

NEW ISSUE — Book-Entry Only

**Moody's rating: "Aa2"
See "BOND RATING" herein.**

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the Series 2018 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2018 Bonds.

\$19,135,000
LOCAL BUILDING AUTHORITY OF ALPINE SCHOOL DISTRICT, UTAH
LEASE REVENUE BONDS
SERIES 2018

payable from annually renewable lease payments to be made by

**BOARD OF EDUCATION OF ALPINE SCHOOL DISTRICT,
UTAH COUNTY, UTAH**

Dated: Date of Issuance

Due: March 15, as shown below

The Series 2018 Bonds are issuable as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("*DTC*") which will act as securities depository for the Series 2018 Bonds. Purchases of beneficial ownership interests in the Series 2018 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Beneficial owners of the Series 2018 Bonds will not receive physical delivery of bond certificates evidencing their ownership interests in the Series 2018 Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2018 Bonds.

Interest on the Series 2018 Bonds is payable on each March 15 and September 15, commencing September 15, 2018. So long as DTC or its nominee is the registered owner of the Series 2018 Bonds, payments of the principal or redemption price of and interest on the Series 2018 Bonds will be made directly to DTC. 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.

The Series 2018 Bonds are subject to optional redemption, extraordinary optional and mandatory sinking fund redemption prior to maturity. See "THE SERIES 2018 BONDS — Redemption".

The Series 2018 Bonds are being issued to finance the acquisition and construction of an elementary school in Orem, Utah (the "*Project*"). The Local Building Authority of Alpine School District, Utah (the "*Issuer*") will lease the Project to the Board of Education of Alpine School District, Utah County, Utah (the "*District Board*") pursuant to a Master Lease Agreement, dated as of March 1, 2018 (the "*Lease*").

The Series 2018 Bonds are issued and are equally and ratably secured under the Indenture on a parity with any Additional Bonds hereafter issued pursuant to the Indenture (collectively, the "*Bonds*"). The Issuer has mortgaged, pledged and assigned to the Trustee all of the Issuer's right, title and interest in and to the Project and the Lease, including the right to receive the Base Rentals, as security for the payment of the principal of, and premium (if any) and interest on, the Bonds pursuant to a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement. **THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS RECEIVED PURSUANT TO THE LEASE, WHICH ARE PRODUCED FROM ANNUAL APPROPRIATIONS (IF ANY) BY THE DISTRICT BOARD AND OTHER FUNDS OR AMOUNTS HELD BY THE TRUSTEE AS SECURITY FOR THE BONDS.** See "SECURITY FOR THE BONDS" herein.

Under the Lease, the District Board has agreed to pay Base Rentals in amounts and at times that are sufficient to pay the principal of and interest on the Bonds coming due in each fiscal year, but only if and to the extent that the District Board annually appropriates funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term of the Lease plus such Additional Rentals as are necessary to operate and maintain the Project during such period. The Lease specifically provides that nothing therein shall be construed to require the District Board to appropriate any moneys to pay the Base Rentals or Additional Rentals (collectively, the "*Rentals*") thereunder and the District Board shall not be obligated to pay the Rentals except to the extent appropriated. **THE OBLIGATION OF THE DISTRICT BOARD TO PAY ANY RENTALS IS SUBJECT TO ANNUAL APPROPRIATIONS BY THE DISTRICT BOARD AS PROVIDED IN THE LEASE. NEITHER THE OBLIGATION OF THE DISTRICT BOARD TO PAY SUCH RENTALS NOR THE OBLIGATION OF THE ISSUER TO PAY THE BONDS WILL CONSTITUTE A DEBT OF THE STATE OF UTAH, THE DISTRICT BOARD OR ANY POLITICAL SUBDIVISION OF THE STATE OF UTAH. THE ISSUANCE OF THE BONDS DOES NOT DIRECTLY OR CONTINGENTLY OBLIGATE THE DISTRICT BOARD TO PAY ANY RENTALS BEYOND THOSE APPROPRIATED FOR THE DISTRICT BOARD'S THEN CURRENT FISCAL YEAR. THE ISSUER HAS NO TAXING POWER.** See "BONDOWNERS' RISKS" herein.

The Bonds were awarded pursuant to competitive bidding to be held via the PARITY® electronic bid submission system on Tuesday, March 6, 2018, as set forth in the Official Notice of Bond Sale (dated February 27, 2018), to Robert W. Baird & Co., Inc., at a "true interest rate" of 3.25%.

George K. Baum & Company, Salt Lake City, Utah, acted as Municipal Advisor.

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 March 6, 2018, and the information contained herein speaks only as of that date.

\$19,135,000
LOCAL BUILDING AUTHORITY OF ALPINE SCHOOL DISTRICT, UTAH
LEASE REVENUE BONDS
SERIES 2018

payable from annually renewable lease payments to be made by

BOARD OF EDUCATION OF ALPINE SCHOOL DISTRICT,
UTAH COUNTY, UTAH

<u>DUE</u> <u>MARCH 15</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>YIELD</u>	<u>CUSIP</u> ¹
2020	\$700,000	3.000	1.600	02108T AA1
2021	700,000	5.000	1.810	02108T AB9
2022	730,000	5.000	1.980	02108T AC7
2023	770,000	5.000	2.170	02108T AD5
2024	810,000	5.000	2.290	02108T AE3
2025	850,000	5.000	2.420	02108T AF0
2026	890,000	5.000	2.560	02108T AG8
2027	935,000	5.000	2.700	02108T AH6
2028	985,000	4.000	2.770**	02108T AJ2
2031	1,085,000	3.000	3.100	02108T AM5
2032	1,115,000	3.125	3.200	02108T AN3
2033	1,150,000	3.125	3.300	02108T AP8
2034	1,185,000	3.250	3.400	02108T AQ6
2035	1,225,000	3.250	3.450	02108T AR4
2036	1,265,000	3.375	3.500	02108T AS2
2037	1,310,000	3.500	3.550	02108T AT0
2038	1,350,000	3.500	3.600	02108T AU7

\$2,080,000 3.00% Term Bond due March 15, 2030, Price 100.00%, CUSIP 02108T AL7

** Yield to optional par call on March 15, 2027.

¹ CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Series 2018 Bonds, nor do they make any representation as to the correctness of such CUSIP numbers on the Series 2018 Bonds as indicated above.

The information contained in this Official Statement has been furnished by the Issuer, the District Board, DTC, and other sources that are believed to be reliable. No dealer, broker, salesperson or any other person has been authorized by the Issuer, the District Board or the successful bidder(s) 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 as having been authorized by the Issuer, the District Board or the successful bidder(s).

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2018 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither 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 Issuer or the District Board or in any other information contained herein, since the date of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE SUCCESSFUL BIDDER(S) MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SERIES 2018 BONDS. SUCH TRANSACTIONS MAY INCLUDE OVERALLOTMENTS IN CONNECTION WITH THE PURCHASE OF SERIES 2018 BONDS, THE PURCHASE OF SERIES 2018 BONDS TO STABILIZE THEIR MARKET PRICE, THE PURCHASE OF SERIES 2018 BONDS TO COVER THE SUCCESSFUL BIDDER'S(S)' SHORT POSITIONS AND THE IMPOSITION OF PENALTY BIDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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.

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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**LOCAL BUILDING AUTHORITY OF
ALPINE SCHOOL DISTRICT, UTAH
LEASE REVENUE BONDS
SERIES 2018**

575 North 100 East
American Fork, Utah 84003

**LOCAL BUILDING AUTHORITY
OF ALPINE SCHOOL DISTRICT, UTAH**

John C. Burton	President
JoDee C. Sundberg	Vice President
Robert W. Smith	Secretary
S. Scott Carlson	Trustee
Mark J. Clement	Trustee
Wendy K. Hart	Trustee
Paula H. Hill	Trustee
Sara M. Hacken	Trustee

**BOARD OF EDUCATION OF
ALPINE SCHOOL DISTRICT**

John C. Burton	President
JoDee C. Sundberg	Vice President
S. Scott Carlson	Member
Mark J. Clement	Member
Wendy K. Hart	Member
Paula H. Hill	Member
Sara M. Hacken	Member

ALPINE SCHOOL DISTRICT ADMINISTRATION

Sam Jarman	Superintendent
Robert W. Smith	Business Administrator/ Assistant Superintendent Business Services

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Corporate Trust Department
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Fax: (801) 356-5600

\$19,135,000

LOCAL BUILDING AUTHORITY OF ALPINE SCHOOL DISTRICT, UTAH

**LEASE REVENUE BONDS
SERIES 2018**

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto (the “*Official Statement*”), is furnished to prospective purchasers in connection with the sale and delivery of \$19,135,000 aggregate principal amount of Lease Revenue Bonds, Series 2018 (the “*Series 2018 Bonds*”) by the Local Building Authority of Alpine School District, Utah (the “*Issuer*”).

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 2018 Bonds to potential investors is made only by means of the entire Official Statement.

The descriptions and summaries of the Lease and the Indenture and various other documents herein set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of its terms and conditions. All statements herein are qualified in their entirety by reference to such documents. Capitalized terms used, but not otherwise defined, herein have the same meaning as ascribed to them in the Lease and the Indenture. See “CERTAIN DEFINITIONS” in APPENDIX B — FORMS OF PRINCIPAL DOCUMENTS hereto.

THE ISSUER

The Issuer is a non-profit corporation incorporated, organized and existing pursuant to the Utah Nonprofit Corporation and Cooperative Association Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended, (the “*Nonprofit Corporation Act*”) and as provided in the Utah Local Building Authority Act Title 17D, Chapter 2, Utah Code Annotated 1953, as amended, (the “*Building Authority Act*”). The Issuer was created by the Board of Education of Alpine School District, Utah County, Utah (the “*District Board*”) pursuant to a resolution adopted on January 9, 2018, for the purpose of acquiring, improving or extending one or more projects and for financing and refinancing the costs of such projects on behalf of the District Board. See “THE ISSUER” below.

THE DISTRICT

The District, created in 1915, covers the northern half (approximately 724 square miles) of Utah County, Utah (the “*County*”). Its boundaries run from the Salt Lake County line on the north to the Provo City School District and Nebo School District boundaries on the south and from Tooele County on the west to Wasatch County on the east. Its headquarters are located in American Fork, Utah (the “*City*”), which is approximately 30 miles south of Salt Lake City, Utah. For more information with respect to the District, see “THE DISTRICT” below.

THE SERIES 2018 BONDS

The proceeds of the Series 2018 Bonds, together with other available funds, will be used to finance the acquisition and construction of an elementary school in Orem, Utah (the “*Project*”). See “PLAN OF FINANCING” below. The proceeds of sale of the Series 2018 Bonds will also be used to pay certain costs and expenses associated with the issuance of the Series 2018 Bonds.

The Series 2018 Bonds are issued under and are equally and ratably secured by an Indenture of Trust, dated as of March 1, 2018 (the “*Indenture*”), between the Issuer and ZB, National Association, dba Zions Bank, as Trustee (the “*Trustee*”). The Series 2018 Bonds are limited obligations of the Issuer payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the Series 2018 Bonds. In addition, pursuant to a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement (the “*Deed of Trust*”), the Issuer has mortgaged, pledged and assigned to the Trustee, among other things, its right, title and interest in and to the Project and as lessor under the Lease, including its right to receive the Base Rentals (as defined below), as security for the payment of the principal of, and premium, if any, and interest on, the Series 2018 Bonds any other bonds outstanding under the Indenture. See “SECURITY FOR THE SERIES 2018 BONDS” below. Additional Bonds ranking on a parity with the Series 2018 Bonds may be issued in the future under the terms specified in the Indenture. See “SECURITY FOR THE SERIES 2018 BONDS — Additional Bonds” below. The Series 2018 Bonds together with any Additional Bonds which may be issued are collectively referred to as the “*Bonds*.”

THE LEASE

Pursuant to an annually renewable Master Lease Agreement, dated as of March 1, 2018, (the “*Lease*”), the Issuer will lease to the District Board the Administration and Utility Buildings (collectively, the “*Project*” and, together with all other property and facilities which may in the future be leased to the District Board under the Lease, the “*Project*”).

Under the Lease, the District Board has agreed to make base rental payments in stated amounts and at times that are sufficient to pay the principal of and interest on all of the Bonds coming due in each fiscal year (collectively, the “*Base Rentals*”), but only if and to the extent that the District Board annually appropriates funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term (defined below) under the Lease, plus such additional amounts (the “*Additional Rentals*” and, together with the Base Rentals, the “*Rentals*”) as are necessary to operate and maintain all of the Project during such period. An Event of

Nonappropriation will occur under the Lease if the District Board fails to appropriate moneys sufficient to pay all of the Rentals coming due for any Renewal Term of the Lease (*i.e.*, the Lease requires the District Board to exercise its renewal option on an “all or nothing” basis). However, the Lease specifically provides that nothing therein shall be construed to require the District Board to appropriate any money to pay any Base Rentals or Additional Rentals thereunder and that the District Board shall not be obligated to pay such Rentals, except to the extent appropriated for the then-current fiscal year of the District Board.

THE OBLIGATION OF THE DISTRICT BOARD TO PAY ANY RENTALS IS ANNUALLY RENEWABLE AS PROVIDED IN THE LEASE. NEITHER THE OBLIGATION OF THE DISTRICT BOARD TO PAY RENTALS NOR THE BONDS WILL CONSTITUTE A DEBT OF THE DISTRICT BOARD OR THE STATE OF UTAH OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF BONDS DOES NOT DIRECTLY OR CONTINGENTLY OBLIGATE THE DISTRICT BOARD TO PAY ANY RENTALS BEYOND THOSE APPROPRIATED FOR THE DISTRICT BOARD’S THEN-CURRENT FISCAL YEAR. THE ISSUER HAS NO TAXING POWER.

THE PROJECT

The Project consists of the acquisition and construction of an elementary school in Orem, Utah.

SECURITY FOR THE SERIES 2018 BONDS

Pursuant to the Deed of Trust, the Issuer has mortgaged, pledged and assigned to the Trustee, among other things, its right, title and interest in and to the Project, including its right to receive the Base Rentals, as security for the payment of the principal of and premium, if any, and interest on the Bonds. The Bonds are limited obligations of the Issuer payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the Bonds. See “SECURITY FOR THE BONDS”.

SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS

The District Board may budget and appropriate moneys from various revenue sources to pay the Rentals coming due during each Renewal Term of the Lease (assuming the District Board elects to renew the term of the Lease for any such Renewal Term). The District Board’s principal source of funds designated for capital projects is real property taxes.

ADDITIONAL BONDS

Additional Bonds ranking on a parity with the Series 2018 Bonds may be issued in the future under the terms specified in the Indenture. See APPENDIX B “FORMS OF PRINCIPAL DOCUMENTS—Summary of Certain Provisions of the Indenture—Additional Bonds.” The Series 2018 Bonds and any Additional Bonds issued under the Indenture are sometimes collectively referred to herein as the “Bonds.” In the event that the Issuer determines to issue Additional Bonds to finance additional projects, they would be leased to the District Board pursuant to the Lease.

The Issuer does not currently anticipate issuing Additional Bonds in the next two years.

TAX-EXEMPT STATUS

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

CONDITIONS OF DELIVERY, ANTICIPATED DATE, MANNER AND PLACE OF DELIVERY

The Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality of the Bonds by Farnsworth Johnson PLLC, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Board by Burbidge & White, L.L.C. It is expected that the Bonds, in book-entry form only, will be available for delivery through the facilities of DTC on or about March 22, 2018.

BASIC DOCUMENTATION

The “basic documentation,” which includes the Indenture, the Lease, the Deed of Trust, the Ground Lease, the closing documents and other documentation authorizing the issuance of the Bonds and establishing the rights and responsibilities of the Issuer and the District Board and other parties to the transaction, may be obtained from the “contact persons” listed below.

CONTACT PERSONS

As of the date of this Official Statement, the chief contact person for the District Board concerning the Bonds is:

Robert W. Smith, Assistant Superintendent
Business Services/Business Administrator
Alpine School District

575 North 100 East, American Fork, Utah 84003
Telephone: (801) 610-8423; Fax: (801) 610-8439
E-Mail: rwsmith@alpinedistrict.org

As of the date of this Official Statement, additional requests for information may be directed to George K. Baum & Company, Salt Lake City, Utah (the “*Municipal Advisor*”):

Preston F. Kirk, Senior Vice President
George K. Baum & Company
15 West South Temple, Suite 1090, Salt Lake City, Utah 84101
Telephone: (801) 538-0351; Fax: (801) 538-0354
E-Mail: kirk@gkbaum.com

PUBLIC SALE/ELECTRONIC BID

The Bonds will be awarded pursuant to competitive bidding held via the PARITY® electronic bid submission system on Tuesday, March 6, 2018, as set forth in the Official Notice of Bond Sale (dated February 27, 2018).

BONDOWNERS’ RISKS

The purchase of the Series 2018 Bonds involves certain investment considerations and risks that are discussed throughout this Official Statement. Accordingly, each prospective purchaser of the Series 2018 Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain of these risks are described below.

LIMITED OBLIGATIONS; NONAPPROPRIATION

The Bonds are payable from Base Rentals due under the Lease, which constitute currently budgeted expenditures of the District Board, payable only if funds are appropriated by the District Board for each fiscal year. The initial term of the Lease expires on June 30, 2018, subject to the District Board’s option to extend the term of the Lease for additional and consecutive one-year renewal terms commencing on July 1 of the year 2018, with a final renewal term commencing July 1, 2037 (herein referred to individually as the “*Renewal Term*” and collectively as the “*Renewal Terms*”). The terms and conditions of the Lease during each Renewal Term will be the same, except that the Base Rentals and the Option Price will be as specified for each such Renewal Term in the Lease and as they may be revised as provided in the Indenture. Each option will be exercised by the adoption by the District Board of a final budget in accordance with applicable law which appropriates, specifically with respect to the Lease, moneys sufficient (after taking into account any moneys legally available for such purpose) to pay the Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term. The adoption of such final budget, after the holding of the required public hearing and compliance with the procedures required by applicable law, shall automatically extend the term of the Lease for the succeeding Renewal Term without any further action required by any officers or officials of the District Board.

The likelihood that the District Board will extend the term of the Lease for each Renewal Term and continue to pay the Base Rentals to enable the Issuer to timely pay the principal of, and interest on, the Bonds in the future depends upon a number of factors, including, but not limited to, (a) the continuing need of the District Board for the Project and (b) the ability of the District Board to generate sufficient revenues from property taxes and other sources to pay obligations associated with the Lease and other obligations of the District Board (whether now existing or hereafter created). The District Board's option to renew the Lease may be exercised only with respect to all of the Project and may not be exercised in part (*i.e.*, the District Board is not provided an option to renew the Lease only with respect to certain portions of the Project).

Pursuant to the Deed of Trust, the Issuer has granted to the Trustee for the equal and ratable benefit of the owners of all of the Bonds outstanding a first mortgage lien on, and security interest in, all of the Issuer's rights, title and interest in the Project other than movable equipment, subject to permitted encumbrances. The occurrence of an Event of Default under the Indenture (including an Event of Nonappropriation under the Lease) will entitle the Trustee to exercise its rights and remedies to the extent provided in the Deed of Trust against any or all of the Project in such manner and order as the Trustee determines to be in the best interests of the owners of all of the Bonds then outstanding. No assurance can be given that it will be possible for the Trustee to sell or relet the Project for an amount, or in a manner that would produce continuing revenue, sufficient to pay timely the principal of and interest on the Bonds.

The District Board's obligation under the Lease does not constitute a general obligation or other indebtedness of the District Board or the State of Utah or any agency or political subdivision of the State of Utah within the meaning of any constitutional or statutory debt limitation. Neither the Indenture nor the Lease limit the ability of the District Board to incur additional obligations against its revenues. The Issuer has no taxing power.

No judgment for money damages may be entered against the District Board, the State or any political subdivision of the State for the failure by the District Board to pay the Rentals due under the Lease as the result of an Event of Nonappropriation. No deficiency judgment may be entered against the Issuer, the State or any political subdivision of the State on foreclosure of any lien created by the Indenture or on sale of the Project pursuant to a foreclosure or liquidation pursuant to the Indenture or reletting or sale of the Project thereafter. Neither the State nor any political subdivision thereof, is obligated to pay the principal of or premium, if any, or interest on, any Bond.

EXPIRATION OR TERMINATION OF THE LEASE

The Lease will expire by its terms on June 30, 2018, unless the District Board in its sole discretion exercises the option provided in the Lease to extend the term of the Lease for the succeeding Renewal Term with a final lease expiration date of March 15, 2038. In the event that the District Board does not extend the term of the Lease, the District Board's obligation to pay Rentals will terminate on June 30, 2018. Upon (a) the expiration of a Renewal Term of the Lease during which an Event of Nonappropriation occurs (which is not waived by the Trustee as provided in the Lease) or (b) a default under the Lease and an election by the Trustee to terminate the possessory interest of the District Board under the Lease, the District Board's right of possession

of the Project under the Lease will expire or be terminated, as appropriate. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Events of Default Defined” and “— Remedies Upon Default” in APPENDIX B hereto.

