110% of the Aggregate Annual Debt Service Requirement for each of such Bond Fund Years with respect to all of the Bonds and Additional Bonds which would then be Outstanding (after taking into account any principal reductions resulting from regularly scheduled principal or sinking fund redemption payments) and the Additional Bonds so proposed to be issued.

For purposes of subsection (c), "Estimated Net Revenues" shall be determined by the Qualified Engineer as follows:

(A) The total Net Revenues of the System for any Year in the 24 months immediately preceding the authentication and delivery of the Additional Bonds shall first be determined. For purposes of these calculations, Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Project, or any portion thereof, financed with the proceeds of the Additional Bonds will be estimated by the Qualified Engineer for the applicable Bond Fund Years as determined in (c)(i)(A) or (B) above.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, plus 80% of the estimated additional Net Revenues as calculated in (B) above.

(iii) 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 to be accumulated therein at the time of issuance of the Additional Bonds; and

(iv) 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) and/or (ii) to finance or refinance a Project (including the funding of necessary reserves and the payment of costs of issuance).

**THE 2017 PROJECT**

Proceeds from the Series 2017 Bonds will be used to \_\_\_\_\_.

**SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds for the Series 2017 Bonds are as follows:

**Sources of Funds**

Principal Amount of Series 2017 Bonds .....	\$
[Reoffering Discount/Premium] .....	
<b>TOTAL .....</b>	<b>\$</b>

**Uses of Funds**

Deposit to Construction Fund.....	\$
Costs of Issuance <sup>(1)</sup> .....	
<b>TOTAL .....</b>	<b>\$</b>

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<sup>(1)</sup> 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 2017 Bonds.

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## DEBT SERVICE SCHEDULE

The following table sets forth the estimated debt service schedule for the Series 2017 Bonds and the Outstanding Parity Bonds. As noted elsewhere in this Official Statement, the Series 2017 Bonds will, upon their issuance, be secured by the Indenture on a parity with the Outstanding Parity Bonds.

Fiscal Year <u>Ending June 30</u>	<u>Series 2017 Bonds</u>		<u>Outstanding Parity Bonds<sup>(1)</sup></u>	<u>Fiscal Total</u>
	<u>Principal*</u>	<u>Interest</u>		
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
Total				

<sup>(1)</sup> Amounts have been rounded. Includes principal and interest.

\* Preliminary; subject to change

(Source: The Municipal Advisor.)

## THE SYSTEM

*[To be reviewed and updated by the City, as needed]*

### Structure and Management

The City's Department of Public Utilities is responsible for new construction, maintenance, operation and management of the System. The Director of Public Utilities supervises major construction projects performed for the System. Employees from other City departments provide, accounting, billing, inventory control, data processing,

legal and other services for the System. The City maintains a separate enterprise fund to account for revenues and expenses of the System.

[Overview. The System currently has approximately 400 miles of transmission lines and 10 water storage tanks with storage capacity of approximately 32 million gallons. The primary sources of water for the City are 23 deep wells and water purchases from the Metropolitan Water District of Salt Lake City and Sandy (“MWDSLS”). The System currently services both City residents and some neighboring areas.]

[Water Supply. The City currently operates 21 wells with an approximate maximum production capacity of 40 million gallons per day (mgd), producing up to approximately 29,000 acre-ft annually. These estimates of production by the City are based upon existing groundwater rights which may be reduced by as much as 5,600 acre-ft in the future by the State of Utah Engineer in association with the Salt Lake Valley Groundwater Management Plan. However, the City does not currently utilize its wells at full capacity and therefore does not expect that any such decrease in existing groundwater rights will have a material impact on the System. The City also owns approximately 26,000 acre-ft of surface water rights in Little Cottonwood Creek and Utah Lake. Some of the water associated with these rights can be treated at the MWDSLS Little Cottonwood Water Treatment Plant on a capacity available basis. ]

[The City also purchases a substantial portion of its water resources from wholesale water providers. The City’s current contract with MWDSLS provides an annual preferential right of 7,940 acre-ft of water from MWDSLS supplies in Deer Creek Reservoir. Furthermore, the City’s contract with MWDSLS provides for the treatment of approximately 8,500 acre-ft of water annually from the City’s water rights in Little Cottonwood Creek, for which the City pays between \$113 and \$313 per acre-ft. (depending on the season, with peak season rates being higher than off-season rates) to be treated. The City also maintains the right to purchase surplus water available from MWDSLS, expected to be approximately 4,000 acre-ft of water annually for the next two to three years. MWDSL has capacity to provide the City approximately 57 mgd; the City uses approximately 25 mgd of this capacity. ]

[The City reports that MWDSLS is expected to produce up to approximately 25 mgd of water for the City. The City’s capacity to purchase water from MWDSLS is expected to increase to approximately 57mgd upon completion of MWDSLS new Point of the Mountain Water Treatment Plant and Point of the Mountain Aqueduct currently scheduled for completion in 2006 (collectively, the “Point of the Mountain Project”). In the interim, the City expects to be able to obtain sufficient water from surplus sales from MWDSLS and JWCD. ]

[During the peak demand months of July and August, the City currently uses as much as 65 mgd. The winter months see this usage drop to an average daily use of approximately 9 mgd. The City estimates its available capacity to be approximately 70 mgd.]

[Metropolitan Water District of Salt Lake and Sandy. MWDSLS was organized on August 30, 1935, under the provisions of the State’s Metropolitan Water District Act (the “Metropolitan Water District Act”). MWDSLS has functioned as a wholesale provider of water to Salt Lake City, the City, the Jordan Valley Water Conservancy District (“JWCD”), and various water companies and improvement districts. MWDSLS is the principal wholesaler of water to Salt Lake City and the City. As members of MWDSLS, Salt Lake City and the City have a statutory preferential right to purchase all of the water obtained by MWDSLS, at rates fixed by MWDSLS, for use within their corporate boundaries. MWDSLS also is a major supplier of surplus water for the JWCD which supplies water to Salt Lake County and other municipalities located within Salt Lake County and outside MWDSLS’s boundaries. MWDSLS obtains its water supply through its stock holdings in the Provo River Water Users Association, which it transports from the Deer Creek Dam and Reservoir through the Salt Lake Aqueduct and its Little Cottonwood Water Treatment Plant to two terminal reservoirs operated by MWDSLS. MWDSLS also transports water for the JWCD and the Central Utah Water Conservancy District through the Salt Lake Aqueduct. At its Little Cottonwood Treatment Plant, MWDSLS also treats water that belongs to Salt Lake City, the City, Taylorsville Improvement District and the City of West Jordan. In addition, MWDSLS plays an important role in water resource planning, development and management within the Salt Lake area and in coordination of the area’s water distribution. ]

The following table shows the City’s sources of water from 2006 to 2016.

**Sources of Water**

**SOURCES OF WATER**  
(Measured in Acre Feet)

<u>Calendar Year</u>	<u>System Wells</u>	<u>MWDSLS</u>	<u>JVWCD</u>	<u>Other</u>	<u>Totals</u>
2016	_____	_____	_____	-	_____
2015	2,723.69	21,474.95	-	-	24,198.64
2014	13,497.25	10,678.60	-	-	25,442.18
2013	694.29	24,747.89	-	-	25,442.18
2012	10,906.05	17,533.03	-	-	28,439.08
2011	6,140.21	17,332.57	-	-	23,472.78
2010	8,956.20	15,767.69	-	-	24,723.89
2009	9,907.41	15,196.57	80	-	25,184.19
2008	3,730.85	23,576.35	315.00	-	27,622.20
2007	10,762.63	18,020.87	315.32	1,218	30,316.64
2006	9,742.59	16,963.01	315.58	1,128.87	28,150.05

[Notes:

- Water agreement with JVWCD ended on \_\_\_\_\_.
  - 2006 and 2007 Other sources of water included \_\_\_\_\_.
  - Major fluctuation in well water production due to \_\_\_\_\_.
- (Source: The City.)

[Storage Capacity. The City currently has 10 water storage tanks with approximately 36 million gallons of water storage capacity. State law requires that water storage systems have adequate storage for periods when demands exceed supply. ]

[The use of the water storage tanks enables the System to provide adequate service during peak demand times when the customers are using more water than can be produced at one time. The storage tanks are scheduled to be refilled at night when water demand is low. By filling the storage tanks at night, the System is able to make more efficient use of wells by operating them 24 hours a day at a more constant rate. Most of the storage tanks feed water to the distribution system by gravity. This provides for water during infrequent power outages when pumping of the City’s wells would not be possible.]

[Distribution. The distribution facilities of the System include approximately 400 miles of transmission pipelines ranging from 4 to 36 inches. There are approximately 280 miles of mainline pipe in the System with another approximately 120 miles of service laterals bringing the water from the mains to the customers. Most of the System is made of cast iron or ductile iron pipe. The water is brought from the mainlines to the customer through the service laterals and is metered at this point. The land elevation varies greatly throughout the System and requires certain operational adjustments for the effective operation of the System. ]

[Because there is a more abundant supply of higher quality water in the lower (elevation) parts of the System, many of the wells that supply the City’s water are located in these areas. The water from these wells must be pumped to the higher (elevations) parts of the System where it is needed. The City uses booster pumps to accomplish this. Operation of these booster pumps is a built-in expenditure but is necessary to provide adequate service to all of the System’s customers. ]

[Telemetry equipment is used to monitor key components of the System. This equipment allows System operators to monitor tank levels and key pressure points throughout the System. The wells are also monitored by the

use of this equipment. The use of telemetry equipment saves many miles of daily travel as well as providing a savings of manpower. Constant monitoring alerts System operators to possible problem areas so that corrective measures can be taken before serious problems arise. ]

[The City reports that the status of its distribution facilities are generally good and adequate to provide sufficient water pressure throughout the System for the foreseeable future. ]

### **Water Rights, Licenses, Permits, Approvals and Environmental Considerations**

[The City has obtained all necessary State water rights in connection with the wells of the System. The City has obtained all necessary state and local licenses, permits and approvals for operation and maintenance of the City's Water Facilities. The City is not aware of any material environmental issues facing the System.]

[To the knowledge of the City, the System is currently operated in compliance with the provisions of all applicable environmental health and safety laws and regulations including, but not limited to, the Safe Drinking Water Act of 1986 and the Utah Safe Drinking Water Act. ]

### **Water Rates**

The City Council has full and independent power, as granted by State law to establish revenue levels and rate design for water service provided by the City. The City is not subject to rate regulation by any State or Federal regulatory body, and is empowered to set rates effective at any time.

The City services six classes of accounts at differential rates. The "City" and "Senior Citizen" rates are for residents of the City (and commercial customers) and senior citizens. [The "Union Jordan" and "Union Jordan Senior" rates are for non-City residents (and commercial customers) in the Union Jordan Area.] [*Does this class still exist?*] The "County" rates are for non-City residents (and commercial customers) that live in other Salt Lake County areas. "School" rates are for Jordan School District facilities served by the Water Division. The table below lists the current and historical rates for City residents. [Union Jordan and] County resident accounts are charged somewhat more than City residents, but their rates are based on this same rate structure with an additional percentage applied respectively.

**Historical and Current Water Rates for City Residents**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Base Rate (monthly fixed charge)</u>					
3/4" meter	\$11.74	\$20.40	\$20.40	\$20.40	\$20.40
1" meter	15.89	27.63	27.63	27.63	27.63
1-1/2" meter	20.04	34.85	34.85	34.85	34.85
2" meter	31.45	54.71	54.71	54.71	54.71
3" meter	115.47	200.96	200.96	200.96	200.96
4" meter	146.58	255.13	255.13	255.13	255.13
6" meter	219.19	381.51	381.51	381.51	381.51
8" meter	302.18	525.96	525.96	525.96	525.96
10" meter	416.28	724.57	724.57	724.57	724.57
<u>Usage Fee<sup>(1)</sup></u>					
Block 1 (1,000 – 6,000 gal.)	1.56	–	–	–	–
Block 2 (7,000 – 40,000 gal.)	2.41	–	–	–	–
Block 3 (41,000 – 80,000 gal.)	2.84	–	–	–	–
Block 4 (81,000 gal. and above)	3.26	–	–	–	–
<u>Overage (above 8,000 gal.)<sup>(2)</sup></u>	1.43	–	–	–	–
<u>Off Season</u>					
(Oct. – April)/1,000 gal.	–	1.43	1.43	1.43	1.43
<u>Peak Season</u>					
(May – Sept.)/1,000 gal.	–	2.42	2.42	2.42	2.42

<sup>(1)</sup> Beginning with fiscal year 2016, the City implemented a new tiered usage rate structure. In addition to the base rate, a usage fee is charged per 1,000 gallons of water used within four block tiers as shown above.

<sup>(2)</sup> Prior to fiscal year 2016, usage fees were based on “overage” above 6,000 gallons at either peak or off-season rates as shown above.

(Source: The City.)

**Water Historical Growth and Largest Customers**

<u>Calendar Year</u>	<u>System Connections</u>	<u>Percentage Increase From Prior Year</u>
2016	25,604	0.41%
2015	25,498	0.43
2014	25,388	0.53
2013	25,253	0.50
2012	25,127	0.49
2011	25,003	0.36
2010	24,913	0.28
2009 <sup>(1)</sup>	24,842	-12.22
2008	27,878	0.85
2007	27,642	–

<sup>(1)</sup> On June 1, 2009, a portion of the System was sold to Midvale City, Utah.

(Source: The City.)

Water Consumption and Connections [To be updated by City]

Year	Total Sales		Active Meters		Percent Meter Change	Ave # of Meters	Average Bill		System Avg. Monthly Water Charges
	In Dollars	% Total \$ Sales Change	Jan. 1	Dec. 31			Per Year	Total Sales In Gallons	
2016									
2015									
2014									
2013									
2012									
2011									
2010									
2009									
2008									
2007									
2006									

(Source: The City.)

Average Monthly Water Charges Compared [To be updated by City]

Year	Sandy City	Salt Lake City	Draper City (WaterPro)	Murray City	Provo City
2016					
2015					
2014					

(Source: The City.)

Largest Users of Water for Fiscal Year 2016

Water User	Water Used (in thousand gallons)	Percent of Total System Gallons	Annual Bill	Percent of Total System Revenues
The City	\$507,882	6.870%	\$1,134,235	5.672%
Canyons School District	250,678	3.391	804,259	4.022
FM Group	109,973	1.488	439,489	2.198
Quarry Bend HOA	30,526	0.413	94,220	0.471
Salt Lake County	31,023	0.420	93,912	0.470
IHC Health Services	24,052	0.325	80,809	0.404
Crescentwood Village MH LLC	28,028	0.379	73,865	0.369
Becton Dickinson	14,656	0.239	72,812	0.364
Villas at Hidden Creek	20,368	0.276	70,164	0.351
LHM 1 <sup>st</sup> Co.	<u>18,768</u>	<u>0.254</u>	<u>67,782</u>	<u>0.339</u>
Total	1,035,954	14.055	2,931,547	14.661

(Source: The City.)

[Confirm – columns 3 and 5 are percent of System totals]

**Billing and Collection Procedures**

[Water customers are billed monthly with payment due in 20 days. Monthly interest of 1.5 percent is applied on past due amounts. When an account is 40 days and \$20 past due, a \$10 late fee is assessed. If, in 10 days, the City has not received at least the past due amount, water service is terminated and the customer is assessed a \$30 collection charge. Payment in full is necessary to restore water service.]

## **Management's Discussion and Analysis**

[The following is an overview of the financial activities of the System for the fiscal years between the time period from July 1, 2008 through June 30, 2011.]

[The System currently has adequate liquid resources to meet its cash requirements. Cash and cash equivalents totaled \$11,180,656 (including amounts for debt service) at the end of fiscal year 2011. The cash and cash equivalents balance has not fallen below \$8,800,000 in the past several years. Cash and cash equivalents decreased in fiscal year 2010 by \$1,743,102 as a result of capital acquisitions.]

[The System receives revenue from several sources; however, charges for services remain the greatest contributor. While charges for services revenue decreased seven percent between fiscal years 2009 and 2010 after turning over 3,074 accounts to Midvale City with the sale of the Union Jordan system, this revenue increased four percent during fiscal year 2011 over fiscal year 2010.]

[At the end of fiscal year 2011, the System's only long-term obligation outstanding (the Refunded Bonds) was \$5,780,000. The System has not issued any other long-term debt since fiscal year 2005.]

[On May 1, 2001, the City entered into an interlocal agreement with Salt Lake City and MWDSL. Under this agreement, the System is obligated to pay an estimated total of \$126,310,000 over 30 years to the MWDSL for capital improvements to be conducted by MWDSL. The City continues to meet its annual obligation of \$4,210,322. This assessment is part of Operation and Maintenance Expenses for the System in the "Historical Net Revenues and Projected Debt Service Coverage" table.]

[The System's investment in capital assets amounts to land, buildings, improvements other than buildings, distribution lines, wells, pumps, storage tanks, and machinery and equipment. During fiscal year 2011, the System's total capital assets increased \$224,838. During fiscal year 2011, the System completed \$8,864,790 of projects, started in previous years. These include \$4,018,392 in water main additions and the Granite Tank replacement project.]

### **Future System Financing Needs**

[After the issuance of the Series 2017 Bonds, the City anticipates that it will finance future capital project needs or improvements to the System for the next five years through the normal capital budgeting process and excess System revenues.]



**Historical Net Revenues and Projected Debt Service Coverage (By Fiscal Year)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
		<u>Historical</u>				<u>Projected</u>		
<b>Revenues</b>								
Charges for Services	\$21,529,436	\$20,006,607	\$18,655,969	\$20,201,364	\$20,908,412	\$21,640,206	\$22,397,613	
Fees From Developers	306,738	656,908	958,395	689,095	689,784	690,474	691,164	
Gain (Loss)								
on Sale of Assets	(1,491)	7,013	(312,087)	10,252	—	—	—	
Grants	—	—	—	282,000	—	—	—	
Other	493,673	239,762	463,907	426,289	426,715	427,142	427,569	
<b>Total Revenues</b>	<b>22,328,356</b>	<b>20,910,290</b>	<b>19,766,184</b>	<b>21,609,000</b>	<b>22,024,911</b>	<b>22,757,822</b>	<b>23,516,346</b>	
<b>Operation and Maintenance Expenses</b>								
Salaries and Benefits	1,892,266	1,879,107	1,573,789	1,969,217	2,028,294	2,089,142	2,151,817	
Costs of Water	5,824,092	6,299,563	6,148,712	5,903,167	6,080,262	6,262,670	6,450,550	
Metro Assessment	4,210,322	4,210,322	4,210,322	4,210,322	4,210,322	4,210,322	4,210,322	
Franchise Tax	1,276,842	1,194,367	1,104,116	1,196,689	1,254,505	1,298,412	1,343,857	
Other	<u>1,147,658</u>	<u>1,336,531</u>	<u>1,406,122</u>	<u>2,595,428</u>	<u>2,673,291</u>	<u>2,753,490</u>	<u>2,836,094</u>	
<b>Total Operation and Maintenance Expenses</b>	<b>14,351,180</b>	<b>14,919,890</b>	<b>14,443,061</b>	<b>15,874,823</b>	<b>16,246,674</b>	<b>16,614,036</b>	<b>16,992,640</b>	
<b>Net Revenues Available for Debt Service</b>	<b><u>\$7,977,176</u></b>	<b><u>\$5,990,400</u></b>	<b><u>\$5,323,123</u></b>	<b><u>\$5,734,177</u></b>	<b><u>\$5,778,237</u></b>	<b><u>\$6,143,786</u></b>	<b><u>\$6,523,706</u></b>	
<b>Debt Service</b>								
Ontario Drain Tunnel	982,859	988,040	1,006,729	1,016,457	1,016,457	1,017,092	1,017,092	
Series 2004 Bonds	372,521	368,199	372,621	372,483	—	—	—	
Series 2012 Bonds	170,299	174,800	174,000	173,200	543,650	545,250	545,250	
Series 2017 Bonds*	—	—	—	—	—	—	—	
<b>Total Debt Service</b>	<b>1,525,679</b>	<b>1,531,039</b>	<b>1,553,350</b>	<b>1,562,140</b>				
<b>Debt Service Coverage</b>	<b>5.23</b>	<b>3.91</b>	<b>3.43</b>	<b>3.67</b>				

\* Preliminary; subject to change.