In the event that the District Board’s right of possession of the Project under the Lease expires or is terminated for either of the reasons described in the preceding paragraph, the obligation of the District Board to pay Rentals thereunder will continue through the Renewal Term then in effect, but not thereafter, and the Bonds will be payable from, among other sources, such moneys as may be available by way of recovery from the District Board of the Rentals that are due through the Renewal Term then in effect. Should the Lease expire at the end of a Renewal Term without any extension for the next succeeding Renewal Term or if an event occurs pursuant to which the Trustee terminates the District Board’s right of possession of the Project under the Lease, the Trustee may recover and relet or sell the Project as provided in the Indenture, subject to the terms of the Ground Lease (the “*Ground Lease*”) pursuant to which the District Board will lease the site (the “*Project Site*”) on which the Project will be constructed to the Issuer. The net proceeds of any reletting or sale of the Project together with certain other moneys then held by the Trustee under the Indenture, are required to be used to pay the Bonds to the extent of such moneys. No assurance can be given as to the amount of funds that may be available from any such source for the payment of the principal of or interest on the Bonds.

The occurrence of an Event of Nonappropriation or a default by the District Board under the Lease constitutes an Event of Default under the Indenture. Upon the occurrence of an Event of Default, the Indenture provides that the Trustee shall take such actions as are necessary to protect the interests of the owners of all Bonds then outstanding, including the acceleration of the principal of and interest on all Bonds then outstanding.

No assurance can be given that the Trustee could relet or sell the Project for the amount necessary to pay the principal of and the interest due on the Bonds. A potential purchaser of the Series 2018 Bonds should not assume that it will be possible to relet or sell the Project after an Event of Default under the Deed of Trust for an amount equal to the aggregate principal amount of the Bonds then outstanding plus accrued interest thereon. In this regard, it should be noted that (a) the Project may be subject to ad valorem and other property taxation if owned or used by an entity other than the District Board or other governmental body and (b) the Project may not be suitable for general commercial use and zoning restrictions could limit use of the Project. Furthermore, no assurance can be given that the amount, if any, realized upon any reletting or sale of the Project will be available to provide for the timely payment of the Bonds.

LIMITED REMEDIES

A termination of the District Board’s right of possession of the Project under the Lease as a result of an event of default or expiration of the term of the Lease at the end of any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right to possession of, and the right to relet or foreclose upon and sell, the Project in accordance with the provisions of the Lease, the Indenture and the Deed of Trust, subject to the Ground Lease. The enforceability of the Lease, the Deed of Trust and the Indenture is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors’ rights generally and liens

securing such rights, the police powers of the State of Utah, the exercise of judicial authority by state or federal courts and the exercise by the United States of America of the powers delegated to it by the federal constitution. Title insurance on behalf of the Trustee will not be obtained.

The Project will be used by the District Board for the provision of essential governmental functions of the District Board. Due to the essential governmental use of such portions of the Project and the delays inherent in obtaining foreclosure upon real property and other judicial remedies, no assurance can be given that (i) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (ii) any moneys realized by the Trustee upon an exercise of any remedies would be sufficient to pay the principal of and interest on the Bonds. Any delays in the ability of the Trustee to obtain possession of the Project, of necessity, will result in delays in any payment of principal of or interest on the Bonds.

DESTRUCTION OF THE PROJECT

The Lease requires the Project to be insured by policies of insurance (including casualty and property damage insurance) as described in “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Insurance” in APPENDIX B hereto. In the event of damage to or destruction or condemnation of any of the Project, the District Board has agreed in the Lease to continue to pay Rentals (subject to the District Board’s option to not renew the term of the Lease) and to apply the net proceeds from insurance and other sources to repair, rebuild and replace the affected portion of the Project. See “THE SERIES 2018 BONDS — Redemption — Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation” below.

If the net proceeds from insurance are insufficient to repair, rebuild and replace the affected portion of the Project, (a) the District Board may pay any cost in excess of such net proceeds, but only if it appropriates Additional Rentals for that purpose, in order to restore the affected portion of the Project, (b) such net proceeds may be used for the purpose of causing the extraordinary optional redemption of the Bonds if the failure to repair, rebuild or replace will not materially detract from the value of the Project or (c) such net proceeds may be applied to the payment of the Option Price applicable as to the next occurring Optional Payment Date. There can be no assurance as to the adequacy or timely payment of the insurance in effect at that time or the likelihood that the District Board will elect to extend the term of the Lease for the next Renewal Term succeeding such damage, destruction or condemnation or pay the Option Price then applicable. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Damage, Destruction and Condemnation” in APPENDIX B hereto.

RELEASE OF PROJECT

The Lease provides for the transfer of certain portions of the Project to the District Board, and the release of such portions of the Project from the lien of the Deed of Trust, prior to the final maturity of the Bonds upon the payment by the District Board of the Option Price set forth in the Lease and the redemption of Bonds. See “THE SERIES 2018 BONDS — Redemption — Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation” below.

The release of portions of the Project from the lien of the Deed of Trust in connection with a redemption of Bonds will necessarily result in a reduction in the value of the security interests held by the Trustee for the benefit of the owners of the Bonds which remain outstanding and may reduce the District Board’s incentives to renew the Lease for any future Renewal Term.

PLAN OF FINANCING

The proceeds of the Series 2018 Bonds, together with certain other legally available moneys, will be used (a) to finance the acquisition and construction of the Project, and (b) to pay certain costs and expenses associated with the issuance of the Series 2018 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the sale of the Series 2018 Bonds are estimated to be as follows:

SOURCES OF FUNDS:

Par Amount of Series 2018 Bonds	\$19,135,000.00
Original Issue Premium	<u>807,219.60</u>
TOTAL SOURCES	\$19,942,219.60

USES OF FUNDS:

Deposit to Project Fund	\$18,750,000.00
Capitalized Interest.....	907,229.60
Underwriter’s Discount.....	191,668.98
Costs of Issuance*	<u>93,320.90</u>
TOTAL USES	\$19,942,219.60

* Includes municipal advisor, legal, and Trustee fees and other costs and expenses related to the issuance of the Series 2018 Bonds.

THE SERIES 2018 BONDS

GENERAL

The Series 2018 Bonds are issuable only in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. The Series 2018 Bonds bear interest (computed on the basis of a year of 360 days consisting of twelve 30-day months), payable on March 15 and September 15 in each year, commencing September 15, 2018 (collectively, the “*Bond Interest Payment Dates*”) at the rates and will mature on the dates set forth on the cover page of this Official Statement.

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Series 2018 Bonds. The Series 2018 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 2018 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 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 2018 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 the Series 2018 Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 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 the Series 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 the Series 2018 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2018 Bond documents. For example, Beneficial Owners of the Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 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 Series 2018 Bond 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 2018 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 the Series 2018 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 Issuer 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 the Series 2018 Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

As long as the book-entry system is in effect, redemption proceeds, distributions, and interest payments on the Series 2018 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 detailed information from the Issuer or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct or Indirect Participant and not of DTC, the Paying Agent, or the Issuer, 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 Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Series 2018 Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2018 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 Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

REGISTRATION, TRANSFER AND EXCHANGE

The Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Series 2018 Bonds, which will at all times be open to public inspection during regular business hours of the Trustee. In the event that the book-entry system is discontinued, any Series 2018 Bond may, in accordance with its terms, be transferred upon the registration books by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such registered Series 2018 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Whenever any Series 2018 Bond or Series 2018 Bonds are surrendered for transfer, the Issuer will execute and the Trustee will authenticate and deliver a new Series 2018 Bond or Series 2018 Bonds for a like aggregate principal amount. In the event that the book-entry system is discontinued, Series 2018 Bonds may be exchanged at the principal corporate trust office of the Trustee in Salt Lake City, Utah, for a like aggregate principal amount of Series 2018 Bonds of other authorized denominations. The Trustee will require the Bondowner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange and may in addition require the payment of a reasonable sum to cover expenses incurred by the Issuer or the Trustee in connection with such transfer or exchange.

No transfer or exchange of Series 2018 Bonds will be required to be made (a) after the mailing of notice calling such Bonds for redemption has been given as provided in the Indenture and (b) between any Record Date and the next succeeding Bond Interest Payment Date.

REDEMPTION

Optional Redemption. The Series 2018 Bonds maturing on or after March 15, 2028 are subject to redemption at the option of the Issuer on March 15, 2027 (the "First Redemption Date"), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as will be selected by the Issuer, upon notice given as provided in the Resolution and described below, at a redemption price equal to 100% of the principal amount of the Series 2018 Bonds to be redeemed, plus accrued interest thereon to the redemption date. Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

Mandatory Sinking Fund Redemption. The Series 2018 Bonds maturing on March 15, 2030 are subject to sinking fund redemption in the following amounts and on the following dates:

PAYMENT DATE (MARCH 15)	PRINCIPAL AMOUNT
2029	\$1,025,000
2030*	1,055,000*

* Stated maturity.

Selection for Redemption. If less than all Bonds of any maturity are to be redeemed, the particular Bonds or portion of Bonds of such maturity to be redeemed will be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. The portion of any registered Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a whole 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 \$5,000 denomination that is obtained by dividing the principal amount of such Bond by \$5,000.

Extraordinary Optional Redemption in The Event of Damage, Destruction or Condemnation. The Series 2018 Bonds are subject to redemption prior to maturity in whole or in a prorated portion from time to time at a redemption price equal to 100% of the principal amount of Series 2018 Bonds to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the event that (a) the Project is damaged or destroyed, in whole or in part, or the Project or any portion thereof is taken in a condemnation proceeding, or certain events occur with respect to the title to the Project or construction defects in the Project as described in the Lease, (b) the Net Proceeds of any insurance policy, performance bond or condemnation award made available by reason of one or more such occurrences are insufficient to pay in full the cost of rebuilding, replacing or repairing the Project and the failure to repair, rebuild or replace shall not materially detract from the value of the Project and (c) the District Board elects to waive its obligation to rebuild, repair or replace the affected portion of the Project in accordance with the Lease. If so called for redemption, the Series 2018 Bonds will be subject to redemption on the next Bond Interest Payment Date for which timely notice can be given as provided in the Indenture. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Damage, Destruction and Condemnation” in APPENDIX B hereto.

PARTIAL REDEMPTION OF SERIES 2018 BONDS

In the case of a partial redemption of Series 2018 Bonds when Series 2018 Bonds of denominations greater than \$5,000 are then outstanding, each \$5,000 of face value will be treated as though it were a separate Series 2018 Bond of the denomination of \$5,000 for all purposes in connection with such partial redemption. Series 2018 Bonds will be redeemed only in the principal amount of \$5,000 each or integral multiples thereof.

With respect to any partial redemption of less than all of a particular maturity of Series 2018 Bonds, the Series 2018 Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall determine to be fair and equitable.

NOTICE OF REDEMPTION; EFFECT OF REDEMPTION

Notice of the call for any redemption, identifying the Series 2018 Bonds (or portions thereof) to be redeemed and specifying the terms of such redemption, will be given by the Trustee (upon being satisfactorily indemnified as to expenses) by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of each Series 2018 Bond to be redeemed (in whole or in part); provided, however, that failure to give such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of any Series 2018 Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all Series 2018 Bonds called for redemption, which moneys are or will be available for redemption of Series 2018 Bonds, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice will be of no effect unless such moneys are so deposited.

The Series 2018 Bonds called for redemption will cease to bear interest after the specified redemption date, provided that sufficient funds for redemption are on deposit with the Trustee.

PAYMENT OF THE SERIES 2018 BONDS

The Lease requires semi-annual Base Rental payments to be made by the District Board to the Issuer, which Base Rentals have been assigned to the Trustee pursuant to the Indenture. Such Base Rentals are designed to be sufficient to pay the principal of and interest on the Series 2018 Bonds coming due during the term of the Lease (assuming that the District Board appropriates sufficient funds to extend the term of the Lease).

The following table shows the scheduled Base Rental payments that are equal to the payments of principal of and interest on the Series 2018 Bonds:

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BASE RENTAL PAYMENT SCHEDULE

DATE	PRINCIPAL COMPONENT	INTEREST COMPONENT	FISCAL YEAR TOTAL
9/15/18	-	\$348,162.50	-
3/15/19	-	362,250.00	\$710,412.50
9/15/19	-	362,250.00	-
3/15/20	\$700,000	362,250.00	1,424,500.00
9/15/20	-	351,750.00	-
3/15/21	700,000	351,750.00	1,403,500.00
9/15/21	-	334,250.00	-
3/15/22	730,000	334,250.00	1,398,500.00
9/15/22	-	316,000.00	-
3/15/23	770,000	316,000.00	1,402,000.00
9/15/23	-	296,750.00	-
3/15/24	810,000	296,750.00	1,403,500.00
9/15/24	-	276,500.00	-
3/15/25	850,000	276,500.00	1,403,000.00
9/15/25	-	255,250.00	-
3/15/26	890,000	255,250.00	1,400,500.00
9/15/26	-	233,000.00	-
3/15/27	935,000	233,000.00	1,401,000.00
9/15/27	-	209,625.00	-
3/15/28	985,000	209,625.00	1,404,250.00
9/15/28	-	189,925.00	-
3/15/29	1,025,000	189,925.00	1,404,850.00
9/15/29	-	174,550.00	-
3/15/30	1,055,000	174,550.00	1,404,100.00
9/15/30	-	158,725.00	-
3/15/31	1,085,000	158,725.00	1,402,450.00
9/15/31	-	142,450.00	-
3/15/32	1,115,000	142,450.00	1,399,900.00
9/15/32	-	125,028.13	-
3/15/33	1,150,000	125,028.13	1,400,056.26
9/15/33	-	107,059.38	-
3/15/34	1,185,000	107,059.28	1,399,119.76
9/15/34	-	87,803.13	-
3/15/35	1,225,000	87,803.13	1,400,606.26
9/15/35	-	67,896.88	-
3/15/36	1,265,000	67,896.88	1,400,793.76
9/15/36	-	46,550.00	-
3/15/37	1,310,000	46,550.00	1,403,100.00
9/15/37	-	23,625.00	-
3/15/38	1,350,000	23,625.00	1,397,250.00

* Payment of interest on the Series 2018 Bonds through July 1, 2019 will be made with proceeds of Series 2018 Bonds.

SECURITY FOR THE BONDS

GENERAL

The Bonds are payable from Base Rentals due under the Lease and certain other Revenues as provided in the Indenture. The Lease shall take effect with respect to the Series 2018 Bonds on the date of issuance of the Series 2018 Bonds. The initial term of the Lease expires on June 30, 2018, subject to the District Board's option to extend the term of the Lease for additional and consecutive one-year renewal terms commencing on July 1, 2018, with a final renewal term commencing July 1, 2037 (herein referred to individually as the "*Renewal Term*" and collectively as the "*Renewal Terms*"). The terms and conditions of the Lease during each Renewal Term will be the same, except that the Base Rentals and the Option Price will be as specified for each such Renewal Term in the Lease and as they may be revised as provided in the Indenture. Each option will be exercised by the adoption by the District Board of a final budget in accordance with applicable law which appropriates, specifically with respect to the Lease, moneys sufficient (after taking into account any moneys legally available for such purpose) to pay the Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term. The adoption of such final budget, after the holding of the required public hearing and compliance with the procedures required by applicable law, shall automatically extend the term of the Lease for the succeeding Renewal Term without any further action required by any officers or officials of the District Board. For circumstances under which the Lease will be terminated, see "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Expiration or Termination of the Term of the Lease" in APPENDIX B hereto.

The continuation of the term of the Lease and the obligation of the District Board to pay Base Rentals after March 14, 2019, are subject to the appropriation by the District Board of sufficient funds to extend the term of the Lease for the next Renewal Term and for each succeeding Renewal Term thereafter. Neither the Lease nor the Bonds constitute a general obligation or indebtedness of the District Board within the meaning of any constitutional or statutory debt limitation. The District Board has not pledged its credit to the payment of the Lease or the Bonds, and the District Board is not directly or contingently obligated to apply money from, or to levy or pledge, any form of taxation to the payment of the Lease or the Bonds. The Issuer has no taxing power. See "BONDOWNERS' RISKS" above.

GROUND LEASE; THE INDENTURE AND DEED OF TRUST

The District Board owns the Project Site and will lease the Project Site to the Issuer pursuant to a Ground Lease, dated as of March 1, 2018 (the "*Ground Lease*"). The Ground Lease will expire on March 1, 2048. The Issuer will assign all of its rights and interest in the Ground Lease to the Trustee pursuant to the Indenture.

The Issuer, as lessor under the Lease and pursuant to the Indenture, has assigned to the Trustee all of the Issuer's right, title and interest as lessor under the Lease, including the right to receive Base Rentals payable under the Lease, for the benefit of the Bondowners. The Issuer has also, for the benefit of the Bondowners, granted to the Trustee pursuant to the Deed of Trust, a

mortgage lien on and security interest in the Project and in and to certain specified funds held under the Indenture.

In the event the District Board appropriates sufficient funds to extend the term of the Lease for each successive Renewal Term, the District Board is required to pay semiannually to the Trustee specified Base Rentals for the Project that are designed to be sufficient, in both time and amount, to pay, when due, the principal of and interest on the Bonds. The District Board has covenanted in the Lease to cause to be included in its annual tentative budget prepared in accordance with applicable law an item for expenditure of an amount necessary (after taking into account any moneys then legally available for such purpose) to pay the Base Rentals and any reasonably estimated Additional Rentals for the Project during the next succeeding Renewal Term. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Covenant to Request Appropriations” in APPENDIX B hereto.

In the event the District Board does not appropriate sufficient funds to extend the term of the Lease, and the Lease thereby expires by its terms at the end of any Renewal Term, the District Board will have no further payment obligation under the Lease, except for the Base Rentals which are payable prior to the termination of the Lease. Upon such expiration, the Trustee may exercise one or more of the rights provided in the Lease and the Indenture, including an option to recover and relet or sell the Project and apply the proceeds of such reletting or sale, if any, together with the moneys in the Bond Fund, to the payment of principal of all then outstanding Bonds and accrued interest thereon. However, due to the nature of the Project, it is unlikely that revenues from such sources would be sufficient to pay in full all then outstanding Bonds if payment were then due by acceleration or otherwise. Should such a shortfall occur, the Bonds would be paid on a *pro rata* basis as provided in the Indenture. See “BONDOWNERS’ RISKS” above.

MAINTENANCE AND INSURANCE ON THE PROJECT

The District Board has agreed in the Lease, at its own expense, to maintain, manage and operate the Project and all improvements thereon in good order, condition and repair, ordinary wear and tear excepted. The District Board will provide or cause to be provided all security, custodial, janitorial service, power, gas, telephone, light, heating, water and all other public utility services. As provided in the Lease, the Issuer, the Trustee and the owners of the Bonds will not have any obligation to incur any expense of any kind or character for the management, operation or maintenance of the Project during the term of the Lease. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Maintenance and Operation of the Project” in APPENDIX B hereto.

The Project is required to be insured by policies of insurance or by self-insurance to the extent described in APPENDIX B under “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Insurance.” All Net Proceeds of performance or payment bonds, proceeds (including any moneys derived from any self-insurance program) from policies of insurance required by the Lease or condemnation awards, or any proceeds resulting from a default under any contract relating to the Project that are received by the Trustee will be deposited into the Insurance Fund under the Indenture. An authorized representative of the District Board in accordance with the Lease will file a certificate with the Trustee, within 90 days after the occurrence of the event giving rise to such Net Proceeds, directing the application and disbursement of such funds as follows:

(a) to the prompt repair, replacement, restoration, modification or improvement of the damaged or destroyed portion of the Project if such officer's certificate states that such Net Proceeds, together with any other funds lawfully available to the District Board for such purpose, are sufficient to pay in full the costs of such repair, replacement, restoration, modification or improvement, or

(b) to the redemption, in whole or in part, of the Bonds in accordance with the Indenture, but only upon receipt of such officer's certificate of the authorized representative of the District Board.

ADDITIONAL BONDS

Additional Bonds may be issued to provide funds for any or any combination of purposes as described under "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Additional Bonds" in APPENDIX B hereto. Any Additional Bonds will be secured by the lien of the Indenture and will rank on a parity with the Series 2018 Bonds, and, unless provided otherwise in a supplement to the Indenture, will be in substantially the same form as the Series 2018 Bonds, but will bear such date or dates, bear such interest rate or rates, have such maturity date or dates, redemption dates and redemption premiums, and be issued at such prices as are approved in writing by the Issuer and the District Board.