[To be confirmed and updated.]

(Source: The City and the Municipal Advisor.)

## **Five-Year Financial Summaries of the System**

The summaries contained herein were extracted from the City's comprehensive annual financial reports for the fiscal years ended June 30, 2012 through June 30, 2016. The summaries are unaudited.

**SANDY CITY**  
**Statement of Net Position—Proprietary Funds—Water.**  
(This summary has not been audited.)

	Fiscal Year Ended June 30,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$6,298,851	\$7,566,791	\$7,792,400	\$10,732,204	\$11,354,156
Receivables - Net	2,855,391	2,562,487	3,122,135	3,434,876	3,430,684
Due from other Governments	279,965	368,537	472,039	510,275	628,791
Inventories	<u>927,903</u>	<u>793,389</u>	<u>806,463</u>	<u>794,829</u>	<u>742,652</u>
Total Current Assets	10,362,110	11,291,204	12,193,037	15,472,184	16,156,283
<b>Noncurrent Assets</b>					
Net Pension Asset	-	830	-	-	-
<b>Capital Assets</b>					
Water Rights and Capacity	40,823,324	40,809,494	40,782,554	40,762,413	40,703,501
Land, Building, Plant & Equipment	164,078,099	159,591,307	155,024,802	143,686,334	137,623,567
Accumulated Depreciation	(81,464,255)	(75,573,709)	(69,591,508)	(64,049,588)	(59,232,987)
Construction in Progress	<u>665,083</u>	<u>447,626</u>	<u>302,747</u>	<u>2,992,820</u>	<u>2,048,540</u>
Total Noncurrent Assets	<u>124,102,251</u>	<u>125,275,548</u>	<u>126,518,595</u>	<u>123,391,979</u>	<u>121,142,621</u>
Total Assets	134,464,361	136,566,752	138,711,632	138,864,163	137,298,904
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charges	375,097	419,961	464,703	509,445	696,366
<b>Deferred Outflow of Resources</b>					
Relating to Pensions	<u>759,727</u>	<u>415,243</u>	-	-	-
Total Deferred Outflows of Resources	1,134,824	835,204	464,703	509,445	696,366
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	857,980	1,812,400	1,412,426	889,945	1,069,396
Salaries and Benefits Payable	109,039	111,774	64,524	73,264	58,035
Accrued Interest Payable	16,600	18,571	20,585	22,665	29,290
Unearned Revenue	31,360	33,360	31,867	30,445	27,090
Deposits	755,530	755,188	771,060	684,957	764,910
Bonds Payable	415,000	405,000	390,000	370,000	320,000
Other Payables	<u>494,910</u>	<u>469,530</u>	<u>439,920</u>	<u>401,850</u>	<u>380,700</u>
Total Current Liabilities	2,680,419	3,605,823	3,130,382	2,473,126	2,649,421
<b>Noncurrent Liabilities</b>					
Net Pension Liability	1,025,782	659,135	-	-	-
Unamortized Bond Premium	211,628	236,940	262,183	287,426	-
Bonds Payable	3,780,000	4,195,000	4,600,000	4,990,000	5,687,670
Notes Payable	<u>10,562,310</u>	<u>11,057,220</u>	<u>11,526,750</u>	<u>11,966,670</u>	<u>12,368,520</u>
Total Noncurrent Liabilities:	<u>15,579,720</u>	<u>16,148,295</u>	<u>16,388,933</u>	<u>17,244,096</u>	<u>18,056,190</u>
Total Liabilities	18,260,139	19,754,118	19,519,315	19,717,222	20,705,611
<b>DEFERRED INFLOWS OF RESOURCES</b>					
<b>Deferred Inflows of Resources</b>					
Relating to Pensions	<u>380,954</u>	<u>372,533</u>	-	-	-
Total Deferred Inflows of Resources	<u>380,954</u>	<u>372,533</u>	-	-	-
<b>NET POSITION</b>					
Net Investment in Capital Assets	109,344,941	109,617,498	110,001,845	106,065,309	102,766,431
Unrestricted (Deficit)	<u>7,613,151</u>	<u>7,657,807</u>	<u>9,655,175</u>	<u>13,591,077</u>	<u>14,523,228</u>
Total Net Position	<u>\$116,958,092</u>	<u>\$117,275,305</u>	<u>\$119,657,020</u>	<u>\$119,656,386</u>	<u>\$117,289,659</u>

(Source: Information extracted from the City's 2012-2016 audited basic financial statements. This summary is unaudited.)

SANDY CITY  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds—Water  
(This summary has not been audited.)

*[To be added, as needed]*

## SANDY CITY

### 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. The City has approximately 93,613 residents according to the latest annual estimate (2015) of the U.S. Census Bureau which ranks the City as the 6th largest city in the State of Utah.

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 and can best be characterized as residential/suburban in nature since many City residents commute to work in Salt Lake City and other nearby business and industrial areas. Persons living within the boundaries of the City have the advantages of a smaller community in close proximity to the goods, services and educational, professional, and cultural opportunities of the larger metropolitan areas.

### 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</u>	<u>Expiration of Term</u>
Mayor	Thomas M. Dolan	23	January 2018
Council Member, Chair	Stephen P. Smith	11	January 2018
Council Member	Maren Barker	2	January 2020
Council Member	Kristen Coleman-Nicholl	3	January 2018
Council Member	Scott L. Cowdell	27	January 2018
Council Member	Steven K. Fairbanks	12	January 2020
Council Member	Linda Martinez-Saville	21	January 2020
Council Member	Christopher K. McCandless	11	January 2020
Chief Administrative Officer	Scott J. Bond	30	Appointed
Director of Finance and Information Technology	Brian P. Kelley	—	Appointed
Deputy Director of Finance	Glade Jardine	3	Appointed
City Attorney	I. Robert Wall	3	Appointed
City Recorder	Molly B. Spira	17	Appointed
Director of Public Utilities	Tom Ward	—	Appointed

## **Employee Workforce and Retirement System**

The City currently employs approximately [488] full-time employees and [412] part-time and seasonal employees for a total employment of approximately [900] employees. The City is a member of the Utah State Retirement System. See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF SANDY CITY WITH INDEPENDENT AUDITORS’ REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016—Notes to the Financial Statements, Note 12—Pension Plans” herein. The City reports that it has no post-employment benefit obligations.

## **FINANCIAL INFORMATION REGARDING SANDY CITY**

### **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—AUDITED BASIC FINANCIAL STATEMENTS OF SANDY CITY WITH INDEPENDENT AUDITORS’ REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016—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 22 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 computerized 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 Director of Finance 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 Director of Finance 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 Director of Finance for sufficient appropriations.

### **Risk Management**

The City is exposed to various risks of loss including torts; workers compensation claims; theft, damage or destruction of assets; errors and omissions; and natural disasters. Insurance coverage for these risks is provided by several commercial insurance carriers. The general liability policy has a \$1,000,000 self-insured retention with a \$10,000,000 limit per occurrence. Workers compensation claims are covered by the Workers Compensation Fund. The City commercially insures real property and also insures fleet equipment with individual values in excess of \$40,000 and self-insures all other fleet equipment. For the last three years, 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—AUDITED BASIC FINANCIAL STATEMENTS OF SANDY CITY WITH INDEPENDENT AUDITORS’ REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016—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—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016—Notes to the Financial Statements, Note 4—Cash and Cash Equivalents" and "—Note 5—Investments."

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, 2016.

Taxes—Approximately 72% of general fund revenues are from taxes (of this amount, approximately \_\_\_% are from property taxes, \_\_\_% from sales and use taxes, \_\_\_% from franchise taxes, and \_\_\_% from other taxes).

Intergovernmental Revenue—Approximately 7% of general fund revenues are from state shared revenues.

Licenses and Permits—Approximately 6% of general fund revenues are from licenses and permits.

Fines and Forfeitures—Approximately 3% of general fund revenues are collected from fines and forfeitures.

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

Administrative Charges—Approximately 5% of general fund revenues are collected from administrative charges.

Miscellaneous Revenue—Approximately 1% of general fund revenues are from miscellaneous revenues, including 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, 2012 through June 30, 2016. 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.)

	Fiscal Year Ended June 30,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$50,664,822	\$54,973,309	\$42,509,017	\$42,184,312	\$47,328,223
Receivables - Net	20,997,387	18,027,469	17,780,305	18,526,944	17,890,269
Due from Other Governmental Units	1,098,525	1,042,312	1,369,223	1,223,884	1,752,615
Inventories	1,349,829	1,191,209	1,167,071	1,160,935	1,065,564
Prepaid Assets	59,017	49,820	43,117	44,773	59,050
Net Pension Asset	100,860	560,868	-	-	-
Temporarily Restricted Cash:					
Road Funds	947,160	371,345	476,502	897,173	565,247
Capital Projects	58,977,834	15,041,415	12,555,720	2,437,791	2,128,214
Debt Service	800,000	800,000	800,000	1,663,836	1,936,036
Investment in Joint Venture	6,810,610	6,512,315	6,472,534	6,066,755	5,895,241
Capital Assets (Net):					
Water Rights & Capacity	40,823,324	40,809,494	40,782,554	40,762,413	40,703,501
Land	248,255,977	246,919,654	243,538,114	236,367,775	228,237,064
Buildings & Systems	140,166,227	142,160,596	144,038,464	139,930,204	139,504,066
Improvements Other than Buildings	27,024,726	28,305,809	27,786,159	28,688,750	28,814,562
Vehicles	7,070,987	6,669,920	6,612,752	6,982,101	6,993,749
Machinery & Equipment	3,028,517	2,929,983	2,571,807	2,395,229	2,052,620
Infrastructure	141,204,384	138,232,937	133,435,190	131,762,245	129,559,377
Construction in Progress	<u>25,409,837</u>	<u>2,896,166</u>	<u>2,831,030</u>	<u>3,571,317</u>	<u>4,928,610</u>
Total Assets	774,790,023	707,494,621	684,769,559	664,666,437	659,414,008
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charges	1,482,005	1,543,897	1,775,571	1,724,082	1,650,001
Deferred Outflow of Resources Relating to Pension	<u>10,139,736</u>	<u>2,911,935</u>	-	-	-
Total Deferred Outflows of Resources	11,621,741	4,455,832	1,775,571	1,724,082	1,650,001
<b>LIABILITIES:</b>					
Accounts Payable	7,114,989	4,945,755	4,708,465	3,487,439	2,485,057
Salaries & Benefits Payable	2,174,026	1,938,568	1,547,858	1,807,099	1,635,079
Accrued Interest Payable	1,318,401	730,731	787,884	1,263,308	1,330,790
Unamortized Interest Payable	5,449,310	945,468	1,086,995	1,228,523	509,565
Claims & Judgments Payable	553,770	554,491	398,427	229,341	385,176
Due to Other Governmental Units	679,350	748	689	2,948	101,772
Unearned Revenue	225,607	5,680,469	172,954	160,840	330,728
Customer Deposits	8,959,172	7,667,716	4,780,661	4,393,160	3,512,315
Noncurrent Liabilities					
Due within one year	8,103,458	7,895,078	7,306,468	6,083,398	5,728,865
Due in more than one year	110,855,335	77,225,642	84,921,943	85,197,247	90,671,925
Net Pension Liability	<u>15,026,141</u>	<u>10,278,373</u>	-	-	-
Total Liabilities	160,459,559	117,863,039	105,712,344	103,853,303	106,691,272
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Assessments	<u>11,745,244</u>	<u>11,296,357</u>	<u>8,202,505</u>	<u>8,372,997</u>	<u>8,343,951</u>
<b>NET POSITION</b>					
Invested in Capital Assets, Net of Related Debt	540,585,006	527,006,208	512,408,912	502,055,682	487,089,589
Restricted for:					
General	44,974	15,425	26,847	30,730	45,007
Debt Service	800,000	800,000	800,000	1,663,836	1,936,036
Capital Projects	35,766,710	15,041,415	12,528,549	2,437,791	2,128,214
Road Funds	947,160	371,345	476,502	897,173	565,247
Unrestricted	<u>36,063,112</u>	<u>39,194,221</u>	<u>46,029,015</u>	<u>47,079,007</u>	<u>54,264,693</u>
Total Net Position	<u>\$614,206,962</u>	<u>\$582,428,614</u>	<u>\$572,269,825</u>	<u>\$554,164,219</u>	<u>\$546,028,786</u>

(Source: Information extracted from the City's 2012-2016 audited basic financial statements. This summary is unaudited.)

SANDY CITY  
Statement of Revenues, Expenditures and Changes in Fund Equity—Governmental Funds  
(This summary has not been audited.)

	Fiscal Year Ended June 30,				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>REVENUES:</b>					
Taxes	\$38,163,957	\$36,458,499	\$36,335,864	\$35,986,486	\$33,896,297
Licenses and permits	3,308,440	2,666,587	2,524,358	2,301,985	1,880,210
Intergovernmental	3,512,339	3,310,783	3,161,825	3,255,996	3,178,140
Administrative Charges	2,924,933	2,923,855	2,820,241	2,644,630	2,484,486
Fines and forfeitures	1,625,174	1,795,059	1,877,073	2,133,901	2,453,896
Cell Tower Lease	451,397	581,883	464,277	445,587	431,024
Charges for Sales and Services	3,076,760	3,539,953	3,585,168	3,202,051	3,042,923
Interest Income	95,343	76,976	111,223	15,957	37,414
Miscellaneous	<u>108,047</u>	<u>51,012</u>	<u>83,802</u>	<u>102,233</u>	<u>108,216</u>
Total Revenues	53,266,390	51,404,607	50,963,831	50,088,826	47,512,606
<b>EXPENDITURES:</b>					
General government	10,057,805	10,060,720	10,306,645	9,219,376	8,802,602
Police and Animal Control	14,677,551	14,461,284	14,017,471	13,587,799	12,926,144
Fire	9,378,550	8,593,283	8,573,141	7,959,869	7,499,611
Public Works	4,832,153	5,274,022	5,978,374	5,703,689	5,233,245
Parks, Landscapes & Cemetery	4,695,031	4,578,847	4,203,687	3,994,120	3,811,175
Community Development	<u>2,548,395</u>	<u>2,427,338</u>	<u>2,284,304</u>	<u>2,173,104</u>	<u>2,124,082</u>
Total Expenditures	<u>46,189,485</u>	<u>45,395,494</u>	<u>45,363,622</u>	<u>42,637,957</u>	<u>40,396,859</u>
Excess of revenue over expenditures	<u>7,076,905</u>	<u>6,009,113</u>	<u>5,600,209</u>	<u>7,450,869</u>	<u>7,115,747</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	-	-	-	1,000	-
Transfers in	-	86,008	-	-	-
Transfers out	<u>(6,853,251)</u>	<u>(6,057,623)</u>	<u>(5,861,892)</u>	<u>(6,804,615)</u>	<u>(6,813,073)</u>
Total Other Financing Sources	(6,853,251)	(5,971,615)	(5,861,892)	(6,803,615)	(6,813,073)
Net Change in Fund Balances	223,654	37,498	(261,683)	647,254	302,674
Fund balances - beginning of year	<u>5,926,955</u>	<u>5,889,457</u>	<u>6,151,140</u>	<u>5,503,886</u>	<u>5,201,212</u>
Fund balances - end of year	<u>\$6,150,609</u>	<u>\$5,926,955</u>	<u>\$5,889,457</u>	<u>\$6,151,140</u>	<u>\$5,503,886</u>

(Source: Information extracted from the City's 2012-2016 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 February 1, 2017:

Outstanding Water Revenue Bonds

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Amount Outstanding</u>
2017 <sup>(1)</sup>	System Improvements	\$ _____	November 15, 20__*	\$ _____
2012	Refunding	4,330,000	November 15, 2024	3,780,000
Total .....				<u>\$</u>

<sup>(1)</sup> For purposes of this Official Statement the Series 2017 Bonds are considered issued and outstanding.  
 \* Preliminary; subject to change.

Outstanding Sales Tax Revenue Bonds

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Amount Outstanding</u>
2015	Theater	\$41,545,000	March 1, 2036	\$41,545,000
2013A	Refunding	6,780,000	June 15, 2019	4,060,000
2013B	Land Purchase for Street	6,385,000	December 15, 2020	3,357,000
2013C	Refunding	10,816,000	July 15, 2029	8,904,000
2012	Refunding	3,920,000	March 15, 2024	3,645,000
2010	Refunding	7,070,000	September 15, 2022	1,845,000
2009	Storm Drain	7,140,000	September 15, 2029	<u>5,095,000</u>
Total .....				<u>68,451,000</u>

**The Redevelopment Agency of Sandy City, Utah**

Outstanding Redevelopment Agency Bonds (as of February 1, 2017)

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Amount Outstanding</u>
2013	Land/infrastructure for soccer stadium	\$30,735,000	July 15, 2027	<u>\$26,565,000</u>

<sup>(1)</sup> [Add note re security.]

**Future Bond Issues**

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

## Other Financial Considerations

The City has entered into various agreements to finance its capital needs. See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF SANDY CITY WITH INDEPENDENT AUDITORS’ REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016—Notes to the Financial Statements, Note 11—Long-term Liabilities—Notes Payable” and “—Contracts Payable” herein.

## TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the Series 2017 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 2017 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 of Utah, 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 2017 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 2017 Bonds.

### Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law currently existing as of the issue date of the Series 2017 Bonds:

Federal Tax Exemption. The interest on the Series 2017 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. Interest on the Series 2017 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bond counsel’s opinions are provided as of the date of the original issue of the Series 2017 Bonds, subject to the condition that the Issuer comply 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 2017 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer 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 2017 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017 Bonds.

State of Utah Tax Exemption. The interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is exempt from State of Utah individual income taxes.

Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2017 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 (“OID”) is the excess of the stated redemption price at maturity of a Series 2017 Bond over its issue price. The issue price of a Series 2017 Bond is the first price at which a substantial amount of the Series 2017 Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement

agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2017 Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 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 Bond during that accrual period. The amount of OID 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 2017 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.]