THE ISSUER

ESTABLISHMENT

On January 9, 2018, the District Board enacted a resolution that provided for the creation of the Issuer. The Issuer was incorporated on January 24, 2018, as a non-profit corporation under the provisions of the Nonprofit Corporation Act. As set forth in its Articles of Incorporation, the Issuer is of perpetual duration. The Issuer has no full-time employees or other personnel other than its governing Board of Trustees and officers as described below. The Issuer has no property, money or other assets, except for those that were acquired with the proceeds of the Bonds, which will constitute the Project. Other than the temporary loan from the District Board used to acquire such assets, the Issuer does not have any outstanding debt obligations.

CORPORATE POWERS

The Issuer has been incorporated for the purpose of acquiring, improving or extending one or more projects and financing and refinancing their costs on behalf of the District Board in accordance with the procedures and subject to the limitations of the Building Authority Act, in order to accomplish the public purposes for which the District exists.

The Issuer has all of the powers granted to it by the Building Authority Act, the Constitution and other laws of the State of Utah. The Issuer may not, however, undertake any of the activities provided for in its Articles of Incorporation without prior authorization therefor by

the District Board. The Issuer has been organized as a nonprofit corporation and its Articles of Incorporation expressly require that it remain a nonprofit corporation.

The Issuer may not be dissolved unless all of its outstanding bonds and other obligations are paid in full as to principal, interest and redemption premiums, if any, or unless provision for the payment of the same when due has been made. Whenever bonds, notes or other evidences of indebtedness issued by the Issuer are satisfied, discharged and retired, title to all real and personal property financed with the proceeds of such bonds, notes or other evidences of indebtedness is required to be forthwith transferred to the District Board.

STATUTORY POWERS

Under the Building Authority Act, the Issuer has the power to: (i) acquire one or more projects, which, by definition, means that it may obtain or gain property, of every kind or nature that a public body is authorized or permitted by law to own, possess or hold or that has or may come into its possession or ownership by any lawful means, including, but not limited to purchase, lease, rental, sale, contract, exchange, devise, bequest, gift, condemnation, donation, construction or operation of law, and it may otherwise improve or extend such a project or projects and finance their costs on behalf of the public body that created the Issuer in order to accomplish the public purposes for which that the public body exists; (ii) enter into leasing contracts with the District Board with respect to projects which the Issuer has acquired, improved or extended or will acquire, improve or extend on behalf of the District Board; (iii) issue and sell its bonds for the purpose of paying the cost of acquiring, improving or extending a project; and (iv) exercise other powers as enumerated in the Building Authority Act, all in accordance with and subject to the specific requirements of the Building Authority Act with respect to such powers.

ORGANIZATION

According to the By-Laws of the Issuer, the affairs of the Issuer are managed by a Board of Trustees (the "*Board of Trustees*"). The Board of Trustees consists of the members of the District Board as may from time to time serve. Each Trustee serves on the Board of Trustees until death, incapacity or departure from the District Board. Whenever a Trustee shall cease to be a member of the District Board, his or her successor, upon such successor's election and qualifying for office, thereupon becomes a Trustee of the Issuer. Trustees may be removed and replaced by the District Board at any time at its discretion.

The By-Laws further provide for election of officers by the Board of Trustees in accordance with the provisions of the By-Laws. Set forth on the roster page of this Official Statement are the current members of the Board of Trustees and the Secretary and Treasurer of the Issuer.

ALPINE SCHOOL DISTRICT

GENERAL

The District's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017 and certain financial and operating information (the "*District Information*") are on file with, and may be obtained from, the MSRB. The District Information is incorporated in this Official Statement by reference. A copy of the District Information can be obtained from the Board through its Assistant Superintendent Business Services/Business Administrator or its Municipal Advisor as indicated under "INTRODUCTION — Contact Persons."

The Board maintains an internet site that may be accessed at <http://alpineschools.org>. *The information available at this internet site is provided by the Board in the course of its normal operations and has not necessarily been reviewed for accuracy or completeness. Such information has not been provided in connection with the offering of the Bonds and is not a part of this Official Statement.*

The District, created in 1915, covers the northern half (approximately 724 square miles) of Utah County, Utah (the "*County*"). Its boundaries run from the Salt Lake County line on the north to the Provo City School District and Nebo School District boundaries on the south and from Tooele County on the west to Wasatch County on the east. Its headquarters are located in American Fork, Utah (the "*City*"), which is approximately 30 miles south of Salt Lake City, Utah. In addition to the City, the District is comprised of urban, suburban and rural areas encompassing Alpine City, Cedar Fort Town, the City of Cedar Hills, Eagle Mountain City, Fairfield Town, Highland City, Lehi City, Lindon City, the City of Orem, Pleasant Grove City, the City of Saratoga Springs, the Town of Vineyard, small portions of the cities of Draper and Provo, as well as unincorporated area.

As of October 1, 2017, the District ranks as the largest school district among the State's 41 school districts. The District currently operates 86 schools consisting of 57 elementary schools, 12 middle/junior high schools, 9 traditional high schools and 8 special purpose facilities. The District utilizes 348 portable classrooms at various schools. The District conducts an extended-year schedule at 4 special purpose facilities and 2 high schools and an extended-day schedule at 45 elementary schools and 12 middle/junior high schools.

A portion of the proceeds of the Bonds will be used to renovate two high schools and construct a middle school and an elementary school.

The enrollment of the District as of October 1 for the years specified below is as follows:

<u>YEAR</u>	<u>TOTAL</u>	<u>% INCREASE OVER PRIOR YEAR</u>
2017	78,958	1.9%
2016	77,457	2.7
2015	75,406	2.6
2014	73,502	1.4
2013	72,467	2.3
2012	70,863	3.8
2011	68,275	3.3
2010	66,100	2.5
2009	64,486	5.2
2008	61,301	4.4
2007	58,740	4.7

The County, established in 1850, is located in the north central portion of the State and consists of approximately 2,142 square miles. The County is bordered on the north by Salt Lake County, on the south by Juab and Sanpete Counties, on the east by Wasatch County and on the west by the Tooele County. Of the 29 counties within the State, the County is ranked as the second largest county in the State with an estimated 2017 population of 337,043 persons.*

FORM OF GOVERNMENT

Board of Education. The determination of policies for the management of the District is the responsibility of the Board, the members of which are elected by the qualified electors within the District. The District is divided into seven representative precincts, and a member of the Board is elected from each of the seven precincts. Board members serve four-year terms, which are staggered to provide continuity.

The Board is empowered, among other things, to: (i) implement core curriculum, (ii) administer tests which measure the progress of each student, and create plans to improve the student's progress, (iii) implement training programs for school administrators, (iv) purchase, sell and improve school sites, buildings and equipment; (v) construct and furnish School Buildings; (vi) establish, locate and maintain elementary, secondary and applied technology schools; (vii) maintain school libraries; (viii) make and enforce all necessary rules and regulations for the control and management of the public schools in the District; (ix) adopt bylaws and rules for its own procedure; and (x) appoint a superintendent of schools, business administrator, and such officers or employees as are deemed necessary for the promotion of the interests of the schools.

Superintendent. The Superintendent of Schools (the "*Superintendent*") is appointed by the Board and is responsible for the actual administration of the schools in the District. The powers

* Source: U.S. Census Bureau.

and duties of the Superintendent are prescribed by the Board. Pursuant to State law, the Superintendent is required to prepare and submit to the Board an annual budget itemizing anticipated revenues and expenditures for the next school year. The Superintendent is appointed by the Board for a two-year term and until a successor is appointed.

Business Administrator. The Business Administrator (the “*Business Administrator*”) is appointed by the Board and reports to the Superintendent. The duties of the Business Administrator are, among other things, to (i) attend all meetings of the Board and to keep an official record of the proceedings, (ii) countersign all warrants and claims against the District treasury, (iii) maintain an account and prepare and publish an annual statement of moneys received by the District and amounts paid out of the treasury, and (iv) retain custody of the records and papers of the Board. The Business Administrator is the custodian of all moneys belonging to the District and is required to prepare and submit to the Board a monthly report of the receipts and disbursements of the Business Administrator’s office. The Business Administrator is appointed by the Board for a two-year term and until a successor is appointed.

Current members of the Board, the Superintendent and the Business Administrator and their respective terms in office are as follows:

		<u>YEARS IN SERVICE</u>	<u>EXPIRATION OF TERM</u>
President	John C. Burton	6	January 2019
Vice President	JoDee C. Sundberg	17	January 2019
Board Member	Paula H. Hill	6	January 2019
Board Member	Mark J. Clement	1	January 2021
Board Member	Wendy K. Hart	6	January 2019
Board Member	Sara M. Hacken	1	January 2021
Board Member	S. Scott Carlson	4	January 2021
Superintendent	Sam Jarman	2	Appointed
Assistant Superintendent Business Services/Business Administrator	Robert W. Smith	14	Appointed

EMPLOYEES

The District currently employs approximately 4,700 contract employees and an estimated 3,100 hourly employees. The District is a member of the Utah State Retirement System. See “APPENDIX A — COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017 — Notes to Financial Statements — Note 5. Retirement Plans.”

POST-EMPLOYMENT BENEFITS

The Board provides post-employment health care benefits for a certain number of Board retirees (the “*OPEB Plan*”). The Board has taken a number of steps to manage the cost and future liabilities of such post-employment benefits, including eliminating the lifetime Medicare supplement for retirees, effective August 1995, and eliminating all post-employment healthcare benefits for employees hired on or after March 1, 2006. See “APPENDIX A — COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017 — Notes to Financial

Statements — Note 6. Retirement Plans” and — “ Note 7. Postemployment Benefits Other Than Pensions.”

In addition, as of January 1, 2013, the Board eliminated coverage for a spouse or dependent of an employee under the Board’s Medicare supplement plan if the spouse or dependent is eligible for similar coverage under another plan. This change resulted in a reduction in the number of employees with a spouse or dependent eligible for supplemental coverage under the Board’s plan from 75% to 45%.

The Board has the authority to establish and amend the contribution requirements of to the OPEB Plan. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2017, the District’s average contribution rate was 19.5% of covered payroll. Employees are not required to contribute to the OPEB Plan.

The Board’s net liability under the OPEB Plan was \$83,607,697, measured as of June 30, 2017 and was determined by an actuarial valuation as of that date based on the results of an actuarial experience study for the year then ended.

The following table shows the changes in net OPEB liability from fiscal year ended June 30, 2016 to the fiscal year ended June 3, 2017.

	Total OPEB <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net OPEB <u>Liability</u>
Balances at June 30, 2016	\$152,192,865	\$58,091,133	\$94,101,732
Changes for the year:			
Interest	8,895,747	—	8,895,747
Changes of benefit terms	—	—	—
Differences between expected and actual experience	—	—	—
Change in assumptions or other inputs	—	—	—
Benefit payments	(7,977,012)	(7,977,012)	—
Employer contributions	—	15,840,640	(15,840,640)
Member contributions	—	—	—
Net investment income	—	3,549,142	(3,549,142)
Administrative expenses	—	—	—
Net Changes	918,735	11,412,770	(10494,035)
Balances at June 30, 2017	\$153,111,600	\$69,503,903	\$83,607,697

POPULATION

According to the estimate of the U.S. Census Bureau, the 2017 population of the District was 296,150 persons. The District estimates that approximately 50% of the County's population resides within the District.

<u>YEAR</u>	<u>THE COUNTY</u>	<u>% INCREASE FROM PRIOR PERIOD</u>	<u>THE STATE</u>	<u>% INCREASE FROM PRIOR PERIOD</u>
2017 Estimate	674,086	30.0%	3,051,217	10.4%
2010 Census	516,564	40.2	2,763,885	23.8
2000 Census	368,536	39.8	2,233,169	29.6
1990 Census	263,590	20.9	1,722,850	17.9
1980 Census	218,106	58.3	1,461,037	37.9
1970 Census	137,776	-	1,059,273	-

(Source: U.S. Census Bureau.)

PROPERTY VALUE OF PERMIT-AUTHORIZED CONSTRUCTION IN THE COUNTY

Year	<u>NEW</u>		<u>ADDITIONS, ALTERATIONS AND REPAIRS</u>		<u>TOTAL CONSTRUCTION</u>	
	<u>Number Dwelling Units</u>	<u>Residential Value (\$000)</u>	<u>Residential Value (\$000)</u>	<u>Non-residential Value (\$000)</u>	<u>Value (\$000)</u>	<u>% Change from Prior Period</u>
2016	3,988	\$ 968,083	\$901,708	\$59,457	\$2,091,571	9.7%
2015	4,457	1,235,715	\$441,980	\$62,013	\$1,907,182	35.7%
2014	4,946	874,129	361,868	49,451	1,405,709	(5.3)
2013	3,240	911,858	360,621	31,422	1,484,010	77.6
2012	2,462	535,004	171,904	28,360	835,661	16.2

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

BUSINESS AND INDUSTRY

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

<u>EMPLOYER</u>	<u>BUSINESS</u>	<u>EMPLOYEES (APPROXIMATE)</u>
Brigham Young University	Colleges and universities	17,500
Alpine School District	Elementary and secondary schools	7,500
Intermountain Health Care, Inc.	General medical and surgical hospitals	6,000
Utah Valley University	Colleges and universities	5,500
Nebo School District	Elementary and secondary schools	3,500
Walmart	Warehouse clubs and supercenters	2,500
State of Utah	State government	2,500
Vivint	Electrical and wiring contractors	2,500
Bluefin Office Group	Office supplies and furniture	2,500
Provo City School District	Elementary and secondary schools	1,500

(Source: Utah Department of Workforce Services.)

SALES IN THE COUNTY

	2016	2015	2014	2013	2012
Gross Taxable Sales (\$000s)	\$8,679,093	\$8,151,076	\$7,555,120	\$7,186,900	\$6,822,347

(Source: Utah Department of Workforce Services.)

INCOME AND WAGES IN THE COUNTY

	2015	2014	2013	2012	2011
Total Personal Income (\$ Millions)	\$19,720	\$18,105	\$18,105	\$17,260	\$16,660
Per Capita Income	34,283	32,274	32,274	31,272	30,975
Median Household Income Estimates	65,425	60,957	60,957	60,069	58,167
Average Monthly Nonfarm Wage	3,293	3,167	3,167	3,103	3,057

(Source: Utah Department of Workforce Services. 2016 data not available.)

LABOR MARKET DATA OF THE COUNTY

	2015	2014	2013	2012	2011
Labor Force	272,626	255,571	241,401	225,703	218,762
Employed	263,946	246,669	231,132	213,251	204,526
Unemployed	8,680	8,902	10,269	12,452	14,237
Nonfarm Jobs	222,211	208,795	200,363	190,112	181,044(1)
Mining	88	111	103	127	76
Construction	18,585	16,319	14,772	12,385	10,558
Manufacturing	17,640	17,775	17,482	16,539	15,824
Trade/Transportation/Utilities	37,994	34,534	32,606	31,061	30,021
Information	11,186	9,995	9,346	8,600	8,017
Financial Activities	7,227	6,802	6,819	4,289	5,901
Professional and Business Services	29,904	27,565	25,856	24,675	23,401
Educational/Health/Social Services	47,403	45,551	44,846	43,141	41,745
Leisure/Hospitality	17,969	16,609	15,710	14,967	14,149
Other Services	4,913	4,714	4,566	4,368	4,268
Government	29,288	28,813	28,248	27,589	27,076

(1) Total does not add due to rounding.

(Source: Utah Department of Workforce Services. 2016 date not available.)

RATE OF UNEMPLOYMENT — ANNUAL AVERAGE

<u>YEAR</u>	<u>COUNTY</u>	<u>STATE</u>	<u>UNITED STATES</u>
2017	2.9%	3.1%	4.1%
2016	2.8	3.2	4.9
2015	3.1	3.4	5.5
2014	3.6	3.6	6.2
2013	4.3	4.4	7.4
2012	5.5	5.7	8.1

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

DEBT STRUCTURE OF ALPINE SCHOOL DISTRICT

For purposes of the information set forth under this heading in the tables entitled “OUTSTANDING GENERAL OBLIGATION BONDED INDEBTEDNESS,” “DEBT SERVICE SCHEDULE OF OUTSTANDING GENERAL OBLIGATION BONDS,” “OVERLAPPING AND PRINCIPAL UNDERLYING GENERAL OBLIGATION DEBT,” “DEBT RATIOS,” and “GENERAL OBLIGATION LEGAL DEBT LIMIT AND ADDITIONAL DEBT INCURRING CAPACITY,” the Bonds are considered issued and outstanding.

OUTSTANDING GENERAL OBLIGATION BONDED INDEBTEDNESS

<u>SERIES</u>	<u>PURPOSE</u>	<u>ORIGINAL AMOUNT</u>	<u>FINAL MATURITY DATE</u>	<u>CURRENT BALANCE OUTSTANDING</u>
2017B	School Building	\$113,250,000	March 15, 2034	\$113,250,000
2017	School Bldg./Rfdg.	147,730,000	March 14, 2034	147,730,000
2015	Refunding	61,590,000	March 15, 2023	61,590,000
2014	School Building	48,000,000	March 15, 2031	43,450,000
2013	School Bldg./Rfdg.	75,000,000	March 15, 2031	75,000,000
2012B	School Bldg./Rfdg.	64,675,000	March 15, 2030	45,205,000
2012	School Bldg./Rfdg.	52,000,000	March 15, 2029	50,665,000
2011	Refunding	17,430,000	March 15, 2018	4,535,000
2009	School Bldg./Rfdg.	68,000,000	March 15, 2019	7,425,000
2008	School Bldg./Rfdg.	84,000,000	March 15, 2023	<u>6,125,000</u>
Total Outstanding Direct Debt				\$554,975,000

OUTSTANDING LEASE REVENUE BONDS OF THE LOCAL BUILDING AUTHORITY OF ALPINE SCHOOL DISTRICT, UTAH

<u>SERIES</u>	<u>PURPOSE</u>	<u>ORIGINAL AMOUNT</u>	<u>FINAL MATURITY DATE</u>	<u>CURRENT BALANCE OUTSTANDING</u>
2018	School Building	\$19,135,000	March 15, 2038	<u>\$19,135,000</u>
Total Outstanding Leave Revenue Bonds				\$19,135,000

DEBT SERVICE SCHEDULE OF OUTSTANDING GENERAL OBLIGATION BONDS

Alpine School District - Outstanding General Obligation Bonds

Fiscal Year Ending June 30	\$113,250,000 Series 2017B		\$147,730,000 Series 2017		\$61,590,000 Series 2015		\$48,000,000 Series 2014		\$75,000,000 Series 2013		\$64,675,000 Series 2012	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 3,900,000	\$ 1,167,893	\$ 4,400,000	\$ 7,667,961	\$ 4,930,000	\$ 3,079,500	\$ 2,260,000	\$ 1,702,700	\$ 3,990,000	\$ 3,319,350	\$ 12,250,000	\$ 1,839,050
2019	10,200,000	4,693,855	4,820,000	6,496,463	11,550,000	2,833,000	2,375,000	1,668,800	4,100,000	3,119,850	2,155,000	1,226,550
2020	4,300,000	4,183,855	8,500,000	6,255,463	12,135,000	2,255,500	2,495,000	1,550,050	4,315,000	2,914,850	2,260,000	1,118,800
2021	4,500,000	3,968,855	7,800,000	5,830,463	12,735,000	1,648,750	2,620,000	1,425,300	4,530,000	2,699,100	2,375,000	1,005,800
2022	4,730,000	3,743,855	9,310,000	5,440,463	13,365,000	1,012,000	2,750,000	1,294,300	4,750,000	2,472,600	2,490,000	887,050
2023	4,970,000	3,507,355	9,780,000	4,974,963	6,875,000	343,750	2,890,000	1,156,800	5,000,000	2,235,100	2,615,000	762,550
2024	5,225,000	3,258,855	10,270,000	4,485,963	-	-	3,030,000	1,012,300	5,250,000	1,985,100	2,750,000	631,800
2025	5,480,000	2,997,605	10,780,000	3,972,463	-	-	3,185,000	860,800	5,450,000	1,722,600	2,830,000	549,300
2026	5,750,000	2,723,605	11,330,000	3,433,463	-	-	3,310,000	765,250	5,675,000	1,504,600	2,915,000	464,400
2027	6,040,000	2,436,105	11,890,000	2,866,963	-	-	3,445,000	665,950	5,900,000	1,277,600	3,000,000	376,950
2028	6,340,000	2,134,105	7,425,000	2,272,463	-	-	3,580,000	528,150	6,125,000	1,041,600	3,100,000	286,950
2029	6,660,000	1,817,105	7,800,000	1,901,213	-	-	3,725,000	402,850	6,380,000	796,600	3,185,000	193,950
2030	6,925,000	1,484,105	8,025,000	1,667,213	-	-	3,835,000	272,475	6,635,000	541,400	3,280,000	98,400
2031	7,200,000	1,137,855	8,425,000	1,265,963	-	-	3,950,000	138,250	6,900,000	276,000	-	-
2032	7,420,000	921,855	8,765,000	928,963	-	-	-	-	-	-	-	-
2033	7,640,000	708,530	9,025,000	666,013	-	-	-	-	-	-	-	-
2034	7,870,000	483,150	9,385,000	305,013	-	-	-	-	-	-	-	-
2035	8,100,000	247,050	-	-	-	-	-	-	-	-	-	-
Totals	\$ 113,250,000	\$ 41,615,593	\$ 147,730,000	\$ 60,431,461	\$ 61,590,000	\$ 11,172,500	\$ 43,450,000	\$ 13,443,975	\$ 75,000,000	\$ 25,906,350	\$ 45,205,000	\$ 9,441,550

Fiscal Year Ending June 30	\$52,000,000 Series 2012		\$17,430,000 Series 2011		\$68,000,000 Series 2009		\$84,000,000 Series 2008		Grand Total Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2018	\$ 2,575,000	\$ 1,991,580	\$ 4,535,000	\$ 181,400	\$ 3,650,000	\$ 297,000	\$ 6,125,000	\$ 245,000	\$ 48,615,000	\$ 21,491,434	\$ 70,106,434
2019	10,085,000	1,914,330	-	-	3,775,000	151,000	-	-	49,060,000	22,103,848	71,163,848
2020	7,900,000	1,410,080	-	-	-	-	-	-	41,905,000	19,688,598	61,593,598
2021	5,275,000	1,015,080	-	-	-	-	-	-	39,835,000	17,593,348	57,428,348
2022	2,850,000	751,330	-	-	-	-	-	-	40,245,000	15,601,598	55,846,598
2023	2,915,000	637,330	-	-	-	-	-	-	35,045,000	13,617,848	48,662,848
2024	2,980,000	520,730	-	-	-	-	-	-	29,505,000	11,894,748	41,399,748
2025	3,050,000	458,150	-	-	-	-	-	-	30,775,000	10,560,918	41,335,918
2026	3,125,000	391,050	-	-	-	-	-	-	32,105,000	9,282,368	41,387,368
2027	3,210,000	297,300	-	-	-	-	-	-	33,485,000	7,920,868	41,405,868
2028	3,300,000	201,000	-	-	-	-	-	-	29,870,000	6,464,268	36,334,268
2029	3,400,000	102,000	-	-	-	-	-	-	31,150,000	5,213,718	36,363,718
2030	-	-	-	-	-	-	-	-	28,700,000	4,063,593	32,763,593
2031	-	-	-	-	-	-	-	-	26,475,000	2,818,068	29,293,068
2032	-	-	-	-	-	-	-	-	16,185,000	1,850,818	18,035,818
2033	-	-	-	-	-	-	-	-	16,665,000	1,374,543	18,039,543
2034	-	-	-	-	-	-	-	-	17,255,000	788,163	18,043,163
2035	-	-	-	-	-	-	-	-	8,100,000	247,050	8,347,050
Totals	\$ 50,665,000	\$ 9,689,960	\$ 4,535,000	\$ 181,400	\$ 7,425,000	\$ 448,000	\$ 6,125,000	\$ 245,000	\$ 554,975,000	\$ 172,575,789	\$ 727,550,789

OTHER FINANCIAL CONSIDERATIONS

As of the date of this Official Statement, the Board has not entered into any agreements for financing its capital needs that are not annually renewable. See “APPENDIX A — COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017 — Notes to Financial Statements — Note 9. Long-Term Debt — *Capital Lease*.”

OVERLAPPING AND PRINCIPAL UNDERLYING GENERAL OBLIGATION DEBT

<u>TAXING ENTITY</u> ⁽¹⁾	<u>TAXABLE VALUE</u> ⁽²⁾	<u>DISTRICT’S PORTION OF TAXABLE VALUE</u>	<u>DISTRICT’S PERCENTAGE</u>	<u>ENTITY’S GENERAL OBLIGATION DEBT</u>	<u>DISTRICT’S PORTION OF G.O. DEBT</u>
CUWCD ⁽³⁾	\$140,993,960,030	\$21,713,069,845	15.4%	\$218,500,000	\$ 33,649,000
American Fork City ⁽⁴⁾	1,826,173,128	1,826,173,128	100.0	45,030,000	45,030,000
City of Cedar Hills.....	413,459,345	413,459,345	100.0	5,350,000	5,350,000
City of Draper ⁽⁵⁾	4,456,592,646	178,263,706	4.0	4,090,000	163,600
Highland City.....	1,059,412,563	1,059,412,563	100.0	2,240,000	2,240,000
City of Orem.....	4,984,597,133	4,984,597,133	100.0	10,200,000	10,200,000
Pleasant Grove City.....	1,691,756,500	1,691,756,500	100.0	3,000,925	<u>3,000,925</u>
Total Overlapping and Principal Underlying General Obligation Debt.....					\$99,633,525
Total Direct General Obligation Bonded Indebtedness.....					\$554,975,000
Total Direct, Overlapping and Principal Underlying General Obligation Debt.....					\$654,608,525

(1) The State’s general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of its general obligation bonds.

(2) Taxable Value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property. See “FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Property Tax Matters — *Uniform Fees*” and “FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Taxable and Fair Market Value of Property.”

(3) Central Utah Water Conservancy District (“CUWCD”) encompasses all or a portion of ten State counties. CUWCD’s outstanding general obligation bonds are limited ad valorem tax bonds. By law, CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding general obligation indebtedness.

(4) American Fork City levies a property tax for 80% of its debt service on general obligation bond debt. The remaining 20% of its debt service on general obligation bond debt is paid from user fee revenues.

(5) The City of Draper is located in Salt Lake and Utah Counties.

(Source: Property Tax Division, Utah State Tax Commission (as to Taxable Value).)

DEBT RATIOS

The following table sets forth the ratios of general obligation debt of the Board and the taxing entities listed in the table above entitled “OVERLAPPING AND PRINCIPAL UNDERLYING GENERAL OBLIGATION DEBT” that is expected to be paid from taxes levied specifically for such debt (and not from other revenues) on the taxable value of property within the District, the estimated fair market value of such property and the population of the District. The State’s general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.

	TO TAXABLE VALUE(1)(2)	TO FAIR MARKET VALUE(2)	TO POPULATION ESTIMATE PER CAPITA(3)
Direct General Obligation Debt	2.1%	1.5%	\$1,647
Direct and Overlapping General Obligation Debt	2.5%	1.7%	\$1,942

- (1) Based on estimated 2017 Taxable Value of \$25,873,824 which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on estimated 2017 Fair Market Value of \$37,798,551,561, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on population estimate of 337,043 persons.

See “FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Property Tax Matters — *Uniform Fees*” and “FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Taxable and Fair Market Value of Property.”

GENERAL OBLIGATION LEGAL DEBT LIMIT AND ADDITIONAL DEBT INCURRING CAPACITY

The general obligation indebtedness of the Board is limited by State law to 4% of the fair market value of taxable property in the District, as computed from the last applicable equalized assessment roll. The legal debt limit and additional debt incurring capacity of the Board are based on the estimated fair market value for 2017, and are calculated as follows:

Fair Market Value (1).....	\$36,468,077,701
“Fair Market Value” x 4% (Debt Limit)	\$ 1,458,723,108
<i>Less:</i> General Obligation Debt.....	<u>(554,975,000)</u>
Additional Debt Incurring Capacity	\$ <u>903,748,108</u>

- (1) For debt incurring capacity only, in computing the fair market value of taxable property in the District, the fair market value of all tax equivalent property (which value *includes* the taxable value used to determine uniform fees on tangible personal property) has been included as a part of the fair market value of the taxable property in the District.

NO DEFAULTED OBLIGATIONS

The Board has never failed to pay principal of and interest on its financial obligations when due.

FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT

FUND STRUCTURE AND ACCOUNTING BASIS

The accounting policies of the District conform to all generally accepted accounting principles for governmental units in general and the State's school districts in particular.

The accounts of the District 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 are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the combined financial statements. See "APPENDIX A — COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017 — Notes to Financial Statements — Note 1. Summary of Significant Accounting Policies."

BUDGETS AND BUDGETARY ACCOUNTING

The District operates within the budget requirements for school districts as specified by State law and as interpreted by the State Superintendent of Public Instruction. The Superintendent of each school district is the budget officer of each respective district.

For the fiscal year beginning July 1, the Business Administrator prepares a proposed budget for all funds which is presented to the Board by the Superintendent prior to June 1. State law requires budgets for all governmental fund types and the Board has adopted budgets for those funds.

After a public hearing has been held, the Board, by resolution, legally adopts the final budget prior to June 22. If the tax rate in the proposed budget exceeds the "certified tax rate," the Board shall comply, if required by State law, with the notice and hearing requirements contained in the Property Tax Act, Chapter 2, Title 59, Utah Code (the "*Property Tax Act*") in adopting the budget. See "FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Tax Levy and Collection" and " — Public Hearing on Certain Tax Increases."

Once adopted, the budget can be amended by subsequent Board action. Reductions in appropriations can be approved by the Board upon recommendation of the Superintendent; *however*, increased appropriations require a public hearing prior to amending the budget.

Adjustments in estimated revenue and revisions of appropriations due to operational changes in categorical program funding are integrated into the amended budget approved by the Board.

A final amended budget is legally approved by the Board prior to the end of the fiscal year.

The total budgeted expenditures of a given fund may not exceed the revenues expected to be received for the fiscal year plus the fund balance. Control of the budget is exercised at the program level.

The General Fund (maintenance and operation fund) and Capital Projects Fund (the capital outlay fund) budgets are prepared using the accrual basis of accounting, adjusted for encumbrances. Unencumbered appropriations lapse at year end.

Undistributed Reserve in School Board Budget. A local school board may adopt a budget with an undistributed reserve. The reserve may not exceed 5% of the maintenance and operation budget adopted by each local board in accordance with a scale developed by the State Board of Education. The scale is based on the size of the school district's budget.

Each local board may appropriate all or a part of the undistributed reserve made to any expenditure classification in the maintenance and operation budget by written resolution adopted by majority vote of such board setting forth the reasons for the appropriation.

The board may not use undistributed reserves in the negotiation or settlement of contract salaries for school district employees.

Limits on Appropriation – Estimated Expendable Revenue. A local school board may not make any appropriation in excess of its estimated expendable revenue, including undistributed reserves, for the following fiscal year.

In determining the estimated expendable revenue, any existing deficits arising through excessive expenditures from former years are deducted from the estimated revenue for the ensuing year to the extent of at least 10% of the entire tax revenue of the school district for the previous year.

In the event of financial hardships, a local board may deduct from the estimated expendable revenue for the ensuing year, by fund, at least 25% of the deficit amount.

All estimated balances available for appropriations at the end of the fiscal year shall revert to the funds from which they were appropriated and shall be fund balances available for appropriation in the budget of the following year.

A local school board may reduce a budget appropriation at its regular meeting if notice of the proposed action is given to all board members and the superintendent at least one week prior to the meeting.

An increase in an appropriation may not be made by a local school board unless the following steps are taken: (i) the local school board receives a written request from the superintendent that sets forth the reasons for the proposed increase; (ii) notice of the request is published in a newspaper of general circulation within the school district at least one week prior to a local school board meeting at which the request will be considered; and (iii) the local school board holds a public hearing on the request prior to the board's acting on the request.

School District Interfund Transfers. The State Board of Education may authorize school district interfund transfers for financially distressed districts if the State Board of Education determines the following: (i) the school district has a significant deficit in its maintenance and operations fund which has resulted from circumstances not subject to the administrative decisions of the school district and which cannot be reasonably reduced under Section 53A-19-104 of the Utah Code; and (ii) without the transfer, the school district will not be capable of meeting statewide educational standards adopted by the State Board of Education.

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.

RISK MANAGEMENT

The Board is insured by a combination of insurance and self-insurance. The Board is self-insured for worker's compensation claims and is insured by the State Administrative Services Risk Management Fund (the "*Fund*") for property, casualty, and liability claims, which fund is administered by the Utah State Risk Manager. See "APPENDIX A — COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017 — Notes to Financial Statements — Note 7. Risk Management."

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Fund. The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$500 deductible; other liability is limited to the lesser of \$10 million or the statutory limit.

The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within Utah. The District pays annual premiums to the Fund. The Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The Fund reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as

compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

As of June 30, 2017, the Fund was estimated to have approximately \$44 million in reserve available to pay for claims incurred. In the opinion of the State's Risk Manager, the available balance will be adequate to cover claims through the current fiscal year.

INVESTMENT OF FUNDS

The State Money Management Act. The State Money Management Act, Title 51, Chapter 7 of the Utah Code (the "*Money Management Act*"), governs and establishes criteria for the investment of all public funds held by public treasurers in the State. The Money Management Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, obligations of the State and political subdivisions of the State, U. S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and investments in corporate securities meeting certain ratings requirements. The Money Management Act establishes the State Money Management Council (the "*Money Management Council*") to exercise oversight of public deposits and investments. 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 Board is currently complying with all of the provisions of the Money Management Act for all Board operating funds.

The Utah Public Treasurers' Investment Fund. A significant portion of Board funds may be invested in the Utah Public Treasurers Investment Fund ("*PTIF*"). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

All securities purchased are delivered versus 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 PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the Money Management Council and is audited by the State Auditor.

The information in this section concerning the current status of the PTIF has been obtained from sources the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

See “APPENDIX A — COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017 — Notes to Financial Statements — Note 2. Deposits and Investments.”

FIVE-YEAR FINANCIAL SUMMARIES

The summaries contained herein were extracted from the District’s financial statements for the fiscal years ended June 30, 2013 through June 30, 2017. The summaries have not been audited. See “APPENDIX A — COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017.”

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ALPINE SCHOOL DISTRICT
STATEMENT OF NET POSITION — GOVERNMENTAL ACTIVITIES
FISCAL YEARS ENDED JUNE 30, 2013 THROUGH 2017
(This summary has not been audited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS:					
Cash and investments.....	\$356,049,473	\$219,092,276	\$252,517,629	\$249,384,963	\$218,426,405
Receivables:					
Property taxes.....	196,440,399	187,284,685	170,745,142	151,146,500	145,274,623
Other local.....	154,166	554,693	160,659	123,276	26
State.....	3,871,114	2,047,226	1,313,103	1,986,939	764
Federal.....	9,249,329	13,448,515	10,705,535	9,781,883	1,645,232
Inventories.....	1,228,615	1,276,490	953,704	895,912	1,064,324
Net pension asset.....	0	12,280	180,985	0	0
Bond issuance costs, net of accumulated amortization.....	0	0	0	0	0
Capital assets:					
Land, construction in progress, and water stock.....	101,383,108	144,663,992	124,764,863	145,236,017	116,501,623
Other capital assets, net of accumulated depreciation.....	<u>652,135,440</u>	<u>594,760,853</u>	<u>583,828,521</u>	<u>509,356,453</u>	<u>503,740,749</u>
Total assets.....	<u>\$1,320,511,640</u>	<u>\$1,163,141,010</u>	<u>\$1,145,170,141</u>	<u>\$1,067,911,943</u>	<u>\$995,405,547</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Amounts related to pensions.....	99,437,557	91,371,302	32,822,857	0	0
Deferred charge on refunding.....	<u>6,112,798</u>	<u>6,254,555</u>	<u>7,493,148</u>	<u>3,148,425</u>	<u>3,619,739</u>
Total assets.....	<u>\$105,550,355</u>	<u>\$97,625,857</u>	<u>\$40,316,005</u>	<u>\$3,248,425</u>	<u>\$3,619,739</u>
LIABILITIES:					
Accounts and contracts payable.....	\$9,153,033	\$11,286,706	\$ 15,774,037	\$ 11,287,738	\$10,747,458
Accrued interest.....	5,927,700	4,764,593	4,417,132	5,118,861	4,613,573
Accrued salaries and related benefits	63,835,779	61,551,879	48,987,467	40,631,229	42,951,578
Unearned revenue:					
Property taxes.....	0	0	0	0	0
Other local.....	1,079,652	1,264,018	1,107,015	1,618,751	1,884,424
State.....	28,886,573	25,260,802	22,656,410	20,937,612	21,201,354
Federal.....	5,847	1,896	0	0	1,096
Noncurrent liabilities:					
Portion due and payable within one year.....	48,344,719	48,070,074	45,622,609	40,533,735	39,174,515
Portion due and payable after one year.....	<u>765,877,868</u>	<u>594,117,335</u>	<u>606,332,348</u>	<u>410,487,804</u>	<u>370,580,783</u>
Total liabilities.....	<u>\$923,111,171</u>	<u>\$746,317,303</u>	<u>\$744,897,018</u>	<u>\$530,635,730</u>	<u>\$491,154,781</u>
DEFERRED INFLOWS OF RESOURCES:					
Property taxes levied for future year .	189,549,949	180,167,982	163,546,071	145,216,411	138,336,869
Amounts related to pensions.....	<u>28,891,081</u>	<u>21,938,618</u>	<u>16,622,314</u>	<u>0</u>	<u>0</u>
NET ASSETS:					
Net investment in capital assets	\$386,366,723	\$349,724,129	\$310,961,332	\$285,946,205	\$262,366,667
Restricted for:					
Debt service.....	17,564,475	13,091,103	7,247,830	4,335,066	5,923,023
Capital projects.....	10,446,542	8,692,706	26,689,749	28,657,260	26,452,766
Nutrition Services.....	6,197,904	5,449,206	5,224,806	6,534,597	7,520,384
Non K-12 programs.....	0	0	0	0	0
Foundation.....	3,541,005	3,346,036	2,984,875	3,442,123	2,756,393
Unrestricted.....	<u>(139,606,855)</u>	<u>(67,960,216)</u>	<u>(92,687,849)</u>	<u>66,292,974</u>	<u>64,516,403</u>
Total net assets.....	<u>\$284,509,794</u>	<u>\$312,342,964</u>	<u>\$260,420,743</u>	<u>\$395,208,225</u>	<u>\$369,535,636</u>

(Source: Information is taken from the District's audited financial statements. This summary itself has not been audited.)

ALPINE SCHOOL DISTRICT
BALANCE SHEET — GOVERNMENTAL FUNDS
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2013 THROUGH 2017
(This summary has not been audited)

	2017	2016	2015	2014	2013
ASSETS:					
Cash and investments.....	\$172,309,970	\$148,793,813	\$ 127,774,631	\$ 111,932,693	\$113,233,784
Receivables:					
Property taxes.....	95,066,049	89,481,156	80,527,309	76,480,461	74,399,584
Other local.....	57,692	546,363	83,757	83,924	24,199
State.....	2,103,126	492,570	304,206	171,406	51,047
Federal.....	8,904,388	13,235,046	10,434,889	8,326,100	8,329,399
Due from other funds.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,454,314</u>
Total assets.....	<u>\$278,441,225</u>	<u>\$252,548,948</u>	<u>\$219,124,792</u>	<u>\$196,994,584</u>	<u>\$197,492,327</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts and contracts payable.....	\$2,670,141	\$ 4,753,424	\$ 2,779,746	\$ 1,709,276	\$ 2,622,502
Accrued salaries and related benefits	63,640,716	61,551,879	48,987,467	40,631,229	42,951,578
Due to other funds.....	0	0	0	0	14,836
Deferred revenue:					
Property taxes.....	0	0	0	0	0
Other local.....	157,632	364,108	302,014	176,056	146,840
State.....	26,894,332	23,535,304	20,822,079	17,869,170	17,457,476
Federal.....	<u>5,847</u>	<u>1,896</u>	<u>0</u>	<u>0</u>	<u>1,096</u>
Total liabilities.....	<u>93,368,668</u>	<u>90,206,611</u>	<u>72,891,306</u>	<u>60,385,731</u>	<u>63,194,328</u>
Deferred inflows of resources:					
Unavailable property tax revenue.....	2,529,044	2,321,244	2,298,358	0	2,027,631
Property taxes levied for future year.....	<u>91,677,037</u>	<u>86,051,959</u>	<u>77,070,940</u>	<u>0</u>	<u>70,788,693</u>
Total deferred inflows of resources.....	<u>94,206,081</u>	<u>88,373,203</u>	<u>79,369,298</u>	<u>0</u>	<u>72,816,324</u>
Fund Balances:					
Committed to:					
Economic stabilization (1).....	25,662,366	23,810,000	19,135,000	19,135,000	19,135,000
Employee benefit obligations.....	3,470,234	3,062,739	2,736,215	2,427,709	2,445,793
Contractual obligations.....	378,845	251,263	309,237	74,542	638,127
Assigned to:					
Retirement healthcare benefits.....	19,038,493	15,983,339	15,983,339	12,983,339	12,983,339
Employee compensation.....	23,630,464	15,467,366	13,073,064	12,157,881	9,839,656
School textbook allocation.....	3,200,000	2,849,177	2,760,237	2,572,938	5,200,000
Other purposes.....	0	0	63,000	140,592	129,790
Unassigned.....	<u>15,486,074</u>	<u>12,545,250</u>	<u>11,939,096</u>	<u>11,939,095</u>	<u>12,244,970</u>
Total fund balances.....	<u>90,866,476</u>	<u>73,969,134</u>	<u>66,864,188</u>	<u>60,797,055</u>	<u>61,481,675</u>
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$287,441,225</u>	<u>\$252,548,948</u>	<u>\$219,124,792</u>	<u>\$196,994,584</u>	<u>\$197,492,327</u>

(Source: Information is taken from the District's audited financial statements. This summary itself has not been audited.)