[Original Issue Premium. If a Series 2017 Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2017 Bond, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Series 2017 Bond. Under Section 171 of the Code, the purchaser of that Series 2017 Bond must amortize the premium over the term of the Series 2017 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2017 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This 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 2017 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 Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2017 Bond, an owner of the Series 2017 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 received on the sale, exchange or retirement of the Series 2017 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2017 Bond. To the extent a Series 2017 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 2017 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 2017 Bonds, and to the proceeds paid on the sale of the Series 2017 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 2017 Bonds should be aware that ownership of the Series 2017 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, 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 2017 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017 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 2017 Bonds, including the possible application of state, local, foreign and other tax laws.

## **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, 2016, and for the year then ended, contained in APPENDIX A to this Official Statement, have been audited by Piercy, Bowler, Taylor and Kern ("Piercy Bowler")



independent auditors, as set forth in their report included in “APPENDIX A” hereto. Piercy Bowler 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.

### **CONTINUING DISCLOSURE**

The City has undertaken for the benefit of the Bondholders and the beneficial owners of the Series 2017 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 Agreement that will be executed and delivered by the City.

The City has represented that it is in compliance with each and every continuing disclosure agreement and undertaking previously entered into by it pursuant to the Rule. A failure by the City to comply with the Continuing Disclosure Agreement will not constitute a default under the Indenture and beneficial owners of the Series 2017 Bonds are limited to the remedies described in the Continuing Disclosure Agreement. See “APPENDIX D—FORM OF CONTINUING DISCLOSURE AGREEMENT—Default.” A failure by the City to comply with the Continuing Disclosure Agreement 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 2017 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2017 Bonds and their market price.

### **UNDERWRITING**

\_\_\_\_\_, as the underwriter of the Series 2017 Bonds (the “Underwriter”), has agreed, subject to certain conditions, to purchase all of the Series 2017 Bonds from the City at a purchase price of \$\_\_\_\_\_ (being the par amount thereof [plus/less] a [net] original issue premium less an underwriter’s discount of \$\_\_\_\_\_) and to make a public offering of the Series 2017 Bonds. The Series 2017 Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2017 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the cover page of this Official Statement and such public offering prices may be changed from time to time.

Although the Underwriter expects to maintain a secondary market in the Series 2017 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**

\_\_\_\_\_ has assigned its municipal bond rating of \_\_\_\_\_ to the Series 2017 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 2017 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 2017 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 2017 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 2017 Bonds are issued or the validity of the Series 2017 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 Utah 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 Lewis Young Robertson & Burningham, Inc. Salt Lake City, Utah (the “Financial Advisor”), to provide financial recommendations and guidance to the City with respect to preparation for sale of the Series 2017 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors relating to the sale of the Series 2017 Bonds. The Financial Advisor has read and participated in the drafting of certain provisions of this Official Statement. The Financial 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 Financial Advisor respecting accuracy and completeness of the Official Statement or any other matters related to the Official Statement. Financial Advisor fees are contingent upon the sale and delivery of the Series 2017 Bonds.

### **LEGAL MATTERS**

The authorization and issuance of the Series 2017 Bonds is subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the City. Certain legal matters will be passed upon for the City by I. Robert Wall, Esq., City Attorney. The approving opinion of Bond Counsel will be delivered with the Series 2017 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 no 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.

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

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.

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

By: \_\_\_\_\_  
Mayor

**APPENDIX A**

**AUDITED BASIC FINANCIAL STATEMENTS OF SANDY CITY  
WITH INDEPENDENT AUDITORS' REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016**

**APPENDIX B**

**DEMOGRAPHIC AND ECONOMIC  
INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY**

The following paragraphs in this appendix contain information with respect to Sandy City and Salt Lake County.

**THE CITY**

**City Population**

<u>Year</u>	<u>Population</u>	<u>Percent Change</u>
2015 Estimate	93,613	1.49
2014 Estimate	92,240	0.88
2013 Estimate	91,431	0.86
2012 Estimate	90,647	0.99
2011 Estimate	89,762	2.63
<b>2010 Census</b>	87,461	–

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Note: The 2010 Census is as of April 1, 2010; the annual population estimates are as of July 1 of the year given. (Source: U.S. Census Bureau.)

**Construction Activity in the City**

The following table summarizes the value of permit authorized construction for the City for the years shown for both residential and commercial construction.

	<i>Calendar Year</i>				
	<u>2016**</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
New Dwelling Units	771	831	526	818	113
New Residential Value (\$000)	79,080.7	217,460.3	52,646.8	84,530.3	22,077.7
New Nonresidential Value (\$000)	65,943.0	93,479.8	5,804.1	8,624.7	10,032.5
Additions/Alterations/Repairs Residential Value (\$000)	3,149.6	2,886.7	4,126.4	2,803.6	7,738.0
Additions/Alterations/Repairs Nonresidential Value (\$000)	41,477.9	11,021.9	14,661.3	15,639.9	16,287.3
Total Construction (\$000)	189,651.2	324,848.7	77,238.6	111,598.5	56,135.5

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\*\* Preliminary; subject to change.

(Source: University of Utah Bureau of Economic and Business Research.)

## THE COUNTY

The following demographic information is provided solely as background information regarding Salt Lake County (the "County"), the general area in which the City is located. The County is the economic and population center of the State. Based on 2010 Census data, the County has approximately 37% of the total population of the State. The State capital, Salt Lake City, is located in the County.

### Economic Indicators in the County

LABOR FORCE (1)	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Labor Force (annual average)	589,256	577,571	571,229	557,101	546,644
Employed (annual average)	569,865	556,398	545,729	527,698	510,425
Unemployed (annual average)	19,391	21,173	25,500	29,403	36,219
Average Employment (Non-Farm Jobs)	661,297	639,466	624,309	603,919	583,010
% Change Prior Year	3.41	2.43	3.38	3.59	2.06
<i>Average Employment by Sector:</i>					
Agriculture, Forestry, Fishing & Hunting	192	179	194	213	217
Mining	2,696	2,948	3,399	3,652	3,220
Utilities	2,697	2,617	2,593	2,716	2,711
Construction	33,667	31,844	30,814	30,727	29,702
Manufacturing	53,410	52,453	52,616	52,554	51,227
Wholesale Trade	31,414	30,546	30,758	31,158	29,969
Retail Trade	69,718	67,573	66,700	64,437	61,153
Transportation and Warehousing	37,264	34,652	33,991	33,179	32,376
Information	18,292	18,474	18,265	17,761	16,567
Finance and Insurance	43,847	41,492	40,114	38,151	37,704
Real Estate and Rental and Leasing	9,840	9,611	9,294	9,166	9,010
Professional, Scientific & Technical Services	49,454	46,800	44,135	40,811	38,201
Management of Companies and Enterprises	16,622	16,558	16,319	16,101	15,664
Administrative, Support, Waste Management, & Remediation	50,537	48,471	46,631	43,587	41,823
Education Services	60,798	59,409	56,651	53,899	52,081
Health Care and Social Assistance	73,783	71,321	70,073	67,351	65,889
Arts, Entertainment, and Recreation	8,846	8,524	8,085	7,848	7,468
Accommodation and Food Services	47,803	46,214	44,774	42,524	40,787
Other Services and Unclassified Establishments	20,968	20,331	19,568	18,754	18,130
Public Administration	29,539	29,630	29,532	29,540	29,330
Total Establishments	41,519	40,040	38,702	36,826	35,890
Total Wages (\$Millions)	32,691.89	30,469.01	28,858.15	27,727.61	25,917.21

*Continued on next page . . .*

**Economic Indicators (continued)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>INCOME AND WAGES</b>					
Total Personal Income (\$000) (2)	\$49,488,031	\$46,634,482	\$44,302,371	\$43,101,775	\$40,204,993
Per Capita Income (2)	38,338	40,481	40,977	42,671	44,692
Median Household Income (2)	n/a	62,536	60,555	59,626	59,168
Average Monthly Nonfarm Wage (1)	\$4,120	\$3,971	\$3,852	\$3,826	\$3,705
<b>SALES &amp; CONSTRUCTION</b>					
Gross Taxable Sales (3)	\$24,256.5M	\$22,941.0M	\$21,986.1M	\$21,387.8M	\$19,879.6M
New Dwelling Units (4)	6,053	6,066	5,228	2,934	2,406
Total Construction Value (\$000) (4)	2,059,529.2	1,966,763.8	1,583,876.4	1,589,472.9	1,561,759.6
New Residential Value (\$000) (4)	1,028,601.8	1,052,539.4	906,737.9	634,610.4	478,994.2
New Nonresidential Value (\$000) (4)	595,273.5	467,928.3	407,459.1	608,593.5	624,547.0

(Sources: (1) Utah Department of Workforce Services; (2) U.S. Department of Commerce, Bureau of Economic Analysis, last updated November 17, 2016; (3) Utah State Tax Commission; (4) University of Utah Bureau of Economic and Business Research.)

**Rate of Unemployment – Annual Average**

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2016	%	%	4.9%
2015	3.3	3.5	5.3
2014	3.7	3.8	6.2
2013	4.2	4.4	7.4
2012	5.2	5.4	8.1
2011	6.6	6.8	8.9

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

## Major Employers

The following is a list of some of the largest employers in the County.

<i>Company</i>	<i>Industry</i>	<i>Employment</i>
University of Utah	Higher Education	15000-19999
Intermountain Health Care	Health Care	15000-19999
State of Utah	State Government	10000-14999
Granite School District	Public Education	7000-9999
University of Utah Health Care	Health Care	7000-9999
Jordan School District	Public Education	7000-9999
Salt Lake	Local Government	5000-6999
Wal-Mart	Warehouse Clubs & Supercenters	4000-4999
The Canyons School District	Public Education	4000-4999
US Government, excl. post office & VA	Federal Government	4000-4999
Delta Airlines	Air Transportation	3000-3999
Salt Lake City School District	Public Education	3000-3999
Salt Lake City	Local Government	3000-3999
Zions Bank	Banking	3000-3999
Smith's Marketplace	Grocery Store	3000-3999
L3 Communications	Communications Equipment Mfg	3000-3999
Salt Lake Community College	Higher Education	3000-3999
Discover	Consumer Lending	3000-3999
U. S. Postal Service	Federal Government	3000-3999
United Parcel Service	Courier & Express Delivery	2000-2999
VA Medical Center	Health Care/Federal Government	2000-2999
Wells Fargo Bank	Banking	2000-2999
ARUP Laboratories	Medical Laboratory	2000-2999
CR England	Trucking	2000-2999
Skywest Airlines	Air Transportation	2000-2999
JetBlue Airways	Travel Reservation Services	2000-2999
Kennecott Utah Copper	Metal Manufacturing/Mining	2000-2999
Harmons	Grocery Store	1000-1999
Utah Transit Authority	Public Urban Transit	1000-1999
Convergys	Telephone Call Center	1000-1999
Dental Select	Medical Insurance	1000-1999
eBay	Online Auctions Retail	1000-1999
Goldman Sachs	Financial Services	1000-1999
Home Depot	Home Centers	1000-1999
Fidelity Brokerage Services	Financial Services	1000-1999
Larry H. Miller Arena and Movie Theatres	Entertainment	1000-1999
Price's Guaranteed Doors	Building Material Dealers	1000-1999
Overstock.com	Electronic Shopping	1000-1999
St. Marks Hospital	Health Care	1000-1999
Merit Medical Systems	Surgical & Medical Instrument	1000-1999
Grand America / Little America Hotels	Accommodations	1000-1999
Innovative Staffing	Employment Services	1000-1999
Costco	Warehouse Clubs & Supercenters	1000-1999
Verizon Wireless	Telecommunications	1000-1999
Xerox Commercial Solutions	Data Processing and Hosting	1000-1999

(Source: Utah Department of Workforce Services; as of February 2016.)



## APPENDIX C

### EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following are extracts of certain provisions contained in the General Indenture and the Third Supplemental Indenture, and are not to be considered as a full statement thereof. Reference is made to the General Indenture and the Third Supplemental Indenture, for full details of all of the terms of the Series 2017 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 Third Supplemental Indenture is available upon written request from the contact person as indicated under “INTRODUCTION—Contract Persons” above. [*Check for Indenture changes/conformity*]

#### Definitions

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

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

“Act” means 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, each to the extent applicable.

“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.

“Aggregate Annual Debt Service Requirement” means the total Debt Service (including any Repayment Obligations) for any one Bond Fund Year (or other specific period) on all Series of Bonds Outstanding or any specified portion thereof.

“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, City Recorder, Director of Finance, City Treasurer 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 the Sandy City, Utah Water 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 according to the registration books of the Issuer maintained by the Trustee as Registrar.

“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 (a) 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 and (b) on which the New York Stock Exchange is open, or (ii) as otherwise provided in a Supplemental Indenture.

“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 prior redemption of such Bonds.

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

“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 the Indenture and are outstanding up to an Authorized Amount.

“Construction Fund” means the Sandy City, Utah Water 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, fees of financial rating services and costs of issuing the Series of Bonds (including costs of interest rate caps and costs related to Interest Rate Swaps (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 of any operation and maintenance expenses and other working capital appertaining to any facilities to be acquired for a Project 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 in the Indenture provided, 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, 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 all Bonds other than 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 such market rate of interest applicable to such Series of Variable Rate Bonds or related Repayment Obligations as shall be established for the purpose in the opinion of the Issuer’s financial advisor, underwriter or

similar agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise);

(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 such Interest Rate Swap does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds 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 market 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 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 such Interest Rate Swap does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds 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 include 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 such market rate of interest applicable to such Commercial Paper Program as shall be established for this purpose in the opinion of the Issuer's financial advisor, underwriter or similar agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise); 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, 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 the Sandy City, Utah 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" means with respect to each Series of Bonds issued pursuant to the Indenture, unless otherwise provided in the related Supplemental Indenture, an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds 2% of original principal, then determined on the basis of initial purchase price to the public), (ii) the maximum annual Debt Service during any Bond Fund Year for such Series of Bonds, and (iii) 125% of the average annual Debt Service for such Series of Bonds; provided, however, that in the event any Series of Additional Bonds is issued to refund only a portion and not all of the then Outstanding Bonds of any other Series of Bonds issued pursuant to the Indenture (the "Prior Bonds"), then the portion of such Series of Prior Bonds that remain Outstanding immediately after the issuance of such Additional Bonds and the portion of such Additional

Bonds that is allocable to the refunding of such Series of Prior Bonds may be combined and treated as a single Series for purpose of determining the Debt Service Reserve Requirement relating to such combined Series and the resulting requirement shall be allocated among the two Series pro rata based upon the total principal amount remaining Outstanding for each Series. The Debt Service Reserve Requirement may be funded by a Reserve Instrument as provided in the Indenture provided or, if provided in the related Supplemental Indenture, may be accumulated over time. Each Account of the Debt Service Reserve Fund shall only be used with respect to the related Series of Bonds.

“Direct Obligations” means noncallable Government Obligations.

“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.

“Fitch” means Fitch Ratings.

“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 unconditionally guaranteed by, the United States of America (including, without limitation, obligations commonly referred to as “REFCORP strips”).

“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 a Series of Bonds 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 may also include any Deputy Mayor except as such Deputy Mayor’s powers may be limited by written declaration of the duly elected Mayor.

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

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

“Operation and Maintenance Expenses” means all expenses reasonably incurred in connection with the operation and maintenance of the System, whether incurred by the Issuer or paid to any other entity pursuant to contract or otherwise, necessary to keep the System in efficient operating condition, including costs of purchased water and any corresponding capital assessments from the Metropolitan Water District of Salt Lake and Sandy, cost of audits hereinafter required, payment of promotional and marketing expenses and real estate brokerage fees, payment of premiums for the insurance hereinafter required, Administrative Costs and, generally all expenses, exclusive of depreciation (including depreciation related expenses of any joint venture) and, any in-lieu of tax transfers to City funds and interest expense for interfund loans from City funds, which under generally accepted accounting practices are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the System shall be included.

“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 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.

“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 of which, when 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 10 East South Temple, 12th 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 renovation of the System, or the acquisition of improvements and equipment (with an expected life beyond a current Fiscal Year) for use in the System.

“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 Engineer” means any registered or licensed engineer or architect or engineer or firm of such engineers or architects and engineers generally recognized to be qualified in engineering matters relating to construction and maintenance of municipal water systems, appointed and paid by the Issuer, who shall not have any substantial interest, direct or indirect (other than employment), with the Issuer, but who may be regularly retained to make annual or other periodic reports of the Issuer. “Qualified Engineer” may include any registered or licensed engineer employed by the Issuer.

“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 including: 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), including money market funds from which the Trustee or its affiliates derive a fee for investment advisory services to the fund;
- (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 of 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, including the Trustee and its affiliates, 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, including investments contracts permitted by Section 51-7-17(2)(d) thereof.

“Rating Agency” means Fitch, 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 Rating Agency 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 where the interest thereon is intended to be excludable from gross income for federal income tax purposes, 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 any Series of Bonds where the interest thereon is intended to be excludable from gross income for federal income tax purposes, 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 the Sandy City, Utah Water 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 Bonds issued under the Indenture maintained by the Registrar.

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

“Regular Record Date” means unless otherwise provided by Supplemental Indenture for a Series of Bonds, the fifteenth day immediately preceding each Interest Payment Date.

“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.

“Repair and Replacement Fund” means the Sandy City, Utah Water Revenue Repair and Replacement Fund created in the Indenture to be held by the Issuer and administered pursuant to the Indenture.

“Repair and Replacement Reserve Requirement” means the amount or amounts from time to time required under each Supplemental Indenture to be on deposit in the Repair and Replacement Fund.

“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 (including the applicable portions of 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 to the Indenture under all Reserve Instruments.

“Reserve Instrument Fund” means the Sandy City, Utah Water 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.

“Revenue Fund” means the Sandy City, Utah Water Revenue Fund created in the Indenture to be held by the Issuer and administered pursuant to the Indenture.

“Revenues” means all revenues, fees (including impact fees to the extent such impact fees can legally be used for the purposes financed under the Indenture), income, rents and receipts received or earned by the Issuer from or attributable to the ownership and operation of the System (including proceeds of business interruption insurance), together with all interest earned by and profits derived from the sale of investments in the related funds thereof.

“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 (including the applicable portions of 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.

“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 the Sandy City, Utah Water 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 for the retirement of Term Bonds as specified in the Supplemental Indenture authorizing said Term Bonds (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 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.

“System” means the Issuer’s water, together with any additions, repairs, renewals, replacements, expansions, extensions and improvements to said System, or any part thereof, hereafter acquired or constructed, and together with all lands, easements, interests in land, licenses and rights of way of the Issuer and all other works, property, structures, equipment of the Issuer and contract rights and other tangible and intangible assets of the Issuer now or hereafter owned or used in connection with, or related to said System.

“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 First National Bank, 10 East South Temple, 12th Floor, Salt Lake City, Utah, 84130 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 interest on which for any future period of time, is to be calculated at a rate which is not susceptible to a precise determination.

“Year” means any twelve consecutive month period.

### **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 to the Indenture, 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 in the Indenture set forth 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.

## The Bonds

**Limited Obligation.** The Bonds, together with interest thereon, and all Repayment Obligations shall be limited obligations of the Issuer payable solely from the Net Revenues (except to the extent paid out of moneys attributable to the Bond proceeds or other funds created under the Indenture (except the Rebate Fund) or the income from the temporary investment thereof). The Bonds shall be a valid claim of the Registered Owners thereof only against the Net 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 Net 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 or by Supplemental 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 taxation therefor or to make any appropriation for their payment.

**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 Net Revenues for the payment of the Bonds and the Security Instrument Repayment Obligations in the Indenture authorized 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 and the Security Instrument Repayment Obligations in the Indenture authorized out of Net Revenues shall be created or incurred, unless the following requirements have been met:

(a) No Event of Default shall have occurred 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 Net Revenues for any Year in the 24 months immediately preceding the proposed date of issuance of such Additional Bonds were at least equal to 110% of the sum of the Aggregate Annual Debt Service Requirement on all Bonds Outstanding for said Year; 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) In the case of Additional Bonds issued to finance a Project, the Issuer shall have delivered to the Trustee a certificate from a Qualified Engineer:

(i) setting forth the Estimated Net Revenues as in the Indenture described (assuming, if applicable, the completion of the Project, or any portion thereof, financed with proceeds of the Additional Bonds) either:

(A) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Project, or any portion thereof, if proceeds of the Additional Bonds are used to fund interest during the construction period, or

(B) if (A) is not the case, for the then current Bond Fund Year and each succeeding Bond Fund Year to and including the second Bond Fund Year succeeding the latest estimated date of completion of the Project, or any portion thereof; and

(ii) verifying that the Estimated Net Revenues as shown in (i) above for each of such Bond Fund Years are not less than 110% of the Aggregate Annual Debt Service Requirement for each of such Bond Fund Years with respect to all of the Bonds and Additional Bonds which would then be Outstanding (after taking into account any principal reductions resulting from regularly scheduled principal or sinking fund redemption payments) and the Additional Bonds so proposed to be issued.

For purposes of the Indenture, "Estimated Net Revenues" shall be determined by the Qualified Engineer as follows:

(A) The total Net Revenues of the System for any Year in the 24 months immediately preceding the authentication and delivery of the Additional Bonds shall first be determined. For purposes of these calculations, Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Project, or any portion thereof, financed with the proceeds of the Additional Bonds will be estimated by the Qualified Engineer for the applicable Bond Fund Years as determined in Section 1.1(c)(i)(A) or (B) above.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, plus 80% of the estimated additional Net Revenues as calculated in (B) above.

(d) 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 to be accumulated therein at the time of issuance of the Additional Bonds; and

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

## **Special Funds and Accounts**

### Use of Construction Fund.

(a) So long as an Event of Default shall not have occurred and be continuing and except as otherwise provided by Supplemental Indenture, moneys deposited in the appropriate account in the Construction Fund shall be disbursed by the Trustee to pay the Costs 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, 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 the information submitted in such requisition. Such payments shall be presumed to be made properly and the Trustee shall not be required to verify the application of any payments from the Construction Fund or to inquire into the purposes for which disbursements 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 executed by an Authorized Representative of the Issuer 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 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 certification any claim or claims out of which a lien exists or might ripen in the event 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 the Indenture shall state that there is a claim or claims in controversy which create or might ripen into a lien, an Authorized Representative of the Issuer shall file a similar certificate with the Trustee 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 the Indenture, any balance remaining in the applicable account in the Construction Fund relating to such Project shall, as directed by an Authorized Representative of the Issuer, be deposited in the Bond Fund, to be applied, (i) toward the redemption of the Series of Bonds issued to finance such Project or (ii) to pay principal and/or interest next falling due with respect to such Series of 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.**

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

(b) As a first charge and lien on the Revenues, the Issuer shall cause to be paid from the Revenue Fund from time to time as the Issuer shall determine, all Operation and Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

(c) So long as any Bonds are Outstanding, as a second charge and lien on the Revenues, i.e., from the Net Revenues, the Issuer shall, at least fifteen days before each Interest Payment Date, transfer and deposit into the Bond Fund from the Revenue Fund an amount equal to:

(i) 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) the principal and premium, if any, falling due on the next succeeding principal payment date established for the Bonds; plus

(iii) the Sinking Fund Installments, if any, falling due on the next succeeding Sinking Fund Installment payment date;

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. The foregoing provisions may be revised by a Supplemental Indenture for any Series of Bonds having other than semiannual Interest Payment Dates.

(d) As a third charge and lien on the Net Revenues (on a parity basis), 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 with respect to each Series of Bonds 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 or any account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, the Issuer shall deposit Net Revenues in such account(s) in the Debt Service Reserve Fund sufficient in amount to restore such account(s) within one year with twelve (12) substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement); or a ratable portion (based on the amount to be transferred pursuant to the Indenture) of remaining Net 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 Net Revenues, or a ratable portion (based on the amount to be transferred pursuant to the Indenture) 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 Net 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 within one year from any draw date under the Reserve Instrument.

(e) As a fourth charge and lien on the Net Revenues, the Issuer shall deposit in the Repair and Replacement Fund any amount required by the Indenture and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding (or, after the issuance of Additional Bonds, the amount required to be on deposit therein), from time to time, the Issuer shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Net Revenues of the System after payments required by the Indenture have been made until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. Subject to the provisions in the Indenture, this provision is not intended to limit, and shall not limit, the right of the Issuer to deposit additional moneys in the Repair and Replacement Fund from time to time as the Issuer may determine.

(f) Subject to making the foregoing deposits, the Issuer may use the balance of the Net Revenues accounted for in the Revenue Fund for any of the following:

- (i) redemption of Bonds;
- (ii) refinancing, refunding, or advance refunding of any Bonds; or
- (iii) 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 to the Bond Fund, as and when received, as follows:

- (i) accrued interest received upon the issuance of any Series of Bonds;
  - (ii) all moneys payable by the Issuer as specified in the Indenture;
  - (iii) any amount in the Construction Fund to the extent required by or directed pursuant to the Indenture upon completion of a Project;
  - (iv) all moneys transferred from the Debt Service Reserve Fund or from a Reserve Instrument or Instruments then in effect as provided 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.
- (b) Except as provided in the Indenture 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 to pay the interest due on such date;
  - (ii) on or before each Principal Installment due date, the amount required to pay the Principal Installment due on such due date; and
  - (iii) on or before each redemption date for each Series of Bonds, the amount required to pay the redemption price of and accrued interest on such Bonds then to be redeemed.

Such amounts shall be applied by the Paying Agent 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 (1) 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); (2) all agreements relating to all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations in accordance with their respective terms; and (3) the fees, charges and expenses of the Trustee, the 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 to the Indenture, 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 the Indenture and subject to the immediately following sentence, moneys in each account 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 either 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, (ii) deposited from available Net 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 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 the Indenture, the Issuer is required, pursuant to the Indenture and the provisions of any Supplemental Indenture, to 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 while the related Series of Bonds are Outstanding 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. Moneys 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 related Reserve Instrument Coverage) shall be transferred by the Trustee to the Bond Fund at least once each year.

Moneys on deposit in any account of the Debt Service Reserve Fund shall be used to make up any deficiencies in the Bond Fund only for the Series of Bonds secured by said account and any Reserve Instrument shall only be drawn upon with respect to the Series of Bonds for which such Reserve Instrument was obtained.

The Issuer may, upon obtaining an approving opinion of bond counsel to the effect that such transaction will not adversely affect the tax-exempt status of any outstanding Bonds, replace any amounts required to be on deposit in the Debt Service Reserve Fund with a Reserve Instrument.

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.



Use of Repair and Replacement Fund. All moneys in the Repair and Replacement Fund may be drawn on and used by the Issuer for the purpose of (a) paying the cost of unusual or extraordinary maintenance or repairs of the System; (b) paying the costs of any renewals, renovation, improvements, expansion or replacements to the System; and (c) paying the cost of any replacement of buildings, lines, equipment and other related facilities, to the extent the same are not paid as part of the ordinary and normal expense of the operation of the System.

Funds shall be deposited monthly from available Net Revenues in such amounts as may be required from time to time by each Supplemental Indenture until the Repair and Replacement Fund has an amount equivalent to the Repair and Replacement Requirement. Any deficiencies below the Repair and Replacement Requirement shall be made up from Net Revenues of the System available for such purposes. Funds at any time on deposit in the Repair and Replacement Fund in excess of the amount required to be maintained therein may, at any time, be used by the Issuer for any lawful purpose.

### **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 which are subject to said rebate requirements 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 one or more Series of Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebatable Arbitrage is determined, the excess amount remaining after payment of the Rebatable Arbitrage to the United States shall, upon the Issuer's written request accompanied by the determination report, be paid by the Trustee to the Issuer.

(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 the Indenture 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 the Indenture.

(d) The Trustee shall, at least 60 days prior to each Rebate Calculation Date, notify the Issuer of the requirements of the Indenture. 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 the Indenture may be amended or deleted without Bondowner 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 Reserve Instrument Fund, the Rebate Fund or the Debt Service Reserve Fund shall, at the discretion and authorization of the Issuer, be invested by the Trustee in Qualified Investments; provided, however, that moneys on deposit in the Bond Fund and the Reserve

Instrument 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 in the Indenture provided. 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 and the Repair and Replacement Fund may 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 the Indenture. 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, 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 thereunder, 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 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 annually, except in the event of a withdrawal from the Debt Service Reserve Fund, whereupon securities shall be valued immediately after such withdrawal.

## **General Covenants**

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) While any of the principal of and interest on the Bonds are outstanding and unpaid, or any Repayment Obligations are outstanding, any resolution or other enactment of the Governing Body of the Issuer, applying the Net Revenues for the payment of the Bonds and the Repayment Obligations 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 the Repayment Obligations which would in any way jeopardize the timely payment of principal or interest when due. Furthermore, the rates including connection fees, for all services supplied by the System to the Issuer and to its inhabitants and to all customers within or without the boundaries of the Issuer, shall be sufficient to pay the Operation and Maintenance Expenses for the System, and to provide Net Revenues for each Bond Fund Year of not less than 110% of the Aggregate Annual Debt Service Requirement for such year, plus an amount sufficient to fund the Debt Service Reserve Fund in the time, rate and manner specified in the Indenture, provided, however, that such rates must be reasonable rates for the type, kind and character of the service rendered. There shall be no free water service, and such rates shall be charged against all users of the System, including the Issuer. The Issuer agrees that should its annual financial statement made in accordance with the provisions of the Indenture disclose that during the period covered by such financial statement the Net Revenues were not at least equal to the above requirement, the Issuer shall request that a Qualified Engineer make recommendations as to the revision of the rates, charges and fees and that the Issuer on the basis of such recommendations will revise the schedule of rates, charges and fees insofar as is practicable and further revise Operation and Maintenance Costs so as to produce the necessary Net Revenues as in the Indenture required.

(b) The Issuer will maintain the System in good condition and operate the same in an efficient manner.

(c) Each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider shall have a right, in addition to all other rights afforded it by the laws of the State, to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the Issuer to charge or collect reasonable rates for services supplied by the System sufficient to meet all requirements of the Indenture and of any applicable Security Instrument Agreement or Reserve Instrument Agreement.

(d) So long as any principal and interest payments of the Bonds are Outstanding, or any Repayment Obligations are outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each 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 thereto and to inspect the System. 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 for account of the Net Revenues and the System, and that such audit will be available for inspection by each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider.

All expenses incurred in compiling the information required by the Indenture shall be regarded and paid as an Operation and Maintenance Expense.

First Lien Bonds; Equality of Liens. The Bonds and any Security Instrument Repayment Obligations constitute an irrevocable first lien upon the Net Revenues. The Issuer covenants that the Bonds and Security Instrument Repayment Obligations hereafter authorized to be issued and from time to time outstanding are equally and ratably secured by a first lien on the Net Revenues and shall not be entitled to any priority one over the other in the application of the Net 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) Net 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 Net 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 Net Revenues are by the Indenture specifically pledged and assigned to the payment thereof in the manner and to the extent in the Indenture specified, 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 and laws 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.

#### **Default Provisions**

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 the Issuer’s 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 in the Indenture, and such default shall continue for 30 days after written notice specifying such 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.

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 Registered Owners 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 the Indenture 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 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 Registered Owners 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 the 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 the Indenture, 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 Indenture, 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 the Indenture, or of which 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 hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinabove granted, 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 in the Indenture provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in the Indenture provided 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 in the Indenture contained 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 Registered Owner 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 Registered Owner, 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 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.

## Trustee Provisions

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 hereinabove provided. 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 the Indenture will not terminate upon its resignation or removal or upon payment of the Bonds and discharge of the Indenture.

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.

## Supplemental Indentures

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, Reserve Instrument Providers or Security Instrument Issuers, 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, Title 15, Chapter 7 of the Utah Code, 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 or approved by a Rating Agency in order to obtain or maintain any rating on the Bonds or requested or approved 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 exclusion from gross income for federal income tax purposes 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 thereunder, 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 any 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 any 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, (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 (3) a certificate of the Issuer to the effect that such amendment will not adversely affect the Issuer's ability to comply with the provisions of the Indenture; and

(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 the Indenture and subject to the terms and provisions contained in the Indenture, 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 the Indenture 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 the Indenture, 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 according 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 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) Direct 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 Direct 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 the provisions of the Indenture; and

(c) if the Bonds to be redeemed will not be redeemed within 90 days of such deposit, directing the Trustee to mail, as soon as practicable, in the manner prescribed by the Indenture, a notice to the Registered Owners of such Bonds and to each related Security Instrument Issuer that the deposit required by the Indenture has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with 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 (a) above.

Any moneys so deposited with the Trustee as provided in the Indenture may at the direction of the Issuer also be invested and reinvested in Direct Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Direct Obligations in the hands of the Trustee pursuant to 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 Direct 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 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 the Indenture which may be contrary to the provisions of the Indenture, all moneys or Direct Obligations set aside and held in trust pursuant to the provisions 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 Direct Obligations have been so set aside in trust.

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

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE [AGREEMENT]

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by Sandy City, Utah (the “Issuer”) and ZB, National Association, as trustee (the “Trustee”), in connection with the issuance by the City of its \$ \_\_\_\_\_ Water Revenue Bonds, Series 2017 (the “Series 2017 Bonds”). The Series 2017 Bonds are being issued pursuant to a resolution adopted on [\_\_\_\_], 2017, by the City Council of the City, which provides for the issuance of the Series 2017 Bonds; and (iii) a General Indenture of Trust dated as of April 1, 2004, as previously amended and supplemented (the “General Indenture”), between the City and the Trustee, and as further amended and supplemented by a Third Supplemental Indenture of Trust dated as of \_\_\_\_\_, 2017 (the “Third 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 2017 Bonds. In connection with the aforementioned transactions, the City and the Trustee covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Trustee for the benefit of the Bondholders and Beneficial Owners of the Series 2017 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 Agreement 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 Agreement.

“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 the Trustee, acting in its capacity as Dissemination Agent hereunder, or any of its successors or assigns.

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

“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.org (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the City dated \_\_\_\_\_, 2017, relating to the Series 2017 Bonds.

“Participating Underwriter” shall mean \_\_\_\_\_, as original underwriter of the Series 2017 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.

“Tax-Exempt” shall mean that interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

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, 2017, provide to the MSRB, the Annual Report of the City which is consistent with the requirements of Section 4 of this Disclosure Agreement. 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 Agreement; 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 under the captions "THE SYSTEM— Sources of Water," "—Water Rates," "—Water Historical Growth and Largest Customers" "—Historical Net Revenues and Projected Debt Service Coverage (By Fiscal Year)," and "—Five Year Financial Summaries of the System," as information becomes historically available. ]

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 2017 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 Bonds;
- (vi) Defeasances;
- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings; or
- (ix) Rating changes.

(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 2017 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 2017 Bonds;
- (v) Series 2017 Bond calls; or
- (vi) Release, substitution or sale of property securing repayment of the Series 2017 Bonds.

(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 Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2017 Bonds. If such termination occurs prior to the final maturity of the Series 2017 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 hereby appoints the Trustee as Dissemination Agent under this Disclosure Agreement.]

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Trustee may amend this Disclosure Agreement and any provision of this Disclosure Agreement 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 2017 Bonds, or the type of business conducted;

(a) 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 2017 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver either (i) is approved by the Holders of the Series 2017 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 2017 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, 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 Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. 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 Agreement, the City shall have no obligation under this Disclosure Agreement 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 Agreement, any Bondholder or Beneficial Owner of the Series 2017 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 Agreement. A default under this Disclosure Agreement shall not be deemed an "event of default" under the Indenture

or the Lease, and the sole remedy under this Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Agreement 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 Agreement, 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 2017 Bonds.

Section 12. Beneficiaries. This Disclosure Agreement 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 2017 Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement 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: \_\_\_\_\_, 2017.

SANDY CITY, UTAH

(SEAL)

By: \_\_\_\_\_  
Mayor

Attest:

By: \_\_\_\_\_  
City Recorder

## APPENDIX E

### FORM OF OPINION OF BOND COUNSEL

*Upon the delivery of the Series 2017 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 “Issuer”) in connection with the issuance by the Issuer of its \$\_\_\_\_\_ Water Revenue Bonds, Series 2017 (the “Series 2017 Bonds”). The Series 2017 Bonds are being issued pursuant to (i) a resolution adopted on \_\_\_\_\_, 2017 by the City Council of the City which provides for the issuance of the Series 2017 Bonds; (ii) a General Indenture of Trust dated as of April 1, 2004, as previously amended and supplemented (the “General Indenture”), between the City and ZB, National Association, as trustee and as further amended and supplemented by a Third Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2017 (the “Third Supplemental Indenture,” and together with the General Indenture, the “Indenture”); 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 2017 Bonds will be used by the City to (a) finance \_\_\_\_\_ and (b) pay the costs of issuing the Series 2017 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 Issuer, constitutes a valid and binding obligation of the Issuer 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 2017 Bonds.

2. The Series 2017 Bonds are valid and binding special obligations of the Issuer payable solely from the Revenues and other amounts pledged therefor in the Indenture, and the Series 2017 Bonds do not constitute a general obligation indebtedness of the Issuer within the meaning of any State of Utah constitutional provision or statutory limitation, nor a charge against the full faith and credit or taxing power of the Issuer.

3. The interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2017 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017 Bonds.

4. The interest on the Series 2017 Bonds (including any original issue discount properly allocable to an owner thereof) is exempt State of Utah individual income taxes.

We express no opinion herein regarding the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Series 2017 Bonds.



The rights of the holders of the Series 2017 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 2017 Bonds. The Series 2017 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 2017 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 Standard & Poor'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](http://www.dtcc.com).

Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 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 2017 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 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 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 2017 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 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 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 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 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 2017 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 2017 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 2017 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 2017 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 2017 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.