(1) Previously referred to as the "Undistributed reserve".

ALPINE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS — GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2013 THROUGH 2017
(This summary has not been audited)

	FISCAL YEAR ENDED JUNE 30				
	2017	2016	2015	2014	2013
Revenues:					
Property taxes	\$90,566,965	\$ 84,732,443	\$ 75,546,882	\$ 71,831,159	\$ 70,736,659
Earnings on investments	2,098,119	1,255,841	823,734	844,216	1,099,445
Other local sources	8,888,329	10,399,177	6,861,293	3,814,570	4,307,222
State of Utah	351,602,669	329,626,873	304,085,392	295,308,535	278,726,830
Federal government.....	<u>24,136,862</u>	<u>25,152,573</u>	<u>24,641,078</u>	<u>24,366,571</u>	<u>27,951,532</u>
Total revenues.....	<u>477,292,944</u>	<u>451,166,907</u>	<u>411,958,379</u>	<u>396,165,051</u>	<u>382,821,688</u>
Expenditures:					
Instruction	327,875,601	319,940,341	287,895,656	286,021,243	266,755,096
Supporting services:					
Students	15,379,576	13,960,314	13,209,667	12,244,479	11,924,983
Instructional staff	18,215,962	18,499,321	17,897,772	15,927,265	15,033,668
District leadership	2,051,727	1,882,202	1,684,089	1,629,510	1,570,584
School leadership	31,885,555	29,607,942	27,924,367	25,707,810	24,268,876
Central.....	11,257,867	10,469,450	9,457,176	8,741,245	7,463,102
Operation and maintenance of facilities	37,815,483	35,044,666	34,418,547	33,353,786	31,991,984
Transportation	<u>15,913,831</u>	<u>14,657,725</u>	<u>13,403,972</u>	<u>13,576,229</u>	<u>13,401,585</u>
Total expenditures	<u>460,395,602</u>	<u>444,061,961</u>	<u>405,891,246</u>	<u>397,201,567</u>	<u>372,409,878</u>
Excess of (deficiency) revenues over (under) expenditures	<u>16,897,342</u>	<u>7,104,946</u>	<u>6,067,133</u>	<u>(1,036,516)</u>	<u>10,411,810</u>
Other financing sources (uses):					
Transfers	0	0	0	351,896	428,601
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>351,896</u>	<u>428,601</u>
Net change in fund balances	<u>16,897,342</u>	<u>7,104,946</u>	<u>6,067,133</u>	<u>(684,620)</u>	<u>10,840,411</u>
Fund balances - beginning	<u>73,969,134</u>	<u>66,864,188</u>	<u>60,797,055</u>	<u>61,481,675</u>	<u>50,641,264</u>
Fund balances - ending	<u>\$90,866,476</u>	<u>\$ 73,969,134</u>	<u>\$ 66,864,188</u>	<u>\$ 60,797,055</u>	<u>\$ 61,481,675</u>

(Source: Information is taken from the District's audited financial statements. This summary itself has not been audited.)

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PROPERTY TAX MATTERS

The Property Tax Act provides that all taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Pursuant to an exemption for residential property provided for under the Property Tax Act and Article XIII of the State Constitution, the “fair market value” of residential property is reduced by 45%. The residential exemption is limited to one acre of land per residential unit and to one primary residence per household, except that an owner of multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

The Property Tax Act provides that the Utah State Tax Commission (the “*State Tax Commission*”) shall assess certain types of property (“*centrally-assessed property*”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal resources and (v) mines, mining claims and appurtenant machinery, facilities and improvements. All other taxable property (“*locally-assessed property*”) is required to be assessed by the county assessor of the county in which such locally-assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data and must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

The State Tax Commission and the county assessors utilize various valuation methods, as determined by statute, administrative regulation or accepted practice, to determine the “fair market value” of taxable property.

Uniform Fees. An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The current uniform fee is established at 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State, excluding exempt property such as aircraft and property subject to a fixed age-based fee. The uniform fee for motor homes is 1.0%, for aerial applicators is 0.2% and for all other aircraft is 0.4%. Motor vehicles weighing 12,000 pounds or less are subject to an age-based fee that is due each time the vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$5 to \$150, depending on the age of the vehicle. Recreation vehicles (except motor homes), motorcycles, watercraft (except large watercraft), snowmobiles and certain small motor vehicles required to be registered with the State are also subject to an aged-based fee that ranges from \$10 to \$700, depending on the age of the vehicle. The revenues collected from the various uniform fees are distributed by the county to the taxing

entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed.

Property Tax Valuation Agency Fund. The State Legislature authorizes a multicounty assessing and collecting levy of up to .0002 per dollar of taxable value of taxable property, to fund a Property Tax Valuation Agency Fund (the “PTVAF”). The purpose of the multicounty assessing and collecting levy is to promote the accurate valuation of property, the establishment and maintenance of uniform assessment levels within and among counties, and the efficient administration of the property tax system, including the costs of assessment, collection and distribution of property taxes. Disbursement of money from the PTVAF to each county is based on statutory qualification and requirements. Additionally, each county must levy an additional property tax of at least .0003 per dollar of taxable value as a county assessing and collecting levy in order to receive funds from the PTVAF. If necessary, a county may levy an additional tax to fund (i) state mandated actions and (ii) reappraisal programs.

TAX LEVY AND COLLECTION

The State Tax Commission must assess all centrally-assessed property by May 1 of each year. County assessors must assess all locally-assessed property before May 22 of each year. The State Tax Commission apportions the value of centrally-assessed property to the various taxing entities within each county and reports such values to county auditors before June 8. The governing body of each taxing entity must adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate, before June 22. County auditors must forward to the State Tax Commission a statement prepared by the legislative body of each taxing entity showing the amount and purpose of each levy. Upon determination by the State Tax Commission that the tax levies comply with applicable law and do not exceed maximum permitted rates, the State Tax Commission notifies county auditors to implement the levies. If the State Tax Commission determines that a tax levy established by a taxing entity exceeds the maximum levy permitted by law, the State Tax Commission must lower the levy to the maximum levy permitted by law, notify the taxing entity that the rate has been lowered and notify the county auditor (of the county in which the taxing entity is located) to implement the rate established by the State Tax Commission.

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for the purpose of contesting the assessed valuation of their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally-assessed property, or any county with a showing of reasonable cause, may, on or before the later of June 1 or a day within 30 days of the date the notice of assessment is mailed by the State Tax Commission, apply

to the State Tax Commission for a hearing to contest the assessment of centrally-assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post-hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers before November 1 the corrected assessment rolls to the county treasurers. By November 1, each county treasurer furnishes each taxpayer a notice containing the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review.

Taxes are due November 30, or if a Saturday, Sunday or holiday, the next business day. Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10, whichever is greater. Unless the delinquent taxes and penalty are paid before November 27 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Markets Committee plus 6% from the January 1 following the delinquency date until paid (provided that said interest may not be less than 7% or more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

The process described above changes if a county or other taxing entity proposes a tax rate in excess of the certified tax rate (as described under “FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Public Hearing on Certain Tax Increases”). If such an increase is proposed, the taxing entity must adopt a proposed tax rate before June 22. In addition, the county auditor must include certain information in the notices to be mailed by July 22, as described above, including information concerning the tax impact of the proposed increase on the property and the time and place of the public hearing described in “FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Public Hearing on Certain Tax Increases.” In most cases, notice of the public hearing must also be advertised by publication. After the public hearing is held, the taxing entity may adopt a resolution levying a tax in excess of the certified tax rate. A resolution levying a tax in excess of the certified tax rate must be forwarded to the county auditor by August 17. The final tax notice is then mailed by November 1.

PUBLIC HEARING ON CERTAIN TAX INCREASES

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so, by resolution, only after holding a properly noticed public hearing. Generally, the certified tax rate is the rate necessary to generate the same property tax revenue that the taxing entity budgeted for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of new growth. New growth is any increase in taxable value of the taxing entity from the previous calendar year to the current year less the amount of increase to locally-assessed real property taxable values resulting from factoring, reappraisal, other adjustments, or changes in the method of apportioning taxable value. With certain exceptions, the certified tax rate for the minimum

school levy, debt service voted on by the public and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

Among other requirements, on or before July 22 of the year in which such an increase is proposed, the county auditor must mail to all property owners a notice of the public hearing. In most cases, the taxing entity must also advertise the notice of the public hearing by publication in a newspaper. Such notices must state, among other things, the value of the property, the time and place of the public hearing, and the tax impact of the proposed increase.

HISTORICAL DISTRICT TAX RATES

	MAXIMUM TAX RATE(2)	TAX RATE (1)				
		2017	2016	2015	2014	2013
General Fund:						
Basic School Levy(1).....	Formula	.001568	.001675	.001736	.001419	.001535
Voted Local Levy(2).....	.002000	.001188	.001280	.001339	.001443	.001600
Board Local Levy(3).....	.001800	<u>.001116</u>	<u>.001135</u>	<u>.001190</u>	<u>.001287</u>	<u>.001430</u>
Total.....		<u>.003872</u>	<u>.004090</u>	<u>.004265</u>	<u>.004149</u>	<u>.004565</u>
Capital Projects Fund:						
Capital Local Levy(4).....	.003000	<u>.000550</u>	<u>.000661</u>	<u>.000697</u>	<u>.000759</u>	<u>.000848</u>
Debt Service Fund:						
Debt Service(5).....	None	<u>.002745</u>	<u>.002967</u>	<u>.003215</u>	<u>.003188</u>	<u>.003286</u>
Total All Funds.....		<u>.007167</u>	<u>.007718</u>	<u>.008699</u>	<u>.008096</u>	<u>.008699</u>

- (1) Set by law for the District's portion of the State Minimum School Program.
- (2) General maintenance and operation revenue. The maximum tax rate for the Voted Leeway Program is .002000. However, when considering the maximum tax rate of .002000, the Board-Approved Leeway Program of .000400 is considered to be part of the Voted Leeway Program and, to the extent levied, would reduce the effective maximum tax rate for the Voted Leeway Program to the extent of such levy. *In May 1992, District residents approved a Voted Leeway Program of not to exceed a .000400 tax rate. In June 1998 and November 2006, District residents approved an increase of an additional tax rate of .000900 and .000300, respectively, in the District's existing Voted Leeway Program.*
- (3) Funds a school district's General Fund. Beginning January 1, 2012, this levy replaces the Board-Approved Leeway, the Board-Approved Reading Program Levy, the Special Transportation levy, the Tort Liability levy, and the 10% of Basic Formula Program.
- (4) Capital outlay bonding, construction and renovation.
- (5) No maximum limitation applies to levies made to provide for payment of the principal of and interest on general obligation bonds authorized by vote of school district electors.

COMPARATIVE TOTAL PROPERTY TAX RATES WITHIN THE DISTRICT

TAX LEVYING ENTITY	TOTAL TAX RATE WITHIN TAXING AREA (1)				
	2017	2016	2015	2014	2013
Alpine City.....	.001305	.001388	.001478	.001611	.001773
American Fork City.....	.002082	.002261	.002362	.002540	.001279
Cedar Fort Town .....	.000924	.001037	.001099	.001163	.001683
City of Cedar Hills .....	.002024	.002186	.002315	.002410	.013305
Draper City(2) .....	.001460	.001560	.001701	.001791	.012319
Eagle Mountain City .....	.001011	.001081	.001118	.001192	.013976
Highland City .....	.001428	.001494	.001568	.001681	.0012318
Lehi City .....	.001830	.002005	.002090	.002172	.002432
Lindon City.....	.001451	.001630	.001741	.001862	.002043
City of Orem.....	.001346	.001550	.001652	.001716	.001871
Pleasant Grove City.....	.002029	.001775	.001875	.001997	.002237
City of Saratoga Springs .....	.001822	.001994	.002083	.002233	.002761
Town of Vineyard .....	.004015	.003446	.002878	.002816	.002740
Unincorporated areas .....	.000779	.000831	.000870	.000916	.001006

(1) These tax rates represent a taxing district within the city or town with the highest combined total tax rates of all overlapping taxing districts.

(2) A portion of Draper City is also located within Salt Lake County.

(Source: Utah State Tax Commission.)

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TAXABLE AND FAIR MARKET VALUE OF PROPERTY

Excluding Fee-In-Lieu/Age Based Valuation

YEAR	TAXABLE VALUE ⁽¹⁾	% CHANGE OVER PRIOR YEAR	FAIR MARKET VALUE ⁽²⁾	% CHANGE OVER PRIOR YEAR
2017 ⁽³⁾	\$25,039,186,101	11.8%	\$36,943,913,634	11.9%
2016	22,404,189,503	10.7	33,004,136,087	10.6
2015	20,233,373,995	10.9	29,844,478,929	11.1
2014	18,252,345,158	12.4	26,869,281,870	13.3
2013	16,245,007,528	6.8	23,723,673,830	6.9

Including Fee-In-Lieu/Age Based Valuation

YEAR	TAXABLE VALUE (1)	% CHANGE OVER PRIOR YEAR	FAIR MARKET VALUE (2)	% CHANGE OVER PRIOR YEAR
2017 ⁽³⁾	\$25,893,824,028	11.3%	\$37,798,551,561	11.6%
2016	23,258,827,430	10.6	33,858,774,014	10.5
2015	21,027,030,124	10.7	30,638,135,058	11.0
2014	18,986,705,049	11.9	27,603,641,761	12.9
2013	16,963,017,775	6.6	24,441,684,077	6.8

(1) Source: Property Tax Division, Utah State Tax Commission.

(2) Estimated fair market value has been calculated by dividing the taxable value of primary residential property by .55, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. See “FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Property Tax Matters.”

(3) Preliminary; subject to change.

See “FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Historical Summaries of Taxable Values of Property.”

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HISTORICAL SUMMARIES OF TAXABLE VALUES OF PROPERTY

**Alpine School District
Historical Summaries of Taxable Values of Property
Calendar Years 2013 through 2017**

	2017		2016		2015		2014		2013	
	TAXABLE VALUE	% OF T.V.	TAXABLE VALUE	TAXABLE VALUE	TAXABLE VALUE	TAXABLE VALUE	TAXABLE VALUE	TAXABLE VALUE	TAXABLE VALUE	TAXABLE VALUE
<i>Set by State Tax Commission— Centrally Assessed</i>										
Total centrally assessed.....	\$ 1,120,415,642	4.5%	\$ 1,056,285,311	\$ 820,716,479	\$ 667,458,475	\$ 536,522,796				
<i>Set by County Assessor—Locally Assessed</i>										
<i>Real property:</i>										
Primary residential	14,544,357,942	55.7	12,950,097,742	9,135,373,740	8,583,153,271	9,308,038,789				
Secondary residential	239,301,551	0.9	213,070,834	139,522,863	136,638,010	1,271,536,281				
Commercial and industrial	5,621,943,016	21.5	5,005,701,307	3,792,821,731	3,611,192,057	4,427,303,227				
FAA	39,309,935	0.2	35,001,029	25,298,959	26,616,684	24,392,883				
Unimproved Non-FAA-Vacant.....	<u>1,723,858,015</u>	<u>6.6</u>	<u>1,534,899,641</u>	<u>1,146,878,934</u>	<u>1,148,807,910</u>	<u>135,459,615</u>				
Total real property	<u>22,168,770,459</u>	<u>84.9</u>	<u>19,738,770,553</u>	<u>14,239,896,227</u>	<u>13,448,919,050</u>	<u>15,166,730,795</u>				
<i>Personal property:</i>										
Primary mobile homes	5,864,598	0.0	5,392,527	5,218,407	4,907,736	9,546,596				
SCME	727,659,056	2.9	669,086,094	396,658,136	344,458,713	0				
Other business personal property	<u>1,016,476,346</u>	<u>4.0</u>	<u>934,655,018</u>	<u>782,518,279</u>	<u>750,784,270</u>	<u>1,364,131,654</u>				
Total personal property	<u>1,750,000,000</u>	<u>6.9</u>	<u>1,609,133,639</u>	<u>1,184,394,822</u>	<u>1,100,150,719</u>	<u>1,373,678,250</u>				
Fee in lieu/age-based property ⁽¹⁾	<u>854,637,927</u>	<u>3.7</u>	<u>854,637,927</u>	<u>718,010,247</u>	<u>698,718,851</u>	<u>996,525,383</u>				
Total locally assessed	<u>25,039,186,101</u>	<u>96.3</u>	<u>22,202,542,119</u>	<u>16,142,301,296</u>	<u>15,247,788,620</u>	<u>17,536,934,428</u>				
Total taxable value	<u>\$25,893,824,028</u>	<u>100.0%</u>	<u>\$23,258,827,430</u>	<u>\$16,963,017,775</u>	<u>\$15,915,247,095</u>	<u>\$18,073,457,224</u>				
Total taxable value (less fee in lieu/age-based property)	<u>\$25,039,186,101</u>		<u>\$22,404,189,503</u>	<u>\$16,245,007,528</u>	<u>\$15,216,528,244</u>	<u>\$17,076,931,841</u>				

(1) See “FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Property Tax Matters.”
(Source: Property Tax Division, Utah State Tax Commission)

TAX COLLECTION RECORD

Tax Year End 12/31	Total Taxes Levied ⁽¹⁾	Current Collections	Delinquent Collections ⁽²⁾	Total Collections	% of Current Collections to Taxes Assessed	% of Total Collections to Taxes Assessed
2016	\$173,654,126	\$162,407,159	\$4,320,197	\$166,727,356	93.5%	96.0%
2015	165,335,606	155,360,778	4,856,428	160,217,206	94.0	96.9\
2014	148,498,591	139,149,968	4,129,398	143,279,366	93.7	96.5
2013	127,779,614	119,756,732	4,528,790	124,285,522	93.7	97.3
2012	122,859,238	113,196,953	6,167,460	119,364,413	92.1	97.2

(1) Excludes redevelopment agencies valuation.

(2) Delinquent, Personal Property and Miscellaneous Collections include interest, sales of real and personal property and miscellaneous delinquent collections.

(Source: Utah County, Utah Comprehensive Annual Financial Reports for the Years Ended December 31, 2012, 2013, 2014, 2015 and 2016.)

SOME OF THE LARGEST TAXPAYERS

TAXPAYER	TYPE OF BUSINESS	2016 TAXABLE VALUE(1)	% OF THE DISTRICT'S 2016 TAXABLE VALUE
PacifiCorp	Electric utility	\$672,238,433	3.00%
IM Flash Technologies	Flash memory	302,661,600	1.35
Thanksgiving Point Development	Office and retail property	268,300,200	1.20
Questar Gas	Natural gas utility	109,973,482	0.49
University Mall	Retail	90,947,500	0.41
Adobe	Software	73,262,800	0.33
Walmart	Retail	65,634,800	0.29
Valley Properties, LLC	Office and retail property	52,828,100	0.24
Outlets at Traverse Mountain	Retail	42,383,100	0.19
Timpanogos Regional Medical Center	Hospital and medical facility	41,475,600	0.19
	TOTAL:	\$22,404,189,503	7.69%*

* Total may not add due to rounding.

(1) Taxable Value used in this table *excludes* all tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. See "FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Taxable and Fair Market Value of Property."

(Source: Utah County Assessor, Utah State Tax Commission.)

STATE OF UTAH SCHOOL FINANCE

SOURCES OF FUNDS

Funding for schools in the State is provided from local school district sources consisting of property taxes imposed by the local school district (“*Local District Funding*”), State sources that are funded primarily by State imposed personal income taxes and corporate franchise taxes (“*State Funding*”) and federal sources (“*Federal Funding*”). For the fiscal year ended June 30, 2017, approximately 20.9% of the District’s general fund was provided by Local District Funding, approximately 74.0% from State Funding and approximately 5.1% from Federal Funding. See also APPENDIX A — COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017.

LOCAL DISTRICT FUNDING

School districts are authorized by State law to levy taxes, certain of which require voter approval, on real property for various purposes. Funding for operation and maintenance is derived primarily through a minimum tax levy (the “*Minimum Tax Levy*”) by each school district at a rate established each year by the State. Imposition of this Minimum Tax Levy is required for a school district to qualify for receipt of contributions by the State for such purposes. Additional tax levies for, among other things, educational programs and capital outlay and debt service to finance capital outlays may be made at the option of a school district. Certain of such levies will entitle a school district to State guaranteed levels of funding or receipt of specific additional contributions from the State. The Board has received all voter approval necessary for the taxes it currently levies. See also “FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Historical District Tax Rates.”