\$9,500,000<sup>1</sup>  
**SANDY CITY, UTAH**  
 WATER REVENUE BONDS  
 SERIES 2017



FEBRUARY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

MARCH						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

APRIL						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

MAY						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

JUNE						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

JULY						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

City Council Meetings Closing

**CALENDAR OF EVENTS**

UPDATED: MARCH 10, 2017

DATE	EVENT	RESPONSIBLE PARTY	STATUS
February	Discussion and review of bond structuring options with City staff, including: term, ratings approach, calendar, method of sale, security for bond offering, etc.	LYRB, CITY	Completed
March 3	LYRB completes debt service sizing/structuring analysis and formalizes the maximum parameters to send to Bond Counsel <ul style="list-style-type: none"> <li>☞ Maximum Par Amount of Bonds to be Issued</li> <li>☞ Maximum Maturity Date</li> <li>☞ Maximum Discount</li> <li>☞ Maximum Coupon Rate(s)</li> <li>☞ Calculations of Outstanding Parity Bonds</li> <li>☞ Total Estimated Payments over life of bonds (at time of notice)</li> </ul> Bond Counsel to begin drafting <u>SUPER PARAMETERS RESOLUTION</u> and related bond documents	LYRB	Completed
March 9	<i>Draft Bond Documents distributed to Financing Team (and for inclusion in City Council Packets for March 14<sup>th</sup> Meeting)</i> <ul style="list-style-type: none"> <li>☞ Preliminary Official Statement (POS)</li> <li>☞ Indenture of Trust (Supplemental)</li> <li>☞ Bond Purchase Agreement</li> <li>☞ Super Parameters Resolution</li> </ul>	BC	Completed

<sup>1</sup> Preliminary, subject to change



DATE	EVENT	RESPONSIBLE PARTY	STATUS
March 14	City Council meeting to introduce, review and discuss <i>draft</i> Bond Documents; review and discuss Calendar of Events, debt service sizing options and debt service coverage analysis and cash flow modeling	CITY, LYRB	
March 22	Coordinate gathering of data for POS and Ratings Presentation	LYRB, BC	
March 28	City staff to review, edit and approve Underwriter RFP	LYRB, CITY	
March 28	City Council Meeting (regularly scheduled) to consider <b>authorizing (super parameters) resolution</b> and appointing pricing committee	CITY, LYRB	
March 29	Contact and schedule meeting(s) with Rating Agency(ies)	LYRB	
March 29	Prepare and disseminate draft Underwriter Request for Proposal (RFP)	LYRB	
March 31	<b>Publish "Notice of Bonds to be Issued"</b> in local newspaper, publication begins 30-day public contestability period; First publication of <b>Notice of Public Hearing</b> to be published in the <i>Salt Lake Tribune</i> , including the date of the Public Hearing: <u>April 18, 2017</u>	BC	
April 10	Second publication of <b>Notice of Public Hearing</b> to be published in the <i>Salt Lake Tribune</i> , including the date of Public Hearing: <u>April 18, 2017</u>	BC	
April 12	Underwriter RFP responses due. Begin evaluation of proposals	LYRB	
April 14	Review results of Underwriter proposals with City staff	CITY, LYRB	
April 14	Notify Underwriter of award. Update Calendar of Events and Distribution List	LYRB, CITY, BC	
April 14	Transmit <i>working draft</i> of all related Bond Documents to Financing Team	BC	
April 17	<i>Draft</i> Ratings Presentation distributed to Financing Team	LYRB	
April 18	<b>Public Hearing</b> to receive input from the public with respect to the issuance of the Series 2017 Water Revenue Bonds		
April 20	Document Review Meeting (TBD and specific time scheduled)	BC, LYRB, CITY, UW	
April 24	Distribute draft Bond Documents with changes from 4/20/17 Document Review Meeting	BC	
April 28	Transmit Packets to Rating Agencies	LYRB	
April 30	Completion of 30-day Contest Period on the Bonds	LYRB	
May 4-5	Meeting with Rating Agency(ies) in [San Francisco?]	LYRB, CITY	
May 19	Receive Bond Rating(s). Notify Underwriter and Bond Counsel	LYRB	
June 8	Finalize Preliminary Official Statement (POS) and distribute to Underwriter	BC	
June 19	Pre-Pricing Call	LYRB, CITY, UW	
June 20	Bond Pricing and Pricing Wrap-up Call	LYRB, CITY, UW	
June 30	Distribute <i>draft</i> Closing Memo	LYRB	
July 3	Distribute <i>draft</i> Closing Documents	BC	
July 3	Distribute Final Official Statement	BC	
July 5	Pre-Closing	CITY, BC	
July 6	Closing	ALL PARTIES	

**LEGEND**

- BC: BOND COUNSEL – GILMORE & BELL, P.C.
- CITY: CITY STAFF AND OFFICIALS
- UW: UNDERWRITER – TO BE DETERMINED
- LYRB: LEWIS YOUNG ROBERTSON & BURNINGHAM, INC. (FINANCIAL ADVISOR)
- TRUSTEE: TO BE DETERMINED



## SERIES 2017 DISTRIBUTION LIST

**SANDY CITY**

Thomas Dolan, Mayor

**SANDY CITY**

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Facsimile: 801.568.7169

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Jason Burningham, Principal

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Marc R. Edminster, Vice President

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**UNDERWRITER**

*TBD*

**RATING AGENCY**

S&P Global

**TRUSTEE / PAYING AGENT**

David VanWagoner, Trust Administrator

**Zions Bank Corporate Trust**

One S. Main St., 12<sup>th</sup> Fl.

Salt Lake City, Utah 84133

Telephone: 801.844-7516

Facsimile: 855.547-5428

E-mail: [david.vanwagoner@ionsbank.com](mailto:david.vanwagoner@ionsbank.com)



# Sandy City, Utah

## Water Revenue Bonds

### Series 2017

#### SUMMARY OF BOND STRUCTURING SCENARIOS

Construction Proceeds	\$7,000,000		\$9,500,000	
<b>Bond Type</b>	<b>Bank Qualified Bonds</b>		<b>Bank Qualified Bonds</b>	
Par Amount of Bonds:	\$ 6,615,000	\$ 6,565,000	\$ 8,945,000	\$ 8,885,000
Term:	15 yrs.	20 yrs.	15 yrs.	20 yrs.
True Interest Cost:	2.705037%	3.106339%	2.704313%	3.106159%
Avg. Annual Debt Service:	\$ 574,535	\$ 476,276	\$ 777,384	\$ 643,956
Total Interest :	\$ 2,172,646	\$ 3,037,024	\$ 2,937,607	\$ 4,105,144
Original Issue Premium:	\$ 564,178	\$ 517,989	\$ 763,197	\$ 700,104
Net Available for Project:	\$ 7,000,000	\$ 7,000,000	\$ 9,500,000	\$ 9,500,000
Total Issuance Costs:	\$ 129,178	\$ 132,989	\$ 148,197	\$ 145,104
Scenario Analysis (refer to DS Coverage)	Scenario I	Scenario II	Scenario III	Scenario IV
<b>Estimated Bond Issuance Cost Detail</b>				
Underwriter's Discount	\$ 29,543	\$ 29,768	\$ 39,983	\$ 40,253
Bond/Disclosure Counsel Fee	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Rating Agency Fee	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Municipal Advisory Fee	\$ 45,000	\$ 45,000	\$ 50,000	\$ 50,000
Trustee Fee	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500
Miscellaneous/Contingency	\$ 10,135	\$ 13,722	\$ 13,714	\$ 10,351
<b>Total:</b>	<b>\$ 129,178</b>	<b>\$ 132,989</b>	<b>\$ 148,197</b>	<b>\$ 145,104</b>

# SANDY, UTAH

## Scenario I: \$7M Construction Proceeds; 15 Yr. Amortization

Water Enterprise Fund (Year Ending June 30)

### Debt Service Coverage Model and Analysis

	HISTORICAL					PROJECTED					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>REVENUES:</b>											
Charges for Services	21,271,314	21,529,436	20,006,807	18,655,969	20,201,364	21,655,280	22,720,976	23,839,445	24,357,673	25,570,019	26,842,816
Fees from Developers	233,325	306,738	656,908	492,375	689,095	290,000	298,700	307,661	316,891	326,398	336,189
<i>Total Revenues</i>	21,504,639	21,836,174	20,663,715	19,148,344	20,890,459	21,945,280	23,019,676	24,147,106	24,674,564	25,896,417	27,179,005
<b>OPERATION AND MAINTENANCE EXPENSES</b>											
Salaries and Benefits	1,832,393	1,892,266	1,879,107	1,573,789	1,969,217	2,028,670	2,089,530	2,152,216	2,216,782	2,283,286	2,351,785
Materials and Supplies	539,157	593,817	637,108	592,740	415,511	650,900	657,409	663,983	670,623	677,329	684,102
Contracted Services	367,571	402,803	365,434	354,920	382,867	506,500	516,630	526,963	537,502	548,252	559,217
Internal Charges	461,877	536,782	592,735	625,197	652,272	666,032	665,401	678,709	692,283	706,129	720,251
Administrative Charges	850,179	871,033	876,697	920,532	901,252	833,702	795,400	811,308	827,534	844,085	860,967
Cost of Goods Sold	6,532,538	5,824,092	6,299,563	6,148,712	7,319,442	8,076,696	8,488,896	8,808,300	9,155,843	9,519,428	9,899,836
Non-Capital Improvements	4,281,293	4,230,387	4,269,246	4,227,141	4,234,262	4,235,322	4,235,322	4,235,322	4,240,322	4,240,322	4,240,322
<i>Total Operations and Maintenance Expenses</i>	14,865,008	14,351,180	14,919,890	14,443,031	15,874,823	16,997,822	17,448,588	17,876,801	18,340,890	18,818,831	19,316,480
<b>NON-OPERATION REVENUE (EXPENSES)</b>											
Inter-Governmental Revenue	-	-	-	-	282,000	-	-	-	-	-	-
Interest Income	86,204	71,021	61,869	46,052	60,975	60,000	62,000	64,000	66,000	68,000	70,000
Cell Tower Lease	-	140,352	135,019	373,806	338,192	200,000	206,000	212,000	219,000	225,000	232,000
Other Income (Expense)	69,446	282,300	42,874	44,049	27,122	25,000	26,000	27,000	27,000	28,000	29,000
Gain (Loss) on Disposal of Asset	2,083,251	(1,491)	7,013	(312,087)	10,252	20,000	20,000	20,000	20,000	20,000	20,000
<i>Total Non-Operations Revenues (Expenses)</i>	2,238,901	492,182	246,775	151,820	718,541	305,000	314,000	323,000	332,000	341,000	351,000
<b>NET REVENUES AVAILABLE FOR DEBT SERVICE</b>	8,878,532	7,977,176	5,990,600	4,857,133	5,734,177	5,252,458	5,885,088	6,593,305	6,665,674	7,418,586	8,213,526
<b>DEBT SERVICE</b>											
Series 2004 Bonds	466,189	372,521	368,199	372,621	372,483	-	-	-	-	-	-
Series 2012 Ref. Bonds	-	170,299	174,800	174,000	173,200	543,650	545,250	544,475	546,200	542,550	543,525
Ontario Drain Tunnel Contract	958,607	982,859	988,040	1,006,729	1,014,554	1,016,457	1,017,092	1,017,472	1,019,799	1,024,874	1,024,028
Series 2017 Bonds (15-Yr. Amortization model; \$7M Proceeds)	-	-	-	-	-	-	119,621	574,350	572,300	575,100	571,825
<b>Total Aggregated Debt Service</b>	1,424,796	1,525,678	1,531,039	1,553,351	1,560,237	1,560,107	1,681,963	2,136,297	2,138,299	2,142,524	2,139,378
<b>Debt Service Coverage</b>	6.23	5.23	3.91	3.13	3.68	3.37	3.50	3.09	3.12	3.46	3.84
<b>Total Beginning Cash Balance</b>	11,180,656	11,354,156	10,732,204	7,792,400	7,566,791	6,298,851	5,009,475	6,789,089	8,430,882	10,051,742	12,360,926
Net Revenue Available for Debt Service	8,878,532	7,977,176	5,990,600	4,857,133	5,734,177	5,252,458	5,885,088	6,593,305	6,665,674	7,418,586	8,213,526
Debt Service	1,424,796	1,525,678	1,531,039	1,553,351	1,560,237	1,560,107	1,681,963	2,136,297	2,138,299	2,142,524	2,139,378
Net Available for Capital Expenditures	7,453,736	6,451,498	4,459,561	3,303,782	4,173,940	3,692,351	4,203,125	4,457,008	4,527,375	5,276,062	6,074,147
Capital Improvement Plan (Capital Expenditures)	7,280,236	7,073,450	7,399,365	3,529,391	5,441,880	4,981,727	2,423,510	2,815,215	2,906,515	2,966,878	4,185,270
Net Available Less Capital Expenditures	173,500	(621,952)	(2,939,804)	(225,609)	(1,267,940)	(1,289,376)	1,779,615	1,641,793	1,620,860	2,309,184	1,888,878
<b>Total Ending Cash Balance</b>	11,354,156	10,732,204	7,792,400	7,566,791	6,298,851	5,009,475	6,789,089	8,430,882	10,051,742	12,360,926	14,249,804
<b>Days Cash on Hand</b>		279	273	191	191	145	108	142	172	200	240

**Notes:**

- Wholesale sales to Midvale are removed in FY 2020 because they will begin buying water from Jordan Valley
- Water rate increase of 5% beginning in FY 2018 and continuing forward; will more than cover the increase in water purchases
- Water purchases increase 7% in FY 2018 and 5% thereafter
- New bond proceeds are not included in the schedule
- Non-capital improvements includes the Point of the Mountain Aqueduct (POMA) Project assessment (\$4,210,322)  
This is payment for the construction of the infrastructure and the facilities themselves, which Metro has capitalized on the financial statements.  
Our portion of these construction costs is an expense to us because we do not own the assets being constructed. We have the option to purchase preferential water rights from the increased capacity resulting from the project's construction, but these assessment payments don't buy us the water rights.
- The Ontario Drain Tunnel (ODT) payment is really a purchase of water rights. Metro purchased the ODT rights on our behalf. Our portion of the bond payments is paying for our water rights. Metro is essentially a pass-through for this transaction.





# SANDY, UTAH

Water Enterprise Fund (Year Ending June 30)  
 Debt Service Coverage Model and Analysis

## Scenario II: \$7M Construction Proceeds; 20 Yr. Amortization

	HISTORICAL					PROJECTED					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>REVENUES:</b>											
Charges for Services	21,271,314	21,529,436	20,006,807	18,655,969	20,201,364	21,655,280	22,720,976	23,839,445	24,357,673	25,570,019	26,842,816
Fees from Developers	233,325	306,738	656,908	492,375	689,095	290,000	298,700	307,661	316,891	326,398	336,189
<i>Total Revenues</i>	<b>21,504,639</b>	<b>21,836,174</b>	<b>20,663,715</b>	<b>19,148,344</b>	<b>20,890,459</b>	<b>21,945,280</b>	<b>23,019,676</b>	<b>24,147,106</b>	<b>24,674,564</b>	<b>25,896,417</b>	<b>27,179,005</b>
<b>OPERATION AND MAINTENANCE EXPENSES</b>											
Salaries and Benefits	1,832,393	1,892,266	1,879,107	1,573,789	1,969,217	2,028,670	2,089,530	2,152,216	2,216,782	2,283,286	2,351,785
Materials and Supplies	539,157	593,817	637,108	592,740	415,511	650,900	657,409	663,983	670,623	677,329	684,102
Contracted Services	367,571	402,803	365,434	354,920	382,867	506,500	516,630	526,963	537,502	548,252	559,217
Internal Charges	461,877	536,782	592,735	625,197	652,272	666,032	665,401	678,709	692,283	706,129	720,251
Administrative Charges	850,179	871,033	876,697	920,532	901,252	833,702	795,400	811,308	827,534	844,085	860,967
Cost of Goods Sold	6,532,538	5,824,092	6,299,563	6,148,712	7,319,442	8,076,696	8,488,896	8,808,300	9,155,843	9,519,428	9,899,836
Non-Capital Improvements	4,281,293	4,230,387	4,269,246	4,227,141	4,234,262	4,235,322	4,235,322	4,235,322	4,240,322	4,240,322	4,240,322
<i>Total Operations and Maintenance Expenses</i>	<b>14,865,008</b>	<b>14,351,180</b>	<b>14,919,890</b>	<b>14,443,031</b>	<b>15,874,823</b>	<b>16,997,822</b>	<b>17,448,588</b>	<b>17,876,801</b>	<b>18,340,890</b>	<b>18,818,831</b>	<b>19,316,480</b>
<b>NON-OPERATION REVENUE (EXPENSES)</b>											
Inter-Governmental Revenue	-	-	-	-	282,000	-	-	-	-	-	-
Interest Income	86,204	71,021	61,869	46,052	60,975	60,000	62,000	64,000	66,000	68,000	70,000
Cell Tower Lease	-	140,352	135,019	373,806	338,192	200,000	206,000	212,000	219,000	225,000	232,000
Other Income (Expense)	69,446	282,300	42,874	44,049	27,122	25,000	26,000	27,000	27,000	28,000	29,000
Gain (Loss) on Disposal of Asset	2,083,251	(1,491)	7,013	(312,087)	10,252	20,000	20,000	20,000	20,000	20,000	20,000
<i>Total Non-Operations Revenues (Expenses)</i>	<b>2,238,901</b>	<b>492,182</b>	<b>246,775</b>	<b>151,820</b>	<b>718,541</b>	<b>305,000</b>	<b>314,000</b>	<b>323,000</b>	<b>332,000</b>	<b>341,000</b>	<b>351,000</b>
<b>NET REVENUES AVAILABLE FOR DEBT SERVICE</b>	<b>8,878,532</b>	<b>7,977,176</b>	<b>5,990,600</b>	<b>4,857,133</b>	<b>5,734,177</b>	<b>5,252,458</b>	<b>5,885,088</b>	<b>6,593,305</b>	<b>6,665,674</b>	<b>7,418,586</b>	<b>8,213,526</b>
<b>DEBT SERVICE</b>											
Series 2004 Bonds	466,189	372,521	368,199	372,621	372,483	-	-	-	-	-	-
Series 2012 Ref. Bonds	-	170,299	174,800	174,000	173,200	543,650	545,250	544,475	546,200	542,550	543,525
Ontario Drain Tunnel Contract	958,607	982,859	988,040	1,006,729	1,014,554	1,016,457	1,017,092	1,017,472	1,019,799	1,024,874	1,024,028
Series 2017 Bonds (20-Yr. Amortization model; \$7M Proceeds)	-	-	-	-	-	-	<b>126,512</b>	<b>478,575</b>	<b>473,775</b>	<b>473,925</b>	<b>478,288</b>
<b>Total Aggregated Debt Service</b>	<b>1,424,796</b>	<b>1,525,678</b>	<b>1,531,039</b>	<b>1,553,351</b>	<b>1,560,237</b>	<b>1,560,107</b>	<b>1,688,854</b>	<b>2,040,522</b>	<b>2,039,774</b>	<b>2,041,349</b>	<b>2,045,841</b>
<b>Debt Service Coverage</b>	<b>6.23</b>	<b>5.23</b>	<b>3.91</b>	<b>3.13</b>	<b>3.68</b>	<b>3.37</b>	<b>3.48</b>	<b>3.23</b>	<b>3.27</b>	<b>3.63</b>	<b>4.01</b>
<b>Total Beginning Cash Balance</b>	<b>11,180,656</b>	<b>11,354,156</b>	<b>10,732,204</b>	<b>7,792,400</b>	<b>7,566,791</b>	<b>6,298,851</b>	<b>5,009,475</b>	<b>6,782,199</b>	<b>8,519,766</b>	<b>10,239,152</b>	<b>12,649,511</b>
<b>Net Revenue Available for Debt Service</b>	<b>8,878,532</b>	<b>7,977,176</b>	<b>5,990,600</b>	<b>4,857,133</b>	<b>5,734,177</b>	<b>5,252,458</b>	<b>5,885,088</b>	<b>6,593,305</b>	<b>6,665,674</b>	<b>7,418,586</b>	<b>8,213,526</b>
<b>Debt Service</b>	<b>1,424,796</b>	<b>1,525,678</b>	<b>1,531,039</b>	<b>1,553,351</b>	<b>1,560,237</b>	<b>1,560,107</b>	<b>1,688,854</b>	<b>2,040,522</b>	<b>2,039,774</b>	<b>2,041,349</b>	<b>2,045,841</b>
<b>Net Available for Capital Expenditures</b>	<b>7,453,736</b>	<b>6,451,498</b>	<b>4,459,561</b>	<b>3,303,782</b>	<b>4,173,940</b>	<b>3,692,351</b>	<b>4,196,234</b>	<b>4,552,783</b>	<b>4,625,900</b>	<b>5,377,237</b>	<b>6,167,685</b>
<b>Capital Improvement Plan (Capital Expenditures)</b>	<b>7,280,236</b>	<b>7,073,450</b>	<b>7,399,365</b>	<b>3,529,391</b>	<b>5,441,880</b>	<b>4,981,727</b>	<b>2,423,510</b>	<b>2,815,215</b>	<b>2,906,515</b>	<b>2,966,878</b>	<b>4,185,270</b>
<b>Net Available Less Capital Expenditures</b>	<b>173,500</b>	<b>(621,952)</b>	<b>(2,939,804)</b>	<b>(225,609)</b>	<b>(1,267,940)</b>	<b>(1,289,376)</b>	<b>1,772,724</b>	<b>1,737,568</b>	<b>1,719,385</b>	<b>2,410,359</b>	<b>1,982,415</b>
<b>Total Ending Cash Balance</b>	<b>11,354,156</b>	<b>10,732,204</b>	<b>7,792,400</b>	<b>7,566,791</b>	<b>6,298,851</b>	<b>5,009,475</b>	<b>6,782,199</b>	<b>8,519,766</b>	<b>10,239,152</b>	<b>12,649,511</b>	<b>14,631,926</b>
<b>Days Cash on Hand</b>		<b>279</b>	<b>273</b>	<b>191</b>	<b>191</b>	<b>145</b>	<b>108</b>	<b>142</b>	<b>174</b>	<b>204</b>	<b>245</b>

**Notes:**

- Wholesale sales to Midvale are removed in FY 2020 because they will begin buying water from Jordan Valley
- Water rate increase of 5% beginning in FY 2018 and continuing forward; will more than cover the increase in water purchases
- Water purchases increase 7% in FY 2018 and 5% thereafter
- New bond proceeds are not included in the schedule
- Non-capital improvements includes the Point of the Mountain Aqueduct (POMA) Project assessment (\$4,210,322)  
 This is payment for the construction of the infrastructure and the facilities themselves, which Metro has capitalized on the financial statements.  
 Our portion of these construction costs is an expense to us because we do not own the assets being constructed. We have the option to purchase preferential water rights from the increased capacity resulting from the project's construction, but these assessment payments don't buy us the water rights.
- The Ontario Drain Tunnel (ODT) payment is really a purchase of water rights. Metro purchased the ODT rights on our behalf. Our portion of the bond payments is paying for our water rights. Metro is essentially a pass-through for this transaction.



# SANDY, UTAH

Water Enterprise Fund (Year Ending June 30)  
 Debt Service Coverage Model and Analysis

## Scenario III: \$9.5M Construction Proceeds; 15 Yr. Amortization

	HISTORICAL					PROJECTED					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>REVENUES:</b>											
Charges for Services	21,271,314	21,529,436	20,006,807	18,655,969	20,201,364	21,655,280	22,720,976	23,839,445	24,357,673	25,570,019	26,842,816
Fees from Developers	233,325	306,738	656,908	492,375	689,095	290,000	298,700	307,661	316,891	326,398	336,189
<i>Total Revenues</i>	<b>21,504,639</b>	<b>21,836,174</b>	<b>20,663,715</b>	<b>19,148,344</b>	<b>20,890,459</b>	<b>21,945,280</b>	<b>23,019,676</b>	<b>24,147,106</b>	<b>24,674,564</b>	<b>25,896,417</b>	<b>27,179,005</b>
<b>OPERATION AND MAINTENANCE EXPENSES</b>											
Salaries and Benefits	1,832,393	1,892,266	1,879,107	1,573,789	1,969,217	2,028,670	2,089,530	2,152,216	2,216,782	2,283,286	2,351,785
Materials and Supplies	539,157	593,817	637,108	592,740	415,511	650,900	657,409	663,983	670,623	677,329	684,102
Contracted Services	367,571	402,803	365,434	354,920	382,867	506,500	516,630	526,963	537,502	548,252	559,217
Internal Charges	461,877	536,782	592,735	625,197	652,272	666,032	665,401	678,709	692,283	706,129	720,251
Administrative Charges	850,179	871,033	876,697	920,532	901,252	833,702	795,400	811,308	827,534	844,085	860,967
Cost of Goods Sold	6,532,538	5,824,092	6,299,563	6,148,712	7,319,442	8,076,696	8,488,896	8,808,300	9,155,843	9,519,428	9,899,836
Non-Capital Improvements	4,281,293	4,230,387	4,269,246	4,227,141	4,234,262	4,235,322	4,235,322	4,235,322	4,240,322	4,240,322	4,240,322
<i>Total Operations and Maintenance Expenses</i>	<b>14,865,008</b>	<b>14,351,180</b>	<b>14,919,890</b>	<b>14,443,031</b>	<b>15,874,823</b>	<b>16,997,822</b>	<b>17,448,588</b>	<b>17,876,801</b>	<b>18,340,890</b>	<b>18,818,831</b>	<b>19,316,480</b>
<b>NON-OPERATION REVENUE (EXPENSES)</b>											
Inter-Governmental Revenue	-	-	-	-	282,000	-	-	-	-	-	-
Interest Income	86,204	71,021	61,869	46,052	60,975	60,000	62,000	64,000	66,000	68,000	70,000
Cell Tower Lease	-	140,352	135,019	373,806	338,192	200,000	206,000	212,000	219,000	225,000	232,000
Other Income (Expense)	69,446	282,300	42,874	44,049	27,122	25,000	26,000	27,000	27,000	28,000	29,000
Gain (Loss) on Disposal of Asset	2,083,251	(1,491)	7,013	(312,087)	10,252	20,000	20,000	20,000	20,000	20,000	20,000
<i>Total Non-Operations Revenues (Expenses)</i>	<b>2,238,901</b>	<b>492,182</b>	<b>246,775</b>	<b>151,820</b>	<b>718,541</b>	<b>305,000</b>	<b>314,000</b>	<b>323,000</b>	<b>332,000</b>	<b>341,000</b>	<b>351,000</b>
<b>NET REVENUES AVAILABLE FOR DEBT SERVICE</b>	<b>8,878,532</b>	<b>7,977,176</b>	<b>5,990,600</b>	<b>4,857,133</b>	<b>5,734,177</b>	<b>5,252,458</b>	<b>5,885,088</b>	<b>6,593,305</b>	<b>6,665,674</b>	<b>7,418,586</b>	<b>8,213,526</b>
<b>DEBT SERVICE</b>											
Series 2004 Bonds	466,189	372,521	368,199	372,621	372,483	-	-	-	-	-	-
Series 2012 Ref. Bonds	-	170,299	174,800	174,000	173,200	543,650	545,250	544,475	546,200	542,550	543,525
Ontario Drain Tunnel Contract	958,607	982,859	988,040	1,006,729	1,014,554	1,016,457	1,017,092	1,017,472	1,019,799	1,024,874	1,024,028
Series 2017 Bonds (15-Yr. Amortization model; \$9.5M Proceeds)	-	-	-	-	-	-	<b>161,844</b>	<b>778,525</b>	<b>778,925</b>	<b>774,175</b>	<b>777,963</b>
<b>Total Aggregated Debt Service</b>	<b>1,424,796</b>	<b>1,525,678</b>	<b>1,531,039</b>	<b>1,553,351</b>	<b>1,560,237</b>	<b>1,560,107</b>	<b>1,724,186</b>	<b>2,340,472</b>	<b>2,344,924</b>	<b>2,341,599</b>	<b>2,345,516</b>
<b>Debt Service Coverage</b>	<b>6.23</b>	<b>5.23</b>	<b>3.91</b>	<b>3.13</b>	<b>3.68</b>	<b>3.37</b>	<b>3.41</b>	<b>2.82</b>	<b>2.84</b>	<b>3.17</b>	<b>3.50</b>
<b>Total Beginning Cash Balance</b>	<b>11,180,656</b>	<b>11,354,156</b>	<b>10,732,204</b>	<b>7,792,400</b>	<b>7,566,791</b>	<b>6,298,851</b>	<b>5,009,475</b>	<b>6,746,866</b>	<b>8,184,484</b>	<b>9,598,719</b>	<b>11,708,828</b>
<b>Net Revenue Available for Debt Service</b>	<b>8,878,532</b>	<b>7,977,176</b>	<b>5,990,600</b>	<b>4,857,133</b>	<b>5,734,177</b>	<b>5,252,458</b>	<b>5,885,088</b>	<b>6,593,305</b>	<b>6,665,674</b>	<b>7,418,586</b>	<b>8,213,526</b>
<b>Debt Service</b>	<b>1,424,796</b>	<b>1,525,678</b>	<b>1,531,039</b>	<b>1,553,351</b>	<b>1,560,237</b>	<b>1,560,107</b>	<b>1,724,186</b>	<b>2,340,472</b>	<b>2,344,924</b>	<b>2,341,599</b>	<b>2,345,516</b>
<b>Net Available for Capital Expenditures</b>	<b>7,453,736</b>	<b>6,451,498</b>	<b>4,459,561</b>	<b>3,303,782</b>	<b>4,173,940</b>	<b>3,692,351</b>	<b>4,160,902</b>	<b>4,252,833</b>	<b>4,320,750</b>	<b>5,076,987</b>	<b>5,868,010</b>
<b>Capital Improvement Plan (Capital Expenditures)</b>	<b>7,280,236</b>	<b>7,073,450</b>	<b>7,399,365</b>	<b>3,529,391</b>	<b>5,441,880</b>	<b>4,981,727</b>	<b>2,423,510</b>	<b>2,815,215</b>	<b>2,906,515</b>	<b>2,966,878</b>	<b>4,185,270</b>
<b>Net Available Less Capital Expenditures</b>	<b>173,500</b>	<b>(621,952)</b>	<b>(2,939,804)</b>	<b>(225,609)</b>	<b>(1,267,940)</b>	<b>(1,289,376)</b>	<b>1,737,392</b>	<b>1,437,618</b>	<b>1,414,235</b>	<b>2,110,109</b>	<b>1,682,740</b>
<b>Total Ending Cash Balance</b>	<b>11,354,156</b>	<b>10,732,204</b>	<b>7,792,400</b>	<b>7,566,791</b>	<b>6,298,851</b>	<b>5,009,475</b>	<b>6,746,866</b>	<b>8,184,484</b>	<b>9,598,719</b>	<b>11,708,828</b>	<b>13,391,568</b>
<b>Days Cash on Hand</b>		<b>279</b>	<b>273</b>	<b>191</b>	<b>191</b>	<b>145</b>	<b>108</b>	<b>141</b>	<b>167</b>	<b>191</b>	<b>227</b>

**Notes:**

- Wholesale sales to Midvale are removed in FY 2020 because they will begin buying water from Jordan Valley
- Water rate increase of 5% beginning in FY 2018 and continuing forward; will more than cover the increase in water purchases
- Water purchases increase 7% in FY 2018 and 5% thereafter
- New bond proceeds are not included in the schedule
- Non-capital improvements includes the Point of the Mountain Aqueduct (POMA) Project assessment (\$4,210,322)

This is payment for the construction of the infrastructure and the facilities themselves, which Metro has capitalized on the financial statements. Our portion of these construction costs is an expense to us because we do not own the assets being constructed. We have the option to purchase preferential water rights from the increased capacity resulting from the project's construction, but these assessment payments don't buy us the water rights.

- The Ontario Drain Tunnel (ODT) payment is really a purchase of water rights. Metro purchased the ODT rights on our behalf. Our portion of the bond payments is paying for our water rights. Metro is essentially a pass-through for this transaction.



# SANDY, UTAH

Water Enterprise Fund (Year Ending June 30)

## Debt Service Coverage Model and Analysis

### Scenario IV: \$9.5M Construction Proceeds; 20 Yr. Amortization

	HISTORICAL					PROJECTED					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>REVENUES:</b>											
Charges for Services	21,271,314	21,529,436	20,006,807	18,655,969	20,201,364	21,655,280	22,720,976	23,839,445	24,357,673	25,570,019	26,842,816
Fees from Developers	233,325	306,738	656,908	492,375	689,095	290,000	298,700	307,661	316,891	326,398	336,189
<i>Total Revenues</i>	<b>21,504,639</b>	<b>21,836,174</b>	<b>20,663,715</b>	<b>19,148,344</b>	<b>20,890,459</b>	<b>21,945,280</b>	<b>23,019,676</b>	<b>24,147,106</b>	<b>24,674,564</b>	<b>25,896,417</b>	<b>27,179,005</b>
<b>OPERATION AND MAINTENANCE EXPENSES</b>											
Salaries and Benefits	1,832,393	1,892,266	1,879,107	1,573,789	1,969,217	2,028,670	2,089,530	2,152,216	2,216,782	2,283,286	2,351,785
Materials and Supplies	539,157	593,817	637,108	592,740	415,511	650,900	657,409	663,983	670,623	677,329	684,102
Contracted Services	367,571	402,803	365,434	354,920	382,867	506,500	516,630	526,963	537,502	548,252	559,217
Internal Charges	461,877	536,782	592,735	625,197	652,272	666,032	665,401	678,709	692,283	706,129	720,251
Administrative Charges	850,179	871,033	876,697	920,532	901,252	833,702	795,400	811,308	827,534	844,085	860,967
Cost of Goods Sold	6,532,538	5,824,092	6,299,563	6,148,712	7,319,442	8,076,696	8,488,896	8,808,300	9,155,843	9,519,428	9,899,836
Non-Capital Improvements	4,281,293	4,230,387	4,269,246	4,227,141	4,234,262	4,235,322	4,235,322	4,235,322	4,240,322	4,240,322	4,240,322
<i>Total Operations and Maintenance Expenses</i>	<b>14,865,008</b>	<b>14,351,180</b>	<b>14,919,890</b>	<b>14,443,031</b>	<b>15,874,823</b>	<b>16,997,822</b>	<b>17,448,588</b>	<b>17,876,801</b>	<b>18,340,890</b>	<b>18,818,831</b>	<b>19,316,480</b>
<b>NON-OPERATION REVENUE (EXPENSES)</b>											
Inter-Governmental Revenue	-	-	-	-	282,000	-	-	-	-	-	-
Interest Income	86,204	71,021	61,869	46,052	60,975	60,000	62,000	64,000	66,000	68,000	70,000
Cell Tower Lease	-	140,352	135,019	373,806	338,192	200,000	206,000	212,000	219,000	225,000	232,000
Other Income (Expense)	69,446	282,300	42,874	44,049	27,122	25,000	26,000	27,000	27,000	28,000	29,000
Gain (Loss) on Disposal of Asset	2,083,251	(1,491)	7,013	(312,087)	10,252	20,000	20,000	20,000	20,000	20,000	20,000
<i>Total Non-Operations Revenues (Expenses)</i>	<b>2,238,901</b>	<b>492,182</b>	<b>246,775</b>	<b>151,820</b>	<b>718,541</b>	<b>305,000</b>	<b>314,000</b>	<b>323,000</b>	<b>332,000</b>	<b>341,000</b>	<b>351,000</b>
<b>NET REVENUES AVAILABLE FOR DEBT SERVICE</b>	<b>8,878,532</b>	<b>7,977,176</b>	<b>5,990,600</b>	<b>4,857,133</b>	<b>5,734,177</b>	<b>5,252,458</b>	<b>5,885,088</b>	<b>6,593,305</b>	<b>6,665,674</b>	<b>7,418,586</b>	<b>8,213,526</b>
<b>DEBT SERVICE</b>											
Series 2004 Bonds	466,189	372,521	368,199	372,621	372,483	-	-	-	-	-	-
Series 2012 Ref. Bonds	-	170,299	174,800	174,000	173,200	543,650	545,250	544,475	546,200	542,550	543,525
Ontario Drain Tunnel Contract	958,607	982,859	988,040	1,006,729	1,014,554	1,016,457	1,017,092	1,017,472	1,019,799	1,024,874	1,024,028
Series 2017 Bonds (20-Yr. Amortization model; \$9.5M Proceeds)	-	-	-	-	-	-	<b>171,032</b>	<b>642,575</b>	<b>646,075</b>	<b>644,425</b>	<b>646,763</b>
<b>Total Aggregated Debt Service</b>	<b>1,424,796</b>	<b>1,525,678</b>	<b>1,531,039</b>	<b>1,553,351</b>	<b>1,560,237</b>	<b>1,560,107</b>	<b>1,733,374</b>	<b>2,204,522</b>	<b>2,212,074</b>	<b>2,211,849</b>	<b>2,214,316</b>
<b>Debt Service Coverage</b>	<b>6.23</b>	<b>5.23</b>	<b>3.91</b>	<b>3.13</b>	<b>3.68</b>	<b>3.37</b>	<b>3.40</b>	<b>2.99</b>	<b>3.01</b>	<b>3.35</b>	<b>3.71</b>
<b>Total Beginning Cash Balance</b>	<b>11,180,656</b>	<b>11,354,156</b>	<b>10,732,204</b>	<b>7,792,400</b>	<b>7,566,791</b>	<b>6,298,851</b>	<b>5,009,475</b>	<b>6,737,679</b>	<b>8,311,246</b>	<b>9,858,332</b>	<b>12,098,191</b>
<b>Net Revenue Available for Debt Service</b>	<b>8,878,532</b>	<b>7,977,176</b>	<b>5,990,600</b>	<b>4,857,133</b>	<b>5,734,177</b>	<b>5,252,458</b>	<b>5,885,088</b>	<b>6,593,305</b>	<b>6,665,674</b>	<b>7,418,586</b>	<b>8,213,526</b>
<b>Debt Service</b>	<b>1,424,796</b>	<b>1,525,678</b>	<b>1,531,039</b>	<b>1,553,351</b>	<b>1,560,237</b>	<b>1,560,107</b>	<b>1,733,374</b>	<b>2,204,522</b>	<b>2,212,074</b>	<b>2,211,849</b>	<b>2,214,316</b>
<b>Net Available for Capital Expenditures</b>	<b>7,453,736</b>	<b>6,451,498</b>	<b>4,459,561</b>	<b>3,303,782</b>	<b>4,173,940</b>	<b>3,692,351</b>	<b>4,151,714</b>	<b>4,388,783</b>	<b>4,453,600</b>	<b>5,206,737</b>	<b>5,999,210</b>
<b>Capital Improvement Plan (Capital Expenditures)</b>	<b>7,280,236</b>	<b>7,073,450</b>	<b>7,399,365</b>	<b>3,529,391</b>	<b>5,441,880</b>	<b>4,981,727</b>	<b>2,423,510</b>	<b>2,815,215</b>	<b>2,906,515</b>	<b>2,966,878</b>	<b>4,185,270</b>
<b>Net Available Less Capital Expenditures</b>	<b>173,500</b>	<b>(621,952)</b>	<b>(2,939,804)</b>	<b>(225,609)</b>	<b>(1,267,940)</b>	<b>(1,289,376)</b>	<b>1,728,204</b>	<b>1,573,568</b>	<b>1,547,085</b>	<b>2,239,859</b>	<b>1,813,940</b>
<b>Total Ending Cash Balance</b>	<b>11,354,156</b>	<b>10,732,204</b>	<b>7,792,400</b>	<b>7,566,791</b>	<b>6,298,851</b>	<b>5,009,475</b>	<b>6,737,679</b>	<b>8,311,246</b>	<b>9,858,332</b>	<b>12,098,191</b>	<b>13,912,131</b>
<b>Days Cash on Hand</b>		<b>279</b>	<b>273</b>	<b>191</b>	<b>191</b>	<b>145</b>	<b>108</b>	<b>141</b>	<b>170</b>	<b>196</b>	<b>235</b>

**Notes:**

- Wholesale sales to Midvale are removed in FY 2020 because they will begin buying water from Jordan Valley
- Water rate increase of 5% beginning in FY 2018 and continuing forward; will more than cover the increase in water purchases
- Water purchases increase 7% in FY 2018 and 5% thereafter
- New bond proceeds are not included in the schedule
- Non-capital improvements includes the Point of the Mountain Aqueduct (POMA) Project assessment (\$4,210,322)  
This is payment for the construction of the infrastructure and the facilities themselves, which Metro has capitalized on the financial statements.  
Our portion of these construction costs is an expense to us because we do not own the assets being constructed. We have the option to purchase preferential water rights from the increased capacity resulting from the project's construction, but these assessment payments don't buy us the water rights.
- The Ontario Drain Tunnel (ODT) payment is really a purchase of water rights. Metro purchased the ODT rights on our behalf. Our portion of the bond payments is paying for our water rights. Metro is essentially a pass-through for this transaction.