STATE FUNDING

Under its school funding program, the State guarantees that in connection with the Minimum Tax Levy and certain of a school district’s additional tax levies each school district will receive certain amounts based primarily on the number of students attending schools in such district. To the extent that such levies do not generate receipts at least equal to such guaranteed amounts, the State contributes funds to the school district in the amount of the shortfall. If a school district’s receipts from such levies reach such prescribed levels, there is no State contribution to such district. Further, school district receipts from the Minimum Tax Levy in excess of the guaranteed amounts are required to be paid over to the State for distribution to other school districts.

In addition to any contributions relating to shortfalls described above, the State annually appropriates fixed amounts to fund certain programs and services statewide. Funds for contributions to school districts and for other programs and services are appropriated from the State Uniform School Fund and the Education Fund, which are funded primarily from personal income taxes and corporate franchise taxes. State Funding is also available, under certain circumstances, to school districts for payment of a portion of capital costs.

FEDERAL FUNDING

Federal Funding is provided for various school programs including child nutrition, and vocational and special education.

SUMMARY OF STATE AND FEDERAL FUNDS

The District received the following in State and federal funds:

	Fiscal Year Ended June 30 (unaudited)				
	2017	2016	2015	2014	2013
<i>State Funds</i>					
General Fund	\$351,602,669	\$329,626,873	\$304,085,392	\$195,308,535	\$278,726,830
Capital Projects Fund	10,452,000	13,348,349	6,933,180	7,436,182	5,728,307
Other Governmental Funds ...	<u>8,373,336</u>	<u>8,117,768</u>	<u>8,406,747</u>	<u>7,658,292</u>	<u>7,053,905</u>
Total.....	\$370,428,005	<u>\$351,092,990</u>	<u>\$319,425,319</u>	<u>\$310,403,009</u>	<u>\$291,509,042</u>
% change over prior year .	5.5%	9.9%	2.9%	6.5%	8.0%
<i>Federal Funds</i>					
General Fund	\$24,136,862	\$25,152,573	\$24,641,078	\$24,366,571	\$27,951,532
Capital Projects Fund	0	144,551	184,970	200,285	215,552
Other Governmental Funds ...	<u>11,774,305</u>	<u>11,495,638</u>	<u>11,397,568</u>	<u>11,017,838</u>	<u>11,155,965</u>
Total.....	\$35,911,167	<u>\$36,792,762</u>	<u>\$36,223,616</u>	<u>\$35,584,694</u>	<u>\$39,323,049</u>
% change over prior year .	(2.4%)	1.6%	1.8%	(9.5%)	(8.4%)

(Source: Information taken from the District’s audited financial statements for the indicated years. This summary has not been audited.)

See “FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Five-Year Financial Summaries.”

LITIGATION

The attorneys for the Board, Burbidge & White, L.L.C., have advised that, to the best of their knowledge after due inquiry, there is no pending or threatened litigation that would legally stop, enjoin, or prohibit the issuance, sale or delivery of the Series 2018 Bonds.

MUNICIPAL ADVISOR

The District Board has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the District Board with respect to preparation for sale of the Series 2018 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Series 2018 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this Official Statement and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the District Board, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty,

warranty or other representation respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

INDEPENDENT AUDITORS

The financial statements for the year ended June 30, 2017, included in this Official Statement, have been audited by Squire & Company, PC, independent auditors, Orem, Utah (“*Squire*”), as stated in its report in APPENDIX A to this Official Statement. Squire has not participated in the preparation or review of this Official Statement. Based upon Squire’s nonparticipation, it has not consented to the use of its name in this Official Statement.

NO DEFAULTED BONDS

Neither the Issuer nor the District Board has ever failed to pay principal and interest when due on their respective outstanding bonded indebtedness or other obligations.

BOND RATING

As of the date of this Official Statement, the Series 2018 Bonds have been rated “Aa2” by Moody’s Investors Service, Inc. (“*Moody’s*”).

Any explanation of the significance of the ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given will be maintained for any period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

TAX EXEMPTION

FEDERAL INCOME TAXATION

In the opinion of Farnsworth Johnson PLLC (“*Bond Counsel*”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “*Code*”). In the further opinion of Bond Counsel, interest on the Series 2018 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expects to deliver an opinion at the time of issuance of the Series 2018 Bonds substantially in the form set forth in “APPENDIX E – PROPOSED FORM OF OPINION OF BOND COUNSEL” hereto.

To the extent the issue price of any maturity of the Series 2018 Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable

at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2018 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2018 Bonds is the first price at which a substantial amount of such maturity of the Series 2018 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2018 Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Series 2018 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“*Premium Bonds*”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2018 Bonds. The Board has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Series 2018 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2018 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2018 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2018 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2018 Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2018 Bonds may otherwise affect a Beneficial Owner’s federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon

the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Series 2018 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Series 2018 Bonds. Prospective purchasers of the Series 2018 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2018 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("*IRS*") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Board or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Board has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2018 Bonds ends with the issuance of the Series 2018 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the Beneficial Owners regarding the tax-exempt status of the Series 2018 Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the Beneficial Owners) other than the Board and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Board legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2018 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2018 Bonds, and may cause the Board or the Beneficial Owners to incur significant expense.

UTAH INCOME TAXATION

In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2018 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Series 2018 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2018 Bonds. Prospective purchasers of the Series 2018 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, validity and enforceability of the Lease as to the Issuer and the District Board and the authorization and issuance of the Series 2018 Bonds are subject to the unqualified approving opinion of Farnsworth Johnson PLLC, Bond Counsel. The expected form of the opinion of Bond Counsel is attached to this Official Statement as APPENDIX C. Certain legal matters will be passed upon for the Issuer and the District Board by Burbidge & White, LLC, Salt Lake City, Utah.

CONTINUING DISCLOSURE

The District Board will enter into a Continuing Disclosure Undertaking (the “*Undertaking*”) for the benefit of the beneficial owners of the Series 2018 Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission (the “*SEC Commission*”) under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertakings, including termination, amendment and remedies, are described in the proposed form of Undertakings in “APPENDIX D — FORM OF CONTINUING DISCLOSURE UNDERTAKING” hereto.

There have been no instances in the previous five years in which the District Board has failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. A failure by the District Board to comply with the Undertaking will not constitute a default under the Indenture or the Lease and beneficial owners of the Series 2018 Bonds are limited to the remedies described in the Undertakings. See “APPENDIX D — FORM OF CONTINUING DISCLOSURE UNDERTAKING” hereto. A failure by the District Board to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2018 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2018 Bonds and their market price.

MISCELLANEOUS

All of the summaries of the statutes, resolutions, opinions, contracts, agreements, articles of incorporation, by-laws, financial and statistical data and other related documents described in this Official Statement are made subject to the provisions of such documents. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Underwriter and the purchasers or owners of any of the Series 2018 Bonds.

This Official Statement and its distribution and use have been duly authorized by the Issuer and the District Board.

APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2017



575 North 100 East, American Fork, UT 84003

(Back of Front Cover)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
ALPINE SCHOOL DISTRICT

575 North 100 East
American Fork, Utah 84003

For the Fiscal Year Ended
June 30, 2017

John C. Burton, President of the Board
Samuel Y. Jarman, Superintendent
Robert W. Smith, Business Administrator

Prepared By:
The Accounting Department
Steven C. Reese, CPA, CGMA
Assistant Business Administrator and Director of Accounting

ALPINE SCHOOL DISTRICT

Board of Education

Mission Statement

Educating all students to inspire learning and to protect our freedoms

Vision

Becoming a professional learning community that answers four essential questions and exemplifies six characteristics

- **Questions**
 - What do we expect students to learn?
 - How will we know what students have learned?
 - How will we respond to student who are not learning?
 - How will we respond to students who already know?

- **Characteristics**
 - Shared mission, vision, values and goals
 - Collective inquiry
 - Collaborative teams
 - Action-oriented
 - Results orientation
 - Continuous improvement

Values

- Equitable access to academic knowledge and achievement
- Engaged learning through nurturing instruction
- Stewardship in school and community
- Civic preparation and engagement
- Commitment to renewal

Goals

Articulated by the Board of Education in the areas of focus

ALPINE SCHOOL DISTRICT

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ALPINE SCHOOL DISTRICT

575 NORTH 100 EAST, AMERICAN FORK, UTAH 84003-1758 (801) 610-8400

SAMUEL Y. JARMAN, SUPERINTENDENT



*Samuel Y. Jarman
Superintendent of Schools*

November 07, 2017

President Burton, Members of the Board of Education, and
Citizens of Alpine School District:

The Comprehensive Annual Financial Report of Alpine School District (District) for the fiscal year ended June 30, 2017, is submitted herewith.

State law requires that school districts publish, within five months of the close of each year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. This report is published to fulfill that requirement for the year ended June 30, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Squire & Company, PC, a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion on Alpine School District’s financial statements for the year ended June 30, 2017. The independent auditor’s report is located at the front of the financial section of this report.

As a recipient of state funding, the District was subject to and underwent a state compliance audit, the purpose of which is to examine compliance with applicable state laws and regulations.

As a recipient of federal funding, the District’s independent audit of the financial statements becomes part of a broader, federally mandated Single Audit designed to meet the specific needs of federal grantor agencies. The standards governing a Single Audit require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District’s internal controls over compliance and whether the District has complied with laws, regulations, and provisions of contracts or grant agreements for each major federal program tested.

The State Compliance Audit and Single Audit reports are issued as separate documents.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the District

The District was created by a resolution of the Utah County Commissioners on June 24, 1915. The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. Policymaking and legislative authority are vested in the Board of Education (Board) consisting of seven members. The Board is responsible for, among other things: developing policy, adopting the budget, levying taxes, incurring bonded debt, and hiring both the superintendent and business administrator. The superintendent and business administrator are responsible for implementing policies of the Board and overseeing the day-to-day operations of the District. The Board is elected on a non-partisan basis. Board members serve four-year staggered terms with no more than four board members elected every two years.

The major purpose of the District is to provide a comprehensive array of learning opportunities for those students who reside within the boundaries of the District located in the northern portion of Utah County, Utah. To accomplish this purpose, as of fall 2017, the District operates nine traditional high schools, twelve junior high schools, fifty-seven elementary schools, and eight special purpose schools. The average age of the District's buildings is approximately 23 years. In addition to the District's offerings, strategic partnerships with Mountainland Technical College, Utah Valley University, and Brigham Young University provide additional educational opportunities for students, community members, and staff. The District served 77,343 students during the year ended June 30, 2017 as measured on the official October 1, 2016 fall enrollment count.

Based on the most current information available from the National Center for Education Statistics, there are more than 17,000 school districts in the nation. In comparing the top 100 school districts, Alpine is estimated to be the 45th largest district in the nation. As a result of rapid growth, the District has moved from 98th in 1998 to 45th in 2015.

The Utah State Board of Education and Utah Taxpayer Association both report that Alpine is in the top five districts in current general fund expenditure per student as a percent of total general fund expenditures in the state. According to the Utah Taxpayer Association's 2017 School Spending Report, Alpine has nearly the lowest administration cost per student out of 41 school districts in Utah and spends half as much as the average charter school spends on administration per student. As a state, Utah has the least current expenditure per student in the nation.

In summary, the demographics of the District are unique, being one of the fastest growing and lowest funded districts in Utah and the nation.

Budgetary Control. Budgets are legally adopted for all District funds with the exception of the Alpine School District Foundation special revenue fund that accounts for donations received by the District, internal service funds, and the post-retirement benefits trust fund (a fiduciary fund) that accounts for the District's other postemployment benefit (OPEB) assets. This budget acts as the operating plan for the fiscal year and is revised as necessary, following the requirements of Board policy and state law. Revisions may be made during the year authorizing a larger total appropriation of available resources after a public hearing and approval of the Board. A balanced budget by fund is required. The level of legal budgetary control is at the overall fund level.

Reporting Entity. The accompanying report includes all funds and subsidiary accounts of the primary government, Alpine School District as legally defined, as well as its component units. Funds are created to segregate and keep track of specific activities or to attain certain objectives in accordance with special regulations, restrictions, or limitations. Component units are legally separate entities for which the primary government is financially accountable or entities that have relationships with the District such that exclusion would cause the District's financial statements to be misleading or incomplete. The determination of "financial accountability" is based on criteria established by the Governmental Accounting Standards Board. Note 1 to the financial statements explains the inclusion of the Alpine School District Foundation as a blended component unit in the reporting entity.

Political Climate. Several factors affect the future of public education in Utah. Legislative changes, district divisions, new charter schools, and student growth are creating more uncertainty, change, and concern.

Economic Condition

Local Economy. The economic condition of the District is largely dependent upon two major factors. First, the broader state economy that is increasingly tied to the national and global economies and second, the views of the governor's office and state legislature toward funding public education with the resources generated by the State. State funding for education is always a significant issue in Utah because children represent such a large percentage of the population. When compared to other states, two factors put the state in a difficult situation when it comes to generating tax revenue to fund public education. First, Utah is near the middle in terms of household income. Second, Utah has larger households than most states. The result is less income per household available for education funding or a higher per household effort in education funding comparably. Utah is typically near the top when measuring the share of income devoted to education, although, this commitment has decreased per \$1,000 of household income because of changes in education funding by the Utah Legislature. Utah is currently the state with the lowest per-pupil funding in the nation.

Utah has a highly diversified economy that includes many industries such as technology, construction, tourism, aerospace and defense, energy, mining, agriculture, and others. The majority of Utah's gross state product is produced in Salt Lake and Utah counties. The State's economy is performing well compared to the other states and consistently ranks among the top in the nation according to publications such as *The Wall Street Journal* and *Business Insider*.

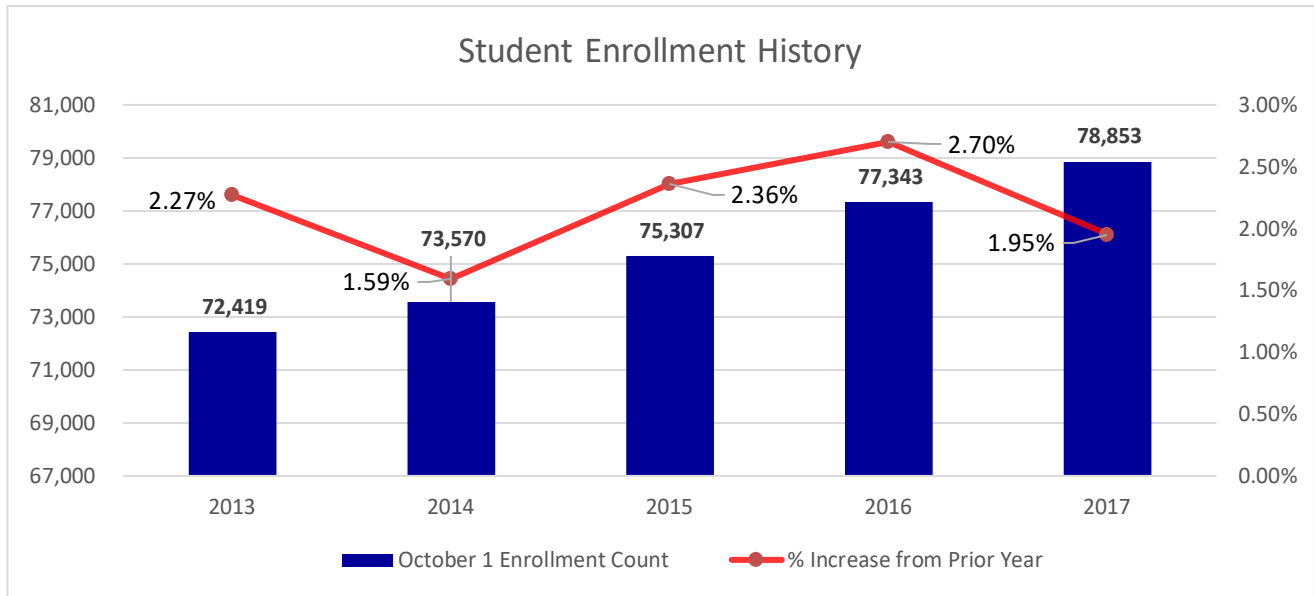
Key economic indicators in Utah County have improved over last year. Utah County's unemployment rate as of August 2017 was 3.0% and the State of Utah's (State) was 3.5%, both holding steady with last year. The unemployment rate has improved from a statewide peak rate of 8.0% in March of 2010. Nonfarm employment for Utah County as of August 2017 is up 5.7% over the previous year; the State reported a 2.8% increase for the same period.

In addition to accelerated increases in residential construction throughout the District, the pace of commercial construction has quickened especially in the Silicon Slopes area of north Lehi. This activity in north Lehi has broadened into the neighboring communities of Saratoga Springs, Pleasant Grove, and American Fork. Commercial investment within the Alpine School District boundary that is presently under construction or approved for construction as of August 2017 includes companies like Adobe, doTerra, DigiCert, Instructure, Podium, Young Living, Sorenson Media, and Nature's Sunshine. Northern Utah County and the Alpine School District area is the epicenter of economic activity in Utah as the community continues providing essential elements of economic growth like an educated workforce, business friendly government policy, recreation opportunities, and a positive community energy.

State Funding Efforts. The District receives 58.0% of combined governmental fund revenues from state sources. As a result, the State funding effort is one of the most significant factors within the District budget. State aid is based primarily on weighted pupil units (WPU – basic allocation per student). During 2017, the value of the weighted pupil unit (WPU) was \$3,184 – an increase of \$92 or 3.0% over the prior year value of \$3,092.

Prospectively, the value of the WPU for fiscal year 2017-18 will be \$3,311 – an increase of \$127 or 4.0% over the prior year value. Utah's economy continues to perform well as we look forward to the 2018 legislative session. It is likely that school districts will receive increased state funding for budgets beginning July 1, 2018.

Student Enrollment. Over the past five fiscal years, the District’s enrollment has increased from 72,419 at October 1, 2013 to 78,853 at October 1, 2017, an increase of 6,434 or 8.9%.



Charter schools are increasing the degree of uncertainty in projecting student growth. Charter schools are independent of the District and are primarily funded by the state. Charter schools have an impact on the placement and need for additional schools to accommodate growth in northern Utah County. Charter school enrollment within District boundaries was 9,492 as of October 1, 2016 (fiscal year 2016-17), an increase of 618 students compared to the prior year.

On October 1, 2016, the fiscal year 2016-17 count, there were 644,476 students in the state’s public education system, an increase of 10,580 or 1.7% over the previous year. These students are becoming increasingly diverse and score respectably with their national peers.

Long-term Financial Planning

Fixed operational costs of new schools have a significant impact on the District’s budget. During 2016-17, the District opened one new elementary school, Springside Elementary, in Saratoga Springs and one new high school, Skyridge High School, in Lehi. The District’s annual operational cost is estimated at \$0.7 million for an elementary school, \$1.9 million for a middle school, and \$2.9 million for a high school. These fixed annual costs do not vary by the number of students.

In an uncertain economic environment, other unforeseen events can have a dramatic impact on available resources. In spite of an uncertain national economy, the District has been able to strengthen its unassigned general fund balance from \$5.8 million in 2009 to \$15.5 million in 2017. The District also increased the amount of resources set aside for economic stabilization from \$16.0 million in 2011 to \$25.7 million in 2017 and increased its assigned fund balance from \$14.3 million in 2009 to \$45.9 million in 2017.

Major Initiatives

Capital Projects. The District’s enrollment is projected to grow to 81,805 by fiscal year 2020-21. Older schools are in need of renovations, repairs, and additions; as well as seismic upgrades to address safety concerns. New schools are needed to house the projected growth in students.

On November 8, 2016, voters overwhelmingly approved a \$387 million bond authorization with over 68% of the electorate voting in favor. The 2016 bond authorization will be used to fund the projects listed in the table below.