Sandy, Utah

March 28, 2017

The City Council (“City Council”) of Sandy City, Utah (the “City”), met in regular public session on March 28, 2017, at the City’s regular meeting place at 7:00 p.m. with the following members of the Council present:

Stephen P. Smith	Chair and Councilmember
Maren Barker	Councilmember
Kristin Coleman-Nicholl	Councilmember
Scott Cowdell	Councilmember
Steve Fairbanks	Councilmember
Linda Martinez Saville	Councilmember
Chris McCandless	Councilmember

Also present:

Tom Dolan	Mayor
Molly Spira	City Recorder

After the meeting had been duly called to order and after other matters not pertinent to this resolution had been discussed, the City Recorder presented to the Council a Certificate of Compliance with Open Meeting Law with respect to this March 28, 2017, meeting, a copy of which is attached hereto as Exhibit A.

The following resolution was then introduced in written form, was fully discussed, and pursuant to motion duly made by Councilmember Steve Fairbanks and seconded by Councilmember Chris McCandless, was adopted by the following vote:

AYE: Steve Fairbanks  
Chris McCandless  
Kristin Coleman-Nicholl  
Linda Martinez Saville  
Stephen P. Smith

NAY: Scott Cowdell  
Maren Barker

The resolution is as follows:

RESOLUTION NO. 17-15C

A RESOLUTION OF THE CITY COUNCIL OF SANDY CITY, UTAH (THE "ISSUER"), AUTHORIZING THE ISSUANCE AND SALE OF NOT MORE THAN \$7,200,000 AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2017; FIXING THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF THE BONDS, THE MAXIMUM NUMBER OF YEARS OVER WHICH THE BONDS MAY MATURE, THE MAXIMUM INTEREST RATE WHICH THE BONDS MAY BEAR, AND THE MAXIMUM DISCOUNT FROM PAR AT WHICH THE BONDS MAY BE SOLD; PROVIDING FOR THE PUBLICATION OF A NOTICE OF PUBLIC HEARING AND BONDS TO BE ISSUED; PROVIDING FOR THE RUNNING OF A CONTEST PERIOD; AUTHORIZING THE EXECUTION BY THE ISSUER OF A SUPPLEMENTAL INDENTURE, A BOND PURCHASE AGREEMENT, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; APPROVING AN OFFICIAL STATEMENT; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, pursuant to the provisions of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the "Act"), the City Council (the "Council") of Sandy City, Utah (the "Issuer"), is authorized to issue water revenue bonds (to be issued in one or more series and with such other series or title designation(s) as may be determined by the Issuer) payable from the net revenues of its existing water system (the "System") for the municipal purposes set forth therein; and

WHEREAS, subject to the limitations set forth herein, the Issuer desires to issue its Water Revenue Bonds, Series 2017 (the "Series 2017 Bonds") to (a) finance improvements to the System, including but not limited to Flat Iron Tank and well replacement and other related projects (collectively, the "Project"), (b) fund any required debt service reserve fund and (c) pay costs of issuance of the Series 2017 Bonds, pursuant to this Resolution, a General Indenture of Trust dated as of April 1, 2004, as heretofore amended and supplemented (the "General Indenture") between the Issuer and ZB, National Association, as trustee (the "Trustee"), and a Third Supplemental Indenture of Trust (the "Supplemental Indenture," and together with the General Indenture, the "Indenture"), between the Issuer and the Trustee, in substantially the form presented to the meeting at which this Resolution was adopted and which is attached hereto as Exhibit B; and

WHEREAS, the Act provides that prior to issuing bonds, an issuing entity must (a) give notice of its intent to issue such bonds and (b) hold a public hearing to receive input from the public with respect to (i) the issuance of the bonds and (ii) the potential economic impact that the improvement, facility or property for which the bonds pay all or part of the cost will have on the private sector; and

WHEREAS, the Issuer desires to call a public hearing for this purpose and to publish a notice of such hearing with respect to the Series 2017 Bonds, including a notice of bonds to be issued, in compliance with the Act; and

WHEREAS, the Council desires to approve and authorize the preparation and use of a Bond Purchase Agreement (the “Bond Purchase Agreement”), to be entered into between the Issuer and the underwriter or the purchaser selected by the Issuer for the Series 2017 Bonds (the “Underwriter/Purchaser”), in substantially the form attached hereto as Exhibit C; and

WHEREAS, in the event that the Designated Officers (defined below) determine that it is in the best interests of the Issuer to publicly offer the Series 2017 Bonds, the Issuer desires to authorize the use and distribution of a Preliminary Official Statement (the “Preliminary Official Statement”), and to approve a final Official Statement (the “Official Statement”) in substantially the form attached hereto as Exhibit D, and other documents relating thereto; and

WHEREAS, in order to allow the Issuer, in the consultation with the Issuer’s Municipal Advisor, Lewis Young Robertson & Burningham, Inc. (the “Financial Advisor”) flexibility in setting the pricing date of the Series 2017 Bonds, the Council desires to grant to a committee of the Mayor and the Council Chair and, to the extent then available, the Chief Administrative Officer and Finance Director of the Issuer and, in the absence of either the Mayor or Council Chair, any one of the following acting with the Mayor or the Council Chair and the other available members of said committee: the Vice Chair of the Council, the Deputy Finance Director or the Treasurer of the Issuer (collectively, the “Designated Officers”) the authority to select the Underwriter/Purchaser, to approve the final interest rates, principal amounts, terms, maturities, redemption features, and purchase price at which the Series 2017 Bonds shall be sold, to determine whether the Series 2017 Bonds should be sold and method of sale, and to make any changes with respect thereto from those terms which were before the Council at the time of adoption of this Resolution, provided such terms do not exceed the parameters set forth for such terms in this Resolution (the “Parameters”);

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

Section 1. For the purpose of financing the Project, funding any required debt service reserve fund and paying costs of issuance of the Series 2017 Bonds, the Issuer hereby authorizes the issuance of the Series 2017 Bonds which shall be designated “Sandy City, Utah Water Revenue Bonds, Series 2017” (to be issued from time to time as one or more series and with such other series or title designation(s) as may be determined by the Issuer) in the initial aggregate principal amount of not to exceed \$7,200,000. The Series 2017 Bonds shall mature in not more than seventeen (17) years from their date or dates, shall be sold at a price not less than ninety-eight percent (98%) of the total principal amount thereof, shall bear interest at a rate or rates not to exceed five percent (5.0%) per annum, and shall be non-callable or subject to redemption, all as shall be approved by the

Designated Officers in consultation with the Issuer's Financial Advisor, all within the Parameters set forth herein.

Section 2. The Supplemental Indenture and the Bond Purchase Agreement, in substantially the forms presented at this meeting and attached hereto as Exhibits B and C respectively, are hereby authorized, approved, and confirmed. The Mayor and the City Recorder (or designee, collectively, the "City Recorder") are hereby authorized to execute and deliver the Supplemental Indenture and the Bond Purchase Agreement, in substantially the forms and with substantially the content as the forms presented at this meeting for and on behalf of the Issuer, with final terms as may be established by the Designated Officers, in consultation with the Financial Advisor, within the Parameters set forth herein, and with such alterations, changes or additions as may be necessary or as may be authorized by Section 4 hereof. The Designated Officers are each hereby authorized to select the Underwriter/Purchaser, to specify and agree as to the final principal amounts, terms, discounts, maturities, interest rates, redemption features, and purchase price with respect to the Series 2017 Bonds for and on behalf of the Issuer, provided that such terms are within the Parameters set by this Resolution. The execution of the Bond Purchase Agreement shall demonstrate the approval of the Designated Officers.

Section 3. The Issuer hereby approves and authorizes the utilization of the Preliminary Official Statement in substantially the form attached hereto as Exhibit D in the marketing of the Series 2017 Bonds (as appropriate) and hereby approves the Official Statement in substantially the same form as the Preliminary Official Statement, with any necessary revisions and insertions to complete the same with the terms established for the Series 2017 Bonds. The Mayor is hereby authorized to execute the Official Statement evidencing its approval by the Issuer.

Section 4. The appropriate officials of the Issuer are authorized to make any alterations, changes, deletions, or additions to the Supplemental Indenture, the Series 2017 Bonds, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, or any other document herein authorized and approved which may be necessary to conform the same to the final terms of the Series 2017 Bonds (within the Parameters set by this Resolution), to conform to any applicable bond insurance or reserve instrument or to remove the same, to correct errors or omissions therein, to complete the same, to remove ambiguities therefrom, or to conform the same to other provisions of said instruments, to the provisions of this Resolution or any resolution adopted by the Council or the provisions of the laws of the State of Utah or the United States. The execution thereof by the Mayor on behalf of the Issuer shall conclusively establish such necessity, appropriateness, and approval with respect to all such additions, modifications, deletions, and changes incorporated therein.

Section 5. The form, terms, and provisions of the Series 2017 Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, and number shall be as set forth in the Indenture. The Mayor and City Recorder are hereby authorized and directed to execute and seal the Series 2017 Bonds and to deliver said Series 2017 Bonds to the Trustee for authentication. The signatures of the Mayor and the City Recorder may be by facsimile or manual execution.

Section 6. The appropriate officials of the Issuer are hereby authorized and directed to execute and deliver to the Trustee the written order of the Issuer for authentication and delivery of the Series 2017 Bonds in accordance with the provisions of the Indenture.

Section 7. Upon their issuance, the Series 2017 Bonds will constitute special limited obligations of the Issuer payable solely from and to the extent of the sources set forth in the Series 2017 Bonds and the Indenture. No provision of this Resolution, the Indenture, the Series 2017 Bonds, the Preliminary Official Statement, or any other instrument, shall be construed as creating a general obligation of the Issuer, or of creating a general obligation of the State of Utah or any political subdivision thereof, or as incurring or creating a charge upon the general credit of the Issuer or its taxing powers.

Section 8. The appropriate officials of the Issuer, and each of them, are hereby authorized and directed to execute and deliver for and on behalf of the Issuer any or all additional certificates, documents and other papers (including, without limitation, any reserve instrument guaranty agreements permitted by the Indenture) and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein.

Section 9. The Issuer shall hold a public hearing on April 18, 2017 to receive input from the public with respect to (a) the issuance of the Series 2017 Bonds, and (b) the potential economic impact that the improvements to be financed with the proceeds of the Series 2017 Bonds will have on the private sector, which hearing date shall not be less than fourteen (14) days after notice of the public hearing is first published (i) once a week for two consecutive weeks in The Salt Lake Tribune, a newspaper of general circulation in the Issuer, (ii) on the Utah Public Notice Website created under Section 63F-1-701 Utah Code Annotated 1953, as amended, and (iii) on the Utah Legal Notices website ([www.utahlegals.com](http://www.utahlegals.com)) created under Section 45-1-101, Utah Code Annotated 1953, as amended. The City Recorder shall cause a copy of this Resolution (together with all exhibits hereto) to be kept on file in the Sandy City offices, for public examination during the regular business hours of the Issuer until at least thirty (30) days from and after the date of publication thereof. The Issuer directs its officers and staff to publish a “Notice of Public Hearing and Bonds to be Issued” in substantially the following form:



## NOTICE OF PUBLIC HEARING AND BONDS TO BE ISSUED

NOTICE IS HEREBY GIVEN pursuant to the provisions of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, that on March 28, 2017, the City Council (the "Council") of Sandy City, Utah (the "Issuer"), adopted a resolution (the "Resolution") in which it authorized the issuance of the Issuer's Water Revenue Bonds, Series 2017 (the "Series 2017 Bonds") (to be issued in one or more series and with such other series or title designation(s) as may be determined by the Issuer) and called a public hearing to receive input from the public with respect to the issuance of the Series 2017 Bonds.

### PURPOSE, TIME, PLACE AND LOCATION OF PUBLIC HEARING

The Issuer shall hold a public hearing on April 18, 2017, at the hour of 7:00 p.m. at 10000 Centennial Parkway, Sandy, Utah. The purpose of the hearing is to receive input from the public with respect to (a) the issuance of the Series 2017 Bonds and (b) any potential economic impact that the project to be financed with the proceeds of the Series 2017 Bonds may have on the private sector. All members of the public are invited to attend and participate.

### PURPOSE FOR ISSUING THE SERIES 2017 BONDS

The Series 2017 Bonds will be issued for the purpose of (a) financing improvements to the Issuer's water system (the "System"), including but not limited to Flat Iron Tank and well replacement and other related projects (collectively, the "Project"), (b) funding any required debt service reserve fund, and (c) paying costs of issuance of the Series 2017 Bonds.

### REVENUES TO BE PLEDGED

The Series 2017 Bonds are special limited obligations of the Issuer payable from the net revenues of the System.

### PARAMETERS OF THE SERIES 2017 BONDS

The Issuer intends to issue the Series 2017 Bonds in the aggregate principal amount of not more than Seven Million Two Hundred Thousand Dollars (\$7,200,000), to mature in not more than seventeen (17) years from their date or dates, to be sold at a price not less than ninety-eight percent (98%) of the total principal amount thereof, and bearing interest at a rate or rates not to exceed five percent (5.0%) per annum. The Series 2017 Bonds are to be issued and sold by the Issuer pursuant to the Resolution, including as part of said Resolution, a General Indenture of Trust dated as of April 1, 2004, as heretofore amended and supplemented (the "General Indenture") and a Supplemental Indenture of Trust (the "Supplemental Indenture" and collectively with the General Indenture, the "Indenture") which Supplemental Indenture was before the Council and in substantially final form at the time of the adoption of the Resolution and said Supplemental Indenture is to be executed by the Council in such form and with such changes thereto as shall be approved

by the Mayor or Mayor pro tem; provided that the principal amount, interest rate or rates, maturity, and discount of the Series 2017 Bonds will not exceed the maximums set forth above.

#### OUTSTANDING BONDS SECURED BY REVENUES

Other than the proposed Series 2017 Bonds, the Issuer currently has \$3,780,000 principal amount of bonds outstanding secured by the net revenues of the System.

#### OTHER OUTSTANDING BONDS OF THE ISSUER

Information regarding all of the Issuer's outstanding bonds may be found in the Issuer's audited financial report (the "Financial Report") at: <https://secure.utah.gov/auditor-search/?p=localgov>. For additional information more recent than as of the date of the Financial Report please contact Brian Kelley, Finance & Information Technology Director (phone: 801-568-7117).

#### TOTAL ESTIMATED COST

Based on an estimate of the current interest rate and financing plan, the estimated total debt service cost of the Series 2017 Bonds, if held until maturity is \$8,737,646.25.

A copy of the Resolution and the Indenture are on file in the office of the Sandy City Recorder, 10000 Centennial Parkway, Sandy, Utah, where they may be examined during regular business hours of the City Recorder from 8:00 a.m. to 5:00 p.m. for a period of at least thirty (30) days from and after the date of publication of this notice.

NOTICE IS FURTHER GIVEN that a period of thirty (30) days from and after the date of the publication of this notice is provided by law during which any person in interest shall have the right to contest the legality of the Resolution, the Indenture (only as it relates to the Series 2017 Bonds), or the Series 2017 Bonds, or any provision made for the security and payment of the Series 2017 Bonds, and that after such time, no one shall have any cause of action to contest the regularity, formality, or legality thereof for any cause whatsoever.

DATED this March 28, 2017.

\_\_\_\_\_  
/s/ Molly Spira  
City Recorder

Section 10. The Issuer hereby declares its intention and reasonable expectation to use proceeds of tax-exempt bonds to reimburse itself for initial expenditures for costs of the Project. The Series 2017 Bonds are to be issued, and the reimbursements made, by the later of 18 months after the payment of the costs or after the Project is placed in service, but in any event, no later than three years after the date the original expenditure was paid. The maximum principal amount of the Series 2017 Bonds which will be issued to finance the reimbursed costs of the Project is not expected to exceed \$7,200,000.

Section 11. The Issuer hereby reserves the right to opt not to issue the Series 2017 Bonds for any reason, including without limitation, consideration of the opinions expressed at the public hearing.

Section 12. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this Resolution shall be in full force and effect immediately upon its approval and adoption.

Section 13. Upon the issuance of the Series 2017 Bonds, this Resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Series 2017 Bonds are deemed to have been duly discharged in accordance with the terms and provisions of the Indenture.

APPROVED AND ADOPTED this March 28, 2017.

SANDY CITY, UTAH

(SEAL)



  
Chair

ATTEST:

  
City Recorder


PRESENTATION TO MAYOR

The foregoing resolution was presented by the City Council to the Mayor for his approval or disapproval this March 28, 2017.

  
Chair

MAYOR'S APPROVAL OR DISAPPROVAL

The foregoing resolution is hereby approved this March 28, 2017.

  
Mayor

(Here follows business not pertinent to the above.)

Pursuant to motion duly made and seconded, the City Council adjourned.

(SEAL)



*Stephen Smith*  
\_\_\_\_\_  
Chair

ATTEST:

*Molly Spira*  
\_\_\_\_\_  
City Recorder

STATE OF UTAH )  
 : ss.  
COUNTY OF SALT LAKE )

I, Molly Spira, the duly appointed and qualified City Recorder of Sandy City, Utah (the "City"), does hereby certify according to the records of the City Council of the City (the "City Council") in my official possession that the foregoing constitutes a true and correct excerpt of the minutes of the meeting of the City Council held on March 28, 2017, including a resolution (the "Resolution") adopted at said meeting as said minutes and Resolution are officially of record in my possession.

I further certify that the Resolution, with all exhibits attached, was deposited in my office on March 28, 2017, and pursuant to the Resolution, there will be published a Notice of Public Hearing and Bonds to be Issued no less than fourteen (14) days before the public hearing date: (a) one time each week for two consecutive weeks in The Salt Lake Tribune, a newspaper having general circulation within the City, (b) on the Utah Public Notice Website created under Section 63F-1-701, Utah Code Annotated 1953, as amended and (c) on the Utah Legal Notices website ([www.utahlegals.com](http://www.utahlegals.com)) created under Section 45-1-101, Utah Code Annotated 1953, as amended.

IN WITNESS WHEREOF, I have hereunto subscribed my signature and impressed hereon the official seal of said City, this March 28, 2017.

(SEAL)



By: Molly Spira  
City Recorder

EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH  
OPEN MEETING LAW

I, Molly Spira, the undersigned City Recorder of Sandy City, Utah (the "City"), do hereby certify, according to the records of the City in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated, 1953, as amended, I gave not less than twenty-four (24) hours public notice of the agenda, date, time and place of the March 28, 2017, public meeting held by the City Council of the City (the "City Council") as follows:

(a) By causing a Notice, in the form attached hereto as Schedule 1, to be posted at the principal offices of the City on March \_\_\_\_, 2017, at least twenty-four (24) hours prior to the convening of the meeting, said Notice having continuously remained so posted and available for public inspection until the completion of the meeting;

(b) By causing a copy of such Notice, in the form attached hereto as Schedule 1, to be posted on the Utah Public Notice Website (<http://pmn.utah.gov>) at least twenty-four (24) hours prior to the convening of the meeting; and

(c) By causing a copy of such Notice, in the form attached hereto as Schedule 1, to be delivered to The Salt Lake Tribune pursuant to its subscription to the Utah Public Notice Website (<http://pmn.utah.gov>) at least twenty-four (24) hours prior to the convening of the meeting; and

In addition, the Notice of 2017 Annual Meeting Schedule for the City Council (attached hereto as Schedule 2) was given specifying the date, time, and place of the regular meetings of the City Council to be held during the year, by causing said Notice to be (a) posted on \_\_\_\_\_, at the principal office of the City, (b) published on the Utah Public Notice Website (<http://pmn.utah.gov>) during the current calendar year and (c) provided to at least one newspaper of general circulation within the geographic jurisdiction of the City pursuant to its subscription to the Utah Public Notice Website (<http://pmn.utah.gov>).

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this March 28, 2017.

(SEAL)



By: Molly Spira  
City Recorder

SCHEDULE 1

NOTICE OF MEETING





# Sandy City, Utah

10000 Centennial Parkway  
Sandy, UT 84070  
Phone: 801-568-7141

## Meeting Agenda

### City Council

*Scott Cowdell, District 1*  
*Maren Barker, District 2*  
*Kristin Coleman-Nicholl, District 3*  
*Chris McCandless, District 4*  
*Steve Fairbanks, At-large*  
*Linda Martinez Saville, At-large*  
*Stephen P. Smith, At-large*

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Tuesday, March 28, 2017

5:15 PM

Council Chambers

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Web address to view complete packet: <http://sandyutah.legistar.com>

The Sandy City Council has adopted Rules of Procedure which are available at the rear of the Council Chambers and online at: <http://sandy.utah.gov/government/city-council/procedure-guidelines.html>. Public comments during the Citizen Comment portion of the City Council meeting, or those offered during a Public Hearing may not exceed 3 minutes. If you wish to comment on a public hearing item(s), please hold your comments until that item is being discussed. Work Session items may or may not occur prior to 7:00 PM. Items not concluded during the Work Session will occur in the regular Council Meeting at the conclusion of other official business. Consent Calendar items have been previously considered or are otherwise routine in nature and will be considered in a single motion unless a Council Member wishes to discuss an item separately. In compliance with the Americans with Disabilities Act, reasonable accommodations for individuals with disabilities will be provided upon request. For assistance, please call (801) 568-7141.

#### 4:30 Dinner

#### 5:15 Work Session

Agenda Planning Calendar Review

Council Member Business

Council Office Director's Report

Mayor's Report

CAO Report

#### Information Items

1. [17-010](#) City Council requesting update on code amendments relative to the review of reasonable accommodation requests.

**Attachments:** [Sandy City Land Development Code 15A-11-08](#)

2. [17-054](#) City Council requesting a 2017 Legislative Session update.

3. [17-077](#) Redevelopment Agency discussing the Mountain America participation agreement and the sale of the Schulsen property to the Gardner Company.

**Attachments:** [Presentation: Mountain America Credit Union Participation Agreement](#)

4. [17-076](#) Mr. David George with A Better Quality Home, LC briefing the City Council on a proposed project and rezone request at 789 East 7800 South.

## 7:00 Council Meeting

### Roll Call

Opening Remarks / Prayer / Pledge of Allegiance

### Special Recognition

5. [17-072](#) City Council presenting a resolution to Community Development Director Mike Coulam in honor of his years of service to Sandy City.
6. [17-075](#) Proclamation recognizing National Boys & Girls Club Week.

### Citizen Comments

### Consent Calendar

7. [17-069](#) The Community Development Department is recommending the City Council adopt Resolution #17-13c indicating the intent to annex an unincorporated area located at approximately 3202 E. 10000 S., setting a hearing to consider such an annexation and directing publication of a hearing notice.
- Attachments:** [Mock Annexation Resolution 1.pdf](#)
8. [17-074](#) City Council Office recommending the City Council adopt Resolution 17-16C reappointing Don Milne to the Metropolitan Water District of Salt Lake Sandy for a four year term beginning on January 1, 2017.
- Attachments:** [Resolution 17-16C](#)  
[Letter from Metropolitan Water District](#)
9. [17-078](#) Approval of the February 28, 2017 City Council Meeting Minutes.
- Attachments:** [February 28, 2017 Meeting Minutes.pdf](#)

## 7:05 Public Hearing(s)

10. [17-071](#) Finance Department recommending the City Council adopt Resolution #17-14C increasing appropriations within the governmental funds.

**Attachments:** [17-14C Governmental Funds](#)

11. [17-073](#) Finance Department recommending the City Council adopt Resolution #17-11C increasing appropriations within the proprietary funds.

**Attachments:** [17-11C Proprietary Funds - water bond](#)

## Council Items

12. [17-045](#) Public Utilities Department recommending the City Council consider adoption of Resolution #17-15C authorizing the issuance and sale of not more than \$7,200,000 aggregate principal amount of Water Revenue Bonds, Series 2017; and related matters.

**Attachments:** [Parameters Resolution v4 \(super\) -Sandy Water Bonds 2017](#)  
[Memo to Council - Public Utilities](#)  
[Third Supplemental Indenture of Trust - Sandy City Water Revenue Bonds, Series 2017](#)  
[Bond Purchase Agreement - Sandy Water Revenue Bonds 2017\\_1](#)  
[Preliminary Official Statement - Sandy City Water Revenue Bonds 2017 - DRAFT](#)  
[Water Debt Service Coverage Table 3.22.2017](#)  
[Calendar of Events](#)  
[Summary of Structuring Scenarios](#)

Completion of reports and other items not held in the Work Session.

## Adjournment

SCHEDULE 2

ANNUAL MEETING SCHEDULE

## **2017 ANNUAL PUBLIC MEETING SCHEDULES FOR SANDY CITY, UTAH**

**NOTICE IS HEREBY GIVEN** that the annual Sandy City meeting schedules for 2017 are as follows: **THE SANDY CITY COUNCIL** conducts weekly meetings on Tuesday evenings at 7:00 P.M. in the City Council Chambers at City Hall, 10000 Centennial Parkway. The Council Work Sessions begin at 5:15 P.M. in the Council Chambers. The City Council adjusts this annual meeting schedule to accommodate training conferences, specific hearings, holidays and other circumstances which arise during the year. Such changes will be made by City Council resolution and will be published in conformance with the law.

**THE SANDY CITY REDEVELOPMENT AGENCY** meetings are held on Tuesdays on an as-needed basis in the City Council Chambers. Official notices will be posted indicating the date and time of the meeting as designated by the Chairperson.

**THE SANDY CITY PLANNING COMMISSION** meetings will be held on the first (1<sup>st</sup>) and third (3<sup>rd</sup>) Thursdays of each month in the City Council Chambers at City Hall, beginning at approximately 6:15 P.M. (with the exception of holidays). Depending on the number of items on the Agenda, the start time may be adjusted. Additional meetings may be held depending upon the nature and number of development applications. Notification of these meetings is posted at least 24 hours in advance of the meeting. Special meetings are held in City Hall.

**THE SANDY ARTS GUILD** meetings will be held on the first Wednesday of every month with the Executive Board meeting at 6:00 P.M. and the General Board at 6:30 P.M. in the Mayor's Conference Room.

**THE SANDY CITY BOARD OF ADJUSTMENT** meetings will be held on the second Thursday of each month, if there is an application, in the City Council Chambers at City Hall beginning at 6:30 P.M. Additional meetings may be held depending upon the nature and number of Board of Adjustment applications. Notification of these meetings is posted at least 24 hours in advance of the meeting. Special meetings are held in City Hall.

**THE SANDY CITY PUBLIC UTILITIES ADVISORY BOARD** meetings will be held 1/19/17, 2/16/17, 3/16/17, 4/20/17, 5/18/17, 6/15/17, 7/20/17, 8/17/17, 9/21/17, 10/19/17, and 11/9/17. All meetings are held from 7:00 A.M. to 9:00 A.M. in Public Utilities Conference Room, Suite 241.

**THE SANDY CITY CITIZEN CORPS COUNCIL** will meet every 2<sup>nd</sup> Thursday of the month from 7:00 P.M. to 8:15 P.M. in the Sandy City Multipurpose Room (#341).

**SANDY CITY HISTORIC COMMITTEE** will meet the 2<sup>nd</sup> Wednesday of each month at 5:00 P.M. in the Community Development Conference Room (#220). Meeting dates are subject to change due to scheduling, holidays, etc.

**SANDY CITY CDBG COMMITTEE** will meet the 3<sup>rd</sup> Wednesday of each month at 5:00 P.M. in the Planning Conference Room (#220). Meeting dates are subject to change due to scheduling, holidays, etc.

In the event that either the Planning Commission, Board of Adjustment or Redevelopment Agency determine any of their regularly scheduled meetings should be postponed, canceled or should have a time change, a notice will be posted. Any questions regarding these schedules may be directed to the Office of the City Recorder at Sandy City Hall - 568-7118 /s/ **Molly Berigan Spira, CMC, Sandy City Recorder**.

(attach Proof of Publication of  
Notice of Public Hearing and Bonds to be Issued)

EXHIBIT B

SUPPLEMENTAL INDENTURE

(See Transcript Document No. \_\_\_\_)

EXHIBIT C

FORM OF BOND PURCHASE AGREEMENT

(See Transcript Document No. \_\_\_)



EXHIBIT D

FORM OF PRELIMINARY OFFICIAL STATEMENT

(See Transcript Document No. \_\_\_)

*RESOLUTION #17-11 C*

A RESOLUTION INCREASING TOTAL APPROPRIATIONS  
AND TRANSFERRING FUNDS WITHIN THE PROPRIETARY FUNDS

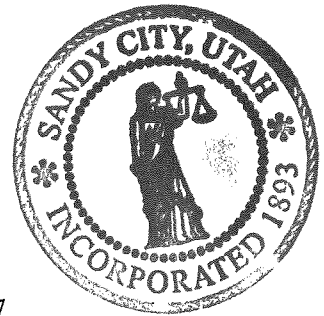
**BE IT RESOLVED** by the City Council of Sandy City, State of Utah, that the amounts described in Exhibit A be increased or transferred as outlined. These increases and transfers are made pursuant to the provisions of Section 10-6-136, U.C.A., as amended, and are done with the provision that no appropriation for debt retirement and interest, reduction of deficit or other appropriation required by law or ordinance is reduced by this resolution.

PASSED AND APPROVED THIS 28<sup>th</sup> day of March, 2017.



Stephen P. Smith, Chair  
Sandy City Council

ATTEST:

  
Molly Spira  
City Recorder

RECORDED this 30<sup>th</sup> day of March, 2017.

**EXHIBIT A - Water**

Sources:

511-651-3351 Bond Proceeds	\$ 6,585,822
511-651-3359 Bond Premiums	<u>564,178</u>
Total Sources	<u>\$ 7,150,000</u>

Uses:

511-651-4370-51829 Flat Iron Tanks & Well Replacement	\$ 7,000,000
511-651-4385 Bond Issuance Costs	<u>150,000</u>

Total Uses

\$ 7,150,000

Sandy City, Utah

April 18, 2017

The City Council (the “Council”) of Sandy City, Utah (the “City”), met in regular public session at 10000 Centennial Parkway in Sandy, Utah, on Tuesday, April 18, 2017, at the hour of 7:00 p.m., with the following members of the Council being present:

Stephen P. Smith	Chair
Maren Barker	Councilmember
Kristin Coleman-Nicholl	Councilmember
Scott Cowdell	Councilmember
Steve Fairbanks	Councilmember
Linda Martinez Saville	Councilmember
Chris McCandless	Councilmember

Also present:

Thomas M. Dolan	Mayor
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Absent:

After the meeting had been duly called to order and after other matters not pertinent to this resolution had been discussed, there was presented to the Council a Certificate of Compliance with Open Meeting Law with respect to this April 18, 2017 meeting, a copy of which is attached hereto as Exhibit A.

The City Recorder noted that pursuant to the provisions of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, a notice of public hearing with respect to the issuance of the City’s proposed Water Revenue Bonds, Series 2017 (the “Bonds”), in the principal amount of not to exceed \$7,200,000 was (i) published twice, the first publication being not less than fourteen (14) days prior to this hearing, in The Salt Lake Tribune, a newspaper of general circulation within the City, (ii) posted on the Utah Public Notice Website (<http://pmn.utah.gov>) created under Section 63F-1-701, Utah Code Annotated 1953, as amended, not less than fourteen (14) days prior to this hearing and (iii) posted on the Utah Legal Notices Website ([www.utahlegals.com](http://www.utahlegals.com)) created under Section 45-1-101, Utah Code Annotated 1953, as amended, not less than fourteen (14) days prior to this hearing. The hearing was then opened to all members of the public desiring to give input with respect to the issuance by the City of its Bonds.

After all members of the public desiring to give input, with respect to the issuance by the City of its Bonds, had provided such input, the public hearing was closed.

Pursuant to Section 147 of the Internal Revenue Code of 1986, as amended, the Council then approved the issuance of the Bonds by motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_, and approved as follows:

YEA:

NAY:

This 18th day of April, 2017.

(SEAL)

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Chair

ATTEST:

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City Recorder

(Other business not pertinent to the foregoing appears in the minutes of the meeting.)

Upon the conclusion of all business on the Agenda, the meeting was adjourned.

(SEAL)

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Chair

ATTEST:

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City Recorder

STATE OF UTAH                    )  
  : ss.  
COUNTY OF SALT LAKE    )

I, Molly Spira, the duly appointed and qualified City Recorder of Sandy City, Utah (the “City”) do hereby certify according to the records of said City in my official possession that the foregoing constitutes a true and correct excerpt of the minutes of the meeting of the City Council of the City held on April 18, 2017, and that said minutes are officially of record in my possession.

I further certify that a Notice of Public Hearing and Bonds to be Issued was (i) published once each week for two consecutive weeks in The Salt Lake Tribune, a newspaper having general circulation within the City, with the first of such publications being not less than fourteen (14) days prior to the hearing and with the affidavit of such publications being attached hereto upon availability, (ii) posted on the Utah Public Notice Website (<http://pmn.utah.gov>) created under Section 63F-1-701 Utah Code Annotated 1953, as amended, no less than 14 days prior to the hearing, and (iii) posted on the Utah Legal Notices website ([www.utahlegals.com](http://www.utahlegals.com)) created under Section 45-1-101, Utah Code Annotated 1953, as amended, no less than 14 days prior to the hearing.

IN WITNESS WHEREOF, I have hereunto subscribed my signature and impressed hereon the official seal of said City, this 18th day of April, 2017.

\_\_\_\_\_  
City Recorder

(SEAL)



EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH  
OPEN MEETING LAW

I, Molly Spira, the undersigned City Recorder of Sandy City, Utah (the “City”) do hereby certify, according to the records of the City in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated, 1953, as amended, I gave not less than twenty-four (24) hours public notice of the agenda, date, time and place of the April 18, 2017 public meeting held by the City Council of the City (the “Council”) as follows:

(a) By causing a Notice, in the form attached hereto as Schedule 1, to be posted at the City’s principal offices on April \_\_\_\_, 2017, at least twenty-four (24) hours prior to the convening of the meeting, said Notice having continuously remained so posted and available for public inspection until the completion of the meeting;

(b) By causing a copy of such Notice, in the form attached hereto as Schedule 1, to be published on the Utah Public Notice Website (<http://pmn.utah.gov>) at least twenty-four (24) hours prior to the convening of the meeting; and

(c) By causing a copy of such Notice, in the form attached hereto as Schedule 1, to be delivered to The Salt Lake Tribune pursuant to its subscription to the Utah Public Notice Website (<http://pmn.utah.gov>), at least twenty-four (24) hours prior to the convening of the meeting.

In addition, the Notice of 2017 Annual Meeting Schedule for the City Council (attached hereto as Schedule 2) was given specifying the date, time and place of the regular meetings of the Council of the City to be held during the year, by causing said Notice to be (i) posted on \_\_\_\_\_ at the principal office of the City, (ii) published on the Utah Public Notice Website (<http://pmn.utah.gov>) during the current calendar year, and (iii) provided to at least one newspaper of general circulation within the geographic jurisdiction of the City pursuant to its subscription to the Utah Public Notice Website (<http://pmn.utah.gov>).

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this 18th day of April, 2017.

\_\_\_\_\_  
City Recorder

(SEAL)

SCHEDULE 1

NOTICE OF MEETING

SCHEDULE 2

ANNUAL MEETING SCHEDULE

(attach Proof of Publication of  
Notice of Public Hearing and Bonds to be Issued)