Alpine School District			
2016 Bond Authorization			
<u>Bond Projects</u>	<u>City</u>	<u>Type</u>	<u>Status</u>
<i>Phase 1 (est. start 2017)</i>			
High School	Eagle Mountain	New high school	In Progress
Elementary School	Eagle Mountain	New elementary school	In Progress
Elementary School	Lehi	New elementary school	In Progress
Timpanogos High	Orem	Roof replacement	In Progress
Property Acquisition	High growth area	Purchase land for future schools	In Progress
<i>Phase 2 (est. start 2018)</i>			
Elementary School	Saratoga Springs	New elementary school	
Middle School	Saratoga Springs	New middle school	In Progress
Lehi High	Lehi	Rebuild	In Progress
Mountain View High	Orem	Renovation	In Progress
<i>Phase 3 (est. start 2019)</i>			
Cascade Elementary	Orem	Rebuild	
Central Elementary	Pleasant Grove	Rebuild	
Greenwood Elementary	American Fork	Rebuild	
Lone Peak High	Highland	Roof replacement	
Oak Canyon Junior	Lindon	Roof replacement	
Elementary School	High growth area	New elementary school	
Property Acquisition	High growth area	Purchase land for future schools	
Bonneville Elementary	Orem	Security update	
Aspen Elementary	Orem	Security update	
Highland Elementary	Highland	Security update	
Elementary Schools	District-wide	Security card access	
<i>Phase 4 (est. start 2020)</i>			
Middle School	Lehi	New middle school	
Elementary School	High growth area	New elementary school	
Elementary School	High growth area	New elementary school	
Legacy Elementary	American Fork	Roof replacement	

The District funds certain major capital projects with local property taxes on a pay-as-you-go basis to reduce the need for bonded debt. Those projects are listed in the table below:

Alpine School District			
Pay-As-You-Go Projects			
<u>Projects</u>	<u>City</u>	<u>Type</u>	<u>Status</u>
Springside Elementary	Saratoga Springs	New elementary school	Complete
Skyridge High	Lehi	16 classroom addition	Complete

Postemployment Healthcare Benefits. In an effort to manage cost and future liabilities, the District eliminated its Medicare supplement program to all employees hired after August 20, 1995. The District further eliminated all postemployment healthcare benefits for employees hired on or after March 1, 2006, while simultaneously capping insurance benefits for employees retiring early on or after March 1, 2006. These actions resulted in a \$60.0 million decrease in the net OPEB liability according to the actuarial study completed after implementation of the cost saving measures.

As of July 1, 2017, the most recent actuarial valuation date, the District OPEB plan was 45.4% funded which represents a \$10.5 million decrease in the net OPEB liability, as compared to the previous actuarial study. During 2016-17, \$15.8 million was contributed to the post-retirement benefits trust. In addition, the Board of Education has assigned \$19.0 million of fund balance for retiree healthcare benefits to be contributed to the trust in the near future.

Teacher Incentive Pay. The District is one of the few districts in Utah to have implemented an incentive pay program for its teachers. The District paid out \$2.9 million in teacher incentive pay during 2017. Teacher quality is the most important education factor in improving student achievement. To enhance quality teaching, Monday teacher collaboration time has been implemented throughout the District. Teachers meet to collaborate as teams, review data and test scores, discuss improving student achievement objectives, set goals, and share ideas to ensure an environment of continuous improvement in student learning and growth. Teacher incentive pay is based on meeting collaboration team objectives for student achievement and involves parent representatives in the process.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the year ended June 30, 2016. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The District has received this prestigious award for 34 years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The District also received the Association of School Business Officials (ASBO) International’s Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the year ended June 30, 2016.

This award certifies that the report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials International.

The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials and is also valid for a period of one year. *Alpine School District is one of the few districts in the nation that has received the ASBO Certificate of Excellence for 34 or more years.*

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated work of the Accounting Department staff. We would like to express appreciation to the entire Business Services staff for their efforts in the timely close of the District's financial records. Special appreciation is expressed to Steven C. Reese, CPA, Director of Accounting, who performed most of the work in preparing this report and Lauralee Nebeker, Professional Accountant, who assisted with research and layout.

We would also like to thank the members of the Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,

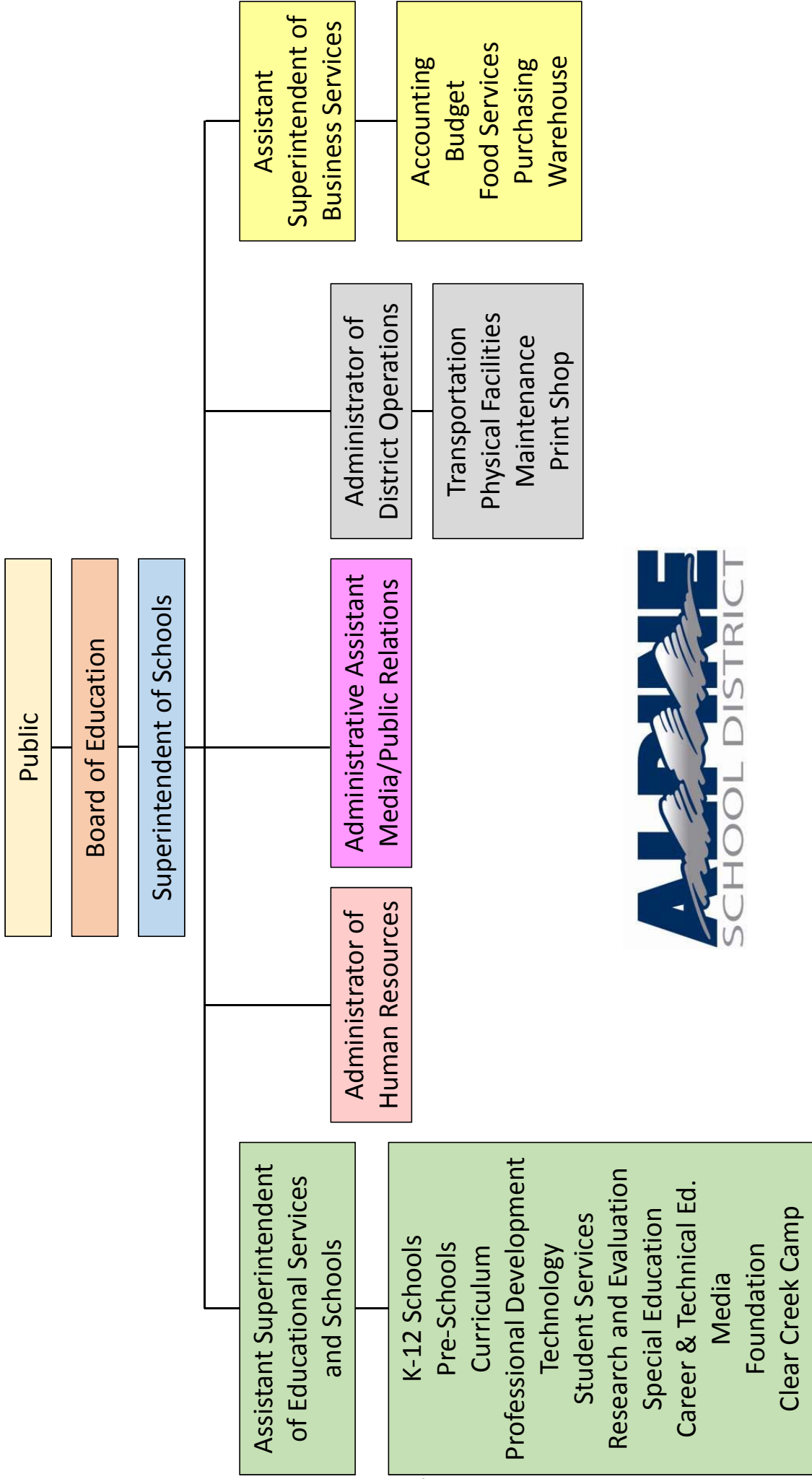


Samuel Y. Jarman
Superintendent of Schools



Robert W. Smith
Business Administrator







Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Alpine School District
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Alpine School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE
Executive Director

**Alpine School District
Synopsis of Administrative Responsibilities
June 30, 2017**

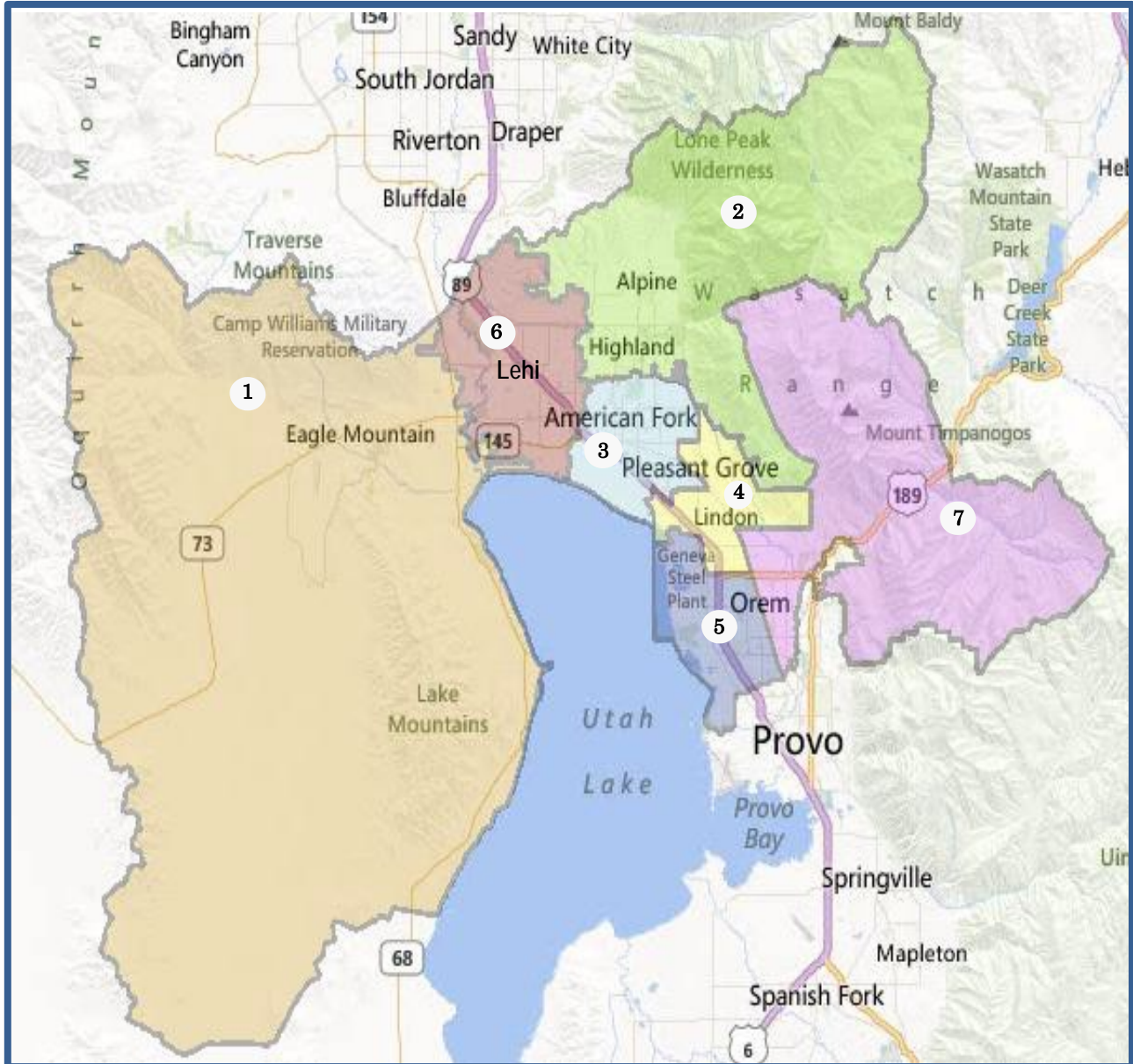
Board of Education

Board President.....	John C. Burton Precinct III
Initial appointment January 2011. Term of office 2015-2019.	
Board Vice President	JoDee C Sundberg Precinct V
Initial appointment January 1999. Term of office 2015-2019.	
Board Member	S. Scott Carlson Precinct VI
Initial appointment January 2013. Term of office 2017-2021.	
Board Member.....	Dr. Mark J. Clement Precinct IV
Initial appointment January 2017. Term of office 2017-2021.	
Board Member.....	Sara M. Hacken Precinct VII
Initial appointment January 2017. Term of office 2017-2021.	
Board Member.....	Wendy K. Hart Precinct II
Initial appointment January 2011. Term of office 2015-2019.	
Board Member.....	Paula H. Hill Precinct I
Initial appointment January 2011. Term of office 2015-2019.	

Cabinet

Superintendent.....	Samuel Y. Jarman
Originally appointed July 1, 2015. Serves as the chief executive officer for the school system and is responsible for implementation of Board policies and all administrative procedures.	
Assistant Superintendent of Business Services.....	Robert W. Smith
Originally appointed August 1, 2002. Serves as chief financial officer, clerk of the Board, treasurer, legislative and policy liaison, and is responsible for all other business operations.	
Assistant Superintendent of Educational Services and Schools.....	Dr. John Patten
Provides support for the Office of the Superintendent and administers all areas of K-12 school and instructional support. Administers the operations of Student Services and the Alpine Foundation.	
Assistant to the Superintendent.....	Kimberly A. Bird
Serves as spokesperson for the District, writes and manages district policy, and responsible for administrative conferences and employee celebrations.	
Administrator of Operations.....	Jess Christen
Administers the operations for Buildings and Grounds, Physical Facilities, Transportation, and Printing.	
Administrator of Human Resources	Dr. Kevin Cox
Administers personnel, including hiring staff, assisting administration with employee discipline, implementing personnel policies, negotiating contracts, and maintaining personnel records.	
Administrator of K-12 Educational Services and Curriculum.....	Dr. Garrick Peterson
Administers services related to instruction and instructional support, alternative language programs, technology, Special Education, federal programs and other special programs.	
Administrator of Public Relations.....	David Stephenson
Prepares media statements, manages School Land Trust Fund plans, and assists with administrative conferences and employee celebrations.	
Administrators of K-6 Schools	
K-6 Schools South.....	Barry Beckstrand
K-6 Schools Central.....	Dr. Vicki Carter
K-6 Schools Southwest.....	Dr. Mark Pew
K-6 Schools North.....	Elizabeth Wilson
K-6 Schools West.....	Eric Woodhouse
Supervises improvement of instruction and directs and manages activities related to education for students in grades kindergarten through six.	
Administrator of 7-12 Schools	
Sr. High Schools North (& Summit, Polaris).....	Rhonda Bromley
Middle/Jr. Highs (& East Shore Online).....	Dr. Shane Farnsworth
Sr. High Schools South (& Adult Education).....	Theron Murphy
Supervises improvement of instruction and directs and manages activities related to education for students in grades seven through twelve and adult education.	

Alpine School District Precincts of the Board of Education



Precinct 1	Paula H. Hill	Board Member	2011 – 2019
Precinct 2	Wendy K. Hart	Board Member	2011 – 2019
Precinct 3	John C. Burton	Board President	2011 – 2019
Precinct 4	Dr. Mark J. Clement	Board Member	2017 – 2021
Precinct 5	JoDee C. Sundberg	Board Vice President	1999 – 2019
Precinct 6	S. Scott Carlson	Board Member	2013 – 2021
Precinct 7	Sara M. Hacken	Board Member	2017 – 2021





Independent Auditor's Report

Board of Education
Alpine School District

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alpine School District (the District) as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alpine School District as of June 30, 2017, and the respective changes in financial

position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the basic financial statements, in 2017, the District adopted Government Accounting Standards Board Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion on the basic financial statements is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability (asset) – Utah Retirement Systems, the schedules of District contributions – Utah Retirement Systems, the schedule of changes in the District's net OPEB obligation and related ratios – Post-Retirement Benefits Plan, schedule of District contributions – Post-Retirement Benefits Plan, schedule of District investment returns – Post-Retirement Benefits Plans, and the related notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Squire & Company, PC". The signature is written in a cursive, flowing style.

Orem, Utah
November 7, 2017



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Alpine School District's (District) comprehensive annual financial report presents management's discussion and analysis of the District's financial performance for the year ended June 30, 2017. Please read it in conjunction with the transmittal letter found on pages 1 to 7 of this report and the District's basic financial statements, which follow this section.

Financial Highlights

- The District continues to grow at a steady pace. Student enrollment increased by 2,036 students to a total of 77,343 students as of October 1, 2016.
- The District's total net position was \$284.5 million at fiscal year-end, most of which is invested in capital assets.
- Property tax revenues increased by 4.8% in 2017 to \$186.2 million despite a decrease in the tax rate from 0.008177 to 0.007718. The increase is largely the result of new growth.
- State revenue received by the District increased in 2017 due to new funding, increased enrollment, and a match of certain local property tax revenues. Federal revenue decreased slightly. The overall net position of the District increased by \$60.8 million during 2017.
- Various District construction projects underway at June 30, 2017 are projected to be completed at a total cost of \$133.1 million. The largest projects are a new high school in Eagle Mountain with an estimated cost of \$75.0 million, a new elementary school in Lehi with an estimated cost of \$18.7 million, and a new elementary school in Eagle Mountain with an estimated cost of \$18.3 million.
- The District issued \$115.0 million of general obligation bonds during 2017 to help finance the construction of new schools and renovation of existing schools made necessary by its strong student enrollment growth. The District also refunded \$37.0 million of general obligation bonds at lower interest rates, thereby, reducing future debt service by \$3.2 million.
- In 2017, the District adopted Government Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
 - a) The new standards require the District to recognize a liability in its government-wide financial statements for the total liabilities related to the District's OPEB plan. The District is required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to the OPEB plan.
 - b) The governmental fund financial statements of the District are not affected by these new standards. Plan expenditures in the governmental funds continue to be recognized equal to the total of 1) amounts paid by the District to the plans and 2) the change between the beginning and ending balances of amounts of contributions currently payable to the plans.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instructional services, supporting services (students, instructional staff, District leadership, school leadership, central, operation and maintenance of facilities, and transportation), and nutrition services.

The government-wide financial statements include, not only the District itself (known as the *primary government*), but also the legally separate Alpine School District Foundation for which the District is financially accountable. The Foundation functions for all practical purposes as a department of the District and, therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 30 and 31 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single aggregated presentation. Individual fund data for the governmental funds is provided in the combining and individual fund statements and schedules section of this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 32 to 36 of this report.

- **Proprietary funds.** The District maintains one proprietary fund type. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses two internal service funds to account for the management of its retained risks and for its print shop and central warehouse. The internal service funds have been included within governmental activities in the government-wide financial statements.

The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 37 to 39 of this report.

- **Fiduciary fund.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District maintains one fiduciary fund. The *post-retirement benefits trust fund* is used to report resources held in trust for retirees and beneficiaries covered by the District's defined benefit healthcare plan.

The basic fiduciary fund financial statements can be found on pages 40 and 41 of this report.

Notes to the basic financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 43 to 67 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information on pension plans and other postemployment benefits. Required supplementary information can be found on pages 69 to 75 of this report.

The combining and individual statements and schedules referred to earlier in connection with governmental funds and internal service funds can be found on pages 78 to 102 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$284.5 million at the close of the most recent fiscal year.

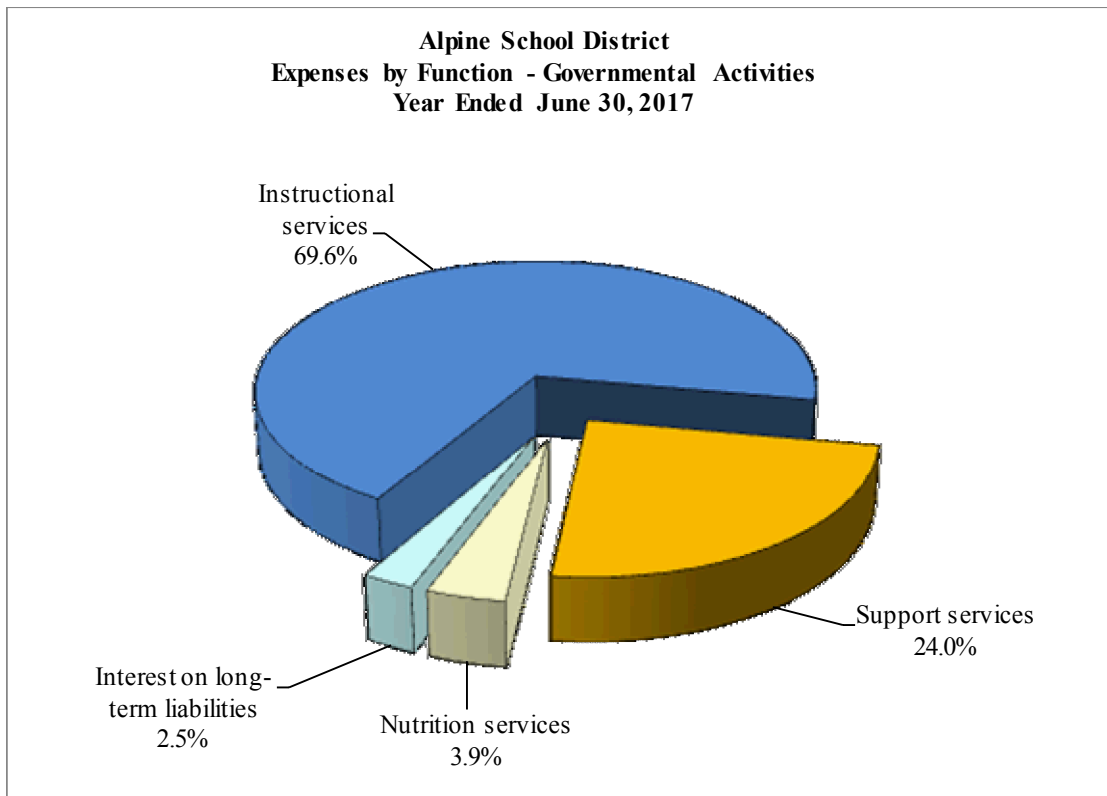
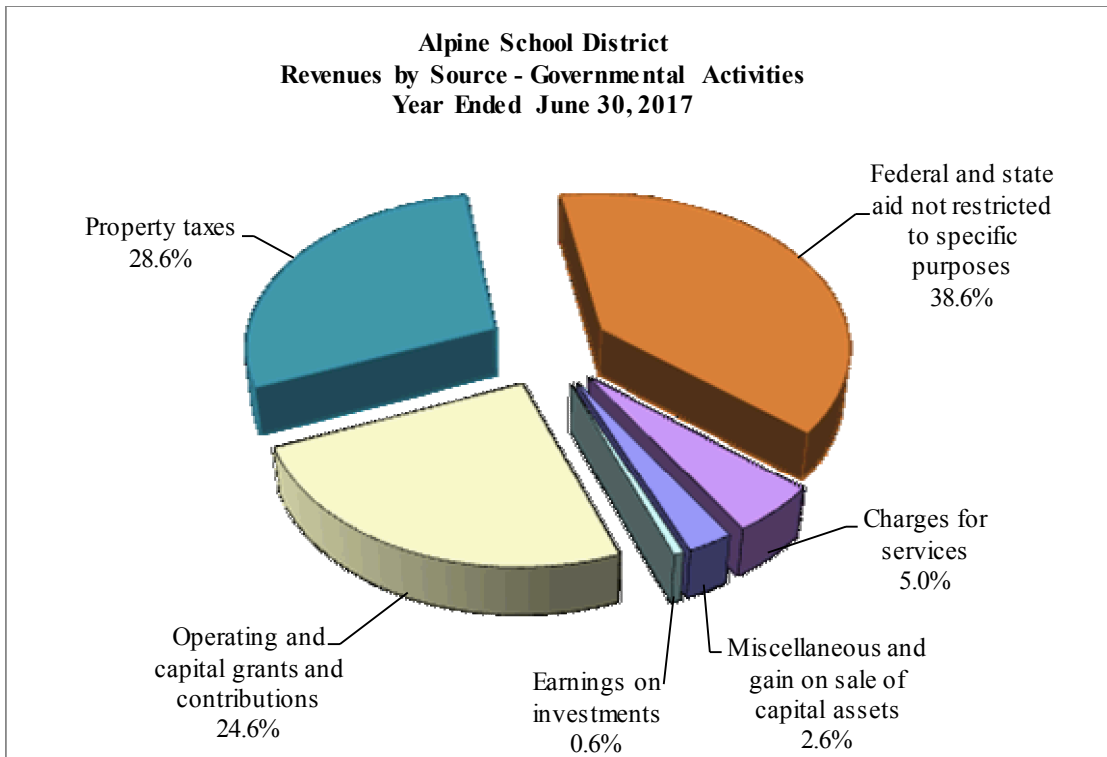
ALPINE SCHOOL DISTRICT'S Net Position
June 30, 2017 and 2016
(in millions of dollars)

	Governmental activities		Total change 2017-2016
	2017	2016	
Current and other assets	\$ 567.0	\$ 423.7	\$ 143.3
Capital assets	753.5	739.4	14.1
Total assets	<u>1,320.5</u>	<u>1,163.1</u>	<u>157.4</u>
Deferred outflows of resources	<u>105.5</u>	<u>97.8</u>	<u>7.7</u>
Other liabilities	108.9	104.1	4.8
Long-term liabilities outstanding	<u>814.2</u>	<u>731.0</u>	<u>83.2</u>
Total liabilities	<u>923.1</u>	<u>835.1</u>	<u>88.0</u>
Deferred inflows of resources	<u>218.4</u>	<u>202.1</u>	<u>16.3</u>
Net position:			
Net investment in capital assets	386.4	349.7	36.7
Restricted	37.7	30.6	7.1
Unrestricted	<u>(139.6)</u>	<u>(156.6)</u>	<u>17.0</u>
Total net position	<u>\$ 284.5</u>	<u>\$ 223.7</u>	<u>\$ 60.8</u>

- The largest portion of the District's net position (\$386.4 million) reflects its investment in capital assets (land, water stock, construction in progress, buildings and improvements, buses, vehicles, and equipment net of accumulated depreciation), less any related outstanding debt (general obligation bonds payable less unspent bond proceeds) used to acquire those assets. The District uses these capital assets to provide services to students; accordingly, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.
- The second largest portion of the District's net position (\$37.7 million) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects, debt service, and nutrition services.
- The remaining net position (a deficit of \$139.6 million) is unrestricted. This balance includes the District's proportionate share of the unfunded obligation of the defined benefit pension plans administered by the Utah Retirement Systems and the net OPEB liability. The existence of an unrestricted net position deficit indicates the District's overall economic net position, but it does not necessarily reflect positively or negatively on the District's ability to meet its obligations as they come due.
 - a) Unrestricted net position increased by \$17.0 million during the fiscal year. This net increase resulted primarily from an increase in property tax revenue and an increase in state funding.

ALPINE SCHOOL DISTRICT'S Changes in Net Position
Years Ended June 30, 2017 and 2016
(in millions of dollars)

	Governmental activities		Total change 2017-2016
	2017	2016	
Revenues:			
Program revenues:			
Charges for services	\$ 32.6	\$ 30.2	\$ 2.4
Operating grants and contributions	144.7	138.0	6.7
Capital grants and contributions	15.1	13.3	1.8
General revenues:			
Property taxes	186.2	177.7	8.5
Federal and state aid not restricted to specific purposes	251.2	236.6	14.6
Earnings on investments	3.8	2.2	1.6
Miscellaneous	8.5	12.1	(3.6)
Special item - gain on sale of land	8.4	-	8.4
Total revenues	650.5	610.1	40.4
Expenses:			
Instructional services	410.3	393.3	17.0
Supporting services:			
Students	16.0	14.1	1.9
Instructional staff	18.6	18.4	0.2
District leadership	2.7	1.6	1.1
School leadership	33.6	29.9	3.7
Central	11.5	10.4	1.1
Operation and maintenance of facilities	40.6	36.8	3.8
Transportation	18.4	16.4	2.0
Nutrition services	23.0	22.5	0.5
Interest on long-term liabilities	15.0	14.8	0.2
Total expenses	589.7	558.2	31.5
Increase in net position	60.8	51.9	8.9
Net position - beginning	223.7	260.4	(36.7)
Effect of prior period adjustment	-	(88.6)	88.6
Net position - ending	\$ 284.5	\$ 223.7	\$ 60.8



Governmental activities. During the current year, net position for governmental activities increased by \$60.8 million from the prior year for an ending balance of \$284.5 million. The key elements of the increase in the District's net position are as follows:

- The District's revenues increased by \$40.4 million to \$650.5 million. 57.6% of the District's revenue comes from the state, 28.6% comes from property taxes, 5.6% comes from federal aid, 5.0% comes from charges for

services, 2.6% comes from miscellaneous and gain on sale of capital assets, and 0.6% comes from earnings on investments.

- a) State aid increased by \$19.3 million largely due to an increase in the minimum school program resulting from enrollment growth and an increase in the value of the weighted pupil unit (WPU). State aid is based primarily on WPUs and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if the basic levy does not provide revenue equal to the amount generated by the WPU, the state will make up the difference with additional state funding. Certain students receive a WPU greater than one. The value of the WPU (\$3,184) increased by 3.0% over the prior year.
 - b) Property tax revenue increased, despite a decrease in the tax rate from 0.008177 to 0.007718. Assessed valuation increased from \$20.2 billion to \$22.4 billion representing a 10.9% increase. Collection rates of taxes assessed on taxable property held stable.
 - c) As a whole, federal aid continues to decrease. During 2017, federal aid decreased by \$0.9 million.
- The total cost of all programs and services increased by \$31.5 million to \$589.7 million. 69.6% of the District's expenses were related to instructional services, 24.0% related to supporting services, 3.9% related to nutrition services, and 2.5% related to interest on long-term liabilities.
 - a) Instructional services expenses increased by \$17.0 million compared to the prior year largely due to an increase of 121.8 full-time equivalent teachers for growth of 2,036 students.
 - b) Supporting services expenses increased by \$13.8 million compared to the prior year primarily from costs related to operating and maintaining new schools.
 - c) Nutrition services expenses increased by \$0.5 million compared to the prior year largely due to operations at new schools.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. Nonspendable includes inventories that are not expected to be converted to cash and scholarship endowments that are legally required to remain intact. Restricted includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. Committed balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Assigned balances in the general fund are those that do not meet the requirements of restricted or committed, but that are intended to be used for specific purposes. Unassigned balances in the general fund are all other available net fund resources.

The District's combined governmental funds increased by a net \$129.7 million during the year ended June 30, 2017 to \$263.3 million (\$0.2 million or 0.1% in nonspendable, \$159.2 million or 60.5% in restricted, \$41.7 million or 15.8% in committed, \$46.7 million or 17.7% in assigned, and \$15.5 million or 5.9% in unassigned fund balances).

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund increased by \$16.9 million to \$90.9 million, while unassigned fund balance of the general fund only increased by \$2.9 million to \$15.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 3.0% of total general fund expenditures, while total fund balance represents approximately 17.0% of that same amount.

The following expenditures or balances in the general fund should be noted:

- Expenditures for general District purposes totaled \$460.4 million, an increase of 3.7% from the prior fiscal year. This compares to a 9.4% increase in 2016. Instructional services represent 71.2% of general fund expenditures.
- General fund salaries totaled \$260.7 million while associated employee benefits of retirement, social security, and insurance added \$150.6 million to arrive at 89.3% of total general fund expenditures.
- The District has committed to economic stabilization \$25.7 million of fund balance or 5.0% of 2017 general fund budgeted expenditures. As allowed by state law, the District has established an undistributed reserve within the general fund; this amount is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's excellent bond rating of 'AAA' from Fitch Ratings and 'Aa1' from Moody's Investors Service.
- The District has assigned to retirement healthcare benefits \$19.0 million for retirees. In addition, the District contributed \$15.8 million during 2017 to the post-retirement benefits trust.

The debt service fund balance increased \$5.6 million to \$21.6 million. The debt service fund property taxes are levied specifically to meet the District's ongoing general obligation bond debt service requirements.

The capital projects fund balance increased by \$105.9 million to \$128.0 million. The increase was primarily a result of issuing general obligation bonds during the year to construct new schools and renovate existing schools.

- The capital projects fund is used to accumulate resources (property taxes levied specifically for capital outlay, state aid, and general obligation bond proceeds) restricted for acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.
- Capital outlay expenditures during 2017 totaled \$59.5 million, of which \$34.7 million was for the construction of new school facilities and renovation of existing school facilities. The remainder was spent on purchases for building improvements, school equipment, buses, and land.

General Fund Budgetary Highlights

Original budget compared to final budget. During 2017, the Board revised the District's budget to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$20.1 million or 4.1% in total general fund revenues and an increase of \$20.1 million or 4.1% in total general fund expenditures to provide for new programs and increases in existing instruction-related programs.

Final budget compared to actual results. Even with these adjustments, actual expenditures were \$52.9 million less than final budgeted amounts. The most significant variance was \$45.8 million in instructional services due to employee benefit costs being less than anticipated and schools not spending their full budgeted amounts for textbooks. Conversely, actual revenues were \$32.0 million less than final budgeted amounts primarily as a result of expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements

have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$753.5 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, water stock, buildings and improvements, and vehicles and equipment. The total increase in capital assets for the current year was \$14.1 million or about 1.9%.

ALPINE SCHOOL DISTRICT'S Capital Assets
June 30, 2017 and 2016
(net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total change 2017-2016
	2017	2016	
Land	\$ 72.2	\$ 63.9	\$ 8.3
Construction in progress	27.5	79.1	(51.6)
Water stock	1.7	1.7	-
Buildings and improvements	639.5	582.8	56.7
Vehicles and equipment	12.6	11.9	0.7
Total capital assets	<u>\$ 753.5</u>	<u>\$ 739.4</u>	<u>\$ 14.1</u>

Various District construction projects underway at June 30, 2017 are projected to be completed at a total cost of \$133.1 million. The largest projects are a new high school in Eagle Mountain with an estimated cost of \$75.0 million, a new elementary school in Lehi with an estimated cost of \$18.7 million, and a new elementary school in Eagle Mountain with an estimated cost of \$18.3 million.

During 2017, the District acquired \$2.1 million of school buses and \$1.0 million of other equipment for a total of \$3.1 million of new vehicles and equipment added to capital assets. The District also acquired \$10.9 million of land which will be used as building sites for new schools and to expand existing schools.

As the District experiences shifts in student population, temporary classrooms are moved to accommodate housing needs until permanent school buildings can be constructed. The District has a total inventory of 131 portable trailers and satellite units representing approximately 380,555 square feet primarily located in the northern and western sections of the District.

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

Debt administration. At the end of the current year, the District had total bonded debt outstanding of \$491.3 million (net of unamortized amounts for bond issuance premiums). Payment of the debt is backed by the full faith and credit of the taxpayers within the District as well as the State of Utah under provisions of The Guaranty Act. The District's total debt increased by \$81.9 million or about 20.0% during the current year. The increase was the result of issuing \$115.0 million of general obligation bonds with a \$14.7 million premium and paying \$44.5 million of bond principal. The District also refunded \$37.0 million of outstanding Series 2009 general obligation bonds at lower interest rates (reducing future debt service payments by \$3.2 million) by issuing \$32.7 million of general obligation bonds with a \$6.3 million premium.

ALPINE SCHOOL DISTRICT'S Outstanding Debt
June 30, 2017 and 2016
(net of accumulated amortization, in millions of dollars)

	Governmental activities		Total change 2017-2016
	2017	2016	
General obligation bonds	\$ 441.7	\$ 375.4	\$ 66.3
Unamortized amounts for bond issuance premiums	49.6	34.0	15.6
Total bonds payable, net	<u>\$ 491.3</u>	<u>\$ 409.4</u>	<u>\$ 81.9</u>

On November 8, 2016, voters approved the issuance of \$387 million in bonds (by a 68% margin) for new school construction and equipment, land acquisition, renovation of existing school facilities, and related seismic upgrades and security improvements to allow the District to meet its future capital and academic plans. General obligation bonds were subsequently issued in accordance with the debt authorization as follows:

- January 24, 2017 issued \$115.0 million (Series 2017)

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The District’s legal debt limit at June 30, 2017 is \$1.4 billion. Net general obligation debt at June 30, 2017 was \$491.3 million, resulting in an estimated additional debt-incurring capacity of \$863.1 million.

Although it is not unusual for governments to have a 30-year bond repayment schedule, the District maintains an aggressive payoff schedule to retire all of its general obligation bonds by 2034.

The bond issuances received an underlying rating of “AAA” from Fitch Ratings and “Aa1” from Moody’s Investors Service. In addition, the District also utilizes the Utah School Bonds Guaranty Program that provides an enhanced rating of “Aaa”. Both the underlying rating and enhanced rating are taken into consideration by investors when they purchase District bonds.

Additional information on the District’s long-term debt can be found in Note 9 to the basic financial statements.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Alpine School District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Office of the Business Administrator, Alpine School District, 575 North 100 East, American Fork, Utah 84003.

Basic Financial Statements

ALPINE SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets:	
Cash and investments	\$ 356,049,473
Receivables:	
Property taxes	196,440,399
Other local	154,166
State	3,871,114
Federal	9,249,325
Inventories	1,228,615
Capital assets:	
Land, construction in progress, and water stock	101,383,108
Other capital assets, net of accumulated depreciation	652,135,440
Total assets	1,320,511,640
Deferred outflows of resources:	
Deferred charge on refunding	6,112,798
Amounts related to pensions	99,302,521
Amounts related to OPEB	135,036
Total deferred outflows of resources	105,550,355
Liabilities:	
Accounts and contracts payable	9,153,033
Accrued interest	5,927,700
Accrued salaries and related benefits	63,835,779
Unearned revenue:	
Local	1,079,652
State	28,886,573
Federal	5,847
Noncurrent liabilities:	
Portion due and payable within one year	48,344,719
Portion due and payable after one year	765,877,868
Total liabilities	923,111,171
Deferred inflows of resources:	
Property taxes levied for future year	189,549,949
Amounts related to pensions	28,891,081
Total deferred inflows of resources	218,441,030
Net position:	
Net investment in capital assets	386,366,723
Restricted for:	
Debt service	17,564,475
Capital projects	10,446,542
Nutrition services	6,197,904
Foundation	3,541,005
Unrestricted	(139,606,855)
Total net position	\$ 284,509,794

The notes to the basic financial statements are an integral part of this statement

ALPINE SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2017

Activities and Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
Instructional services	\$ 410,410,955	\$ 24,209,924	\$ 109,602,693	\$ 15,117,675	\$ (261,480,663)
Supporting services:					
Students	16,021,222	-	5,498,204	-	(10,523,018)
Instructional staff	18,552,534	-	1,592,822	-	(16,959,712)
District leadership	2,679,272	-	22,082	-	(2,657,190)
School leadership	33,555,551	-	1,481,269	-	(32,074,282)
Central	11,535,858	-	219,787	-	(11,316,071)
Operation and maintenance of facilities	40,574,511	-	487,115	-	(40,087,396)
Transportation	18,433,391	1,074,491	10,078,687	-	(7,280,213)
Nutrition services	23,004,845	7,282,309	15,697,308	-	(25,228)
Interest on long-term liabilities	14,968,494	-	-	-	(14,968,494)
Total school district	<u>\$ 589,736,633</u>	<u>\$ 32,566,724</u>	<u>\$ 144,679,967</u>	<u>\$ 15,117,675</u>	<u>(397,372,267)</u>
General revenues:					
Property taxes levied for:					
Basic					26,429,233
Voted local					30,888,810
Board local					27,389,687
Debt service					71,599,296
Capital local					15,951,174
Tax increment					13,991,670
Total property taxes					186,249,870
Federal and state aid not restricted to specific purposes					251,207,205
Earnings on investments					3,775,671
Miscellaneous					8,557,602
Special item - gain on sale of land					8,357,684
Total general revenues					458,148,032
Change in net position					60,775,765
Net position - beginning, as restated					223,734,029
Net position - ending					<u>\$ 284,509,794</u>

The notes to the basic financial statements are an integral part of this statement

ALPINE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

	<u>Major Funds</u>			<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Assets:					
Cash and investments	\$ 172,309,970	\$ 20,994,610	\$ 133,561,720	\$ 24,149,292	\$ 351,015,592
Receivables:					
Property taxes	95,066,049	67,632,917	14,036,087	19,705,346	196,440,399
Other local	57,692	-	92,220	1,123	151,035
State	2,103,126	-	-	1,767,988	3,871,114
Federal	8,904,388	-	-	344,937	9,249,325
Inventories	-	-	-	219,173	219,173
Total assets	<u>\$ 278,441,225</u>	<u>\$ 88,627,527</u>	<u>\$ 147,690,027</u>	<u>\$ 46,187,859</u>	<u>\$ 560,946,638</u>
Liabilities, deferred inflows of resources, and fund balances:					
Liabilities:					
Accounts and contracts payable	\$ 2,670,141	\$ -	\$ 5,758,850	\$ 629,686	\$ 9,058,677
Accrued salaries and related benefits	63,640,716	-	-	195,063	63,835,779
Unearned revenue:					
Local	157,632	-	-	922,020	1,079,652
State	26,894,332	-	-	1,992,241	28,886,573
Federal	5,847	-	-	-	5,847
Total liabilities	<u>93,368,668</u>	<u>-</u>	<u>5,758,850</u>	<u>3,739,010</u>	<u>102,866,528</u>
Deferred inflows of resources:					
Unavailable property tax revenue	2,529,044	1,863,148	410,607	433,464	5,236,263
Property taxes levied for future year	91,677,037	65,135,352	13,479,669	19,257,891	189,549,949
Total deferred inflows of resources	<u>94,206,081</u>	<u>66,998,500</u>	<u>13,890,276</u>	<u>19,691,355</u>	<u>194,786,212</u>
Fund balances:					
Nonspendable:					
Inventories	-	-	-	219,173	219,173
Scholarships	-	-	-	22,090	22,090
Restricted for:					
Debt service	-	21,629,027	-	-	21,629,027
Capital projects	-	-	128,040,901	-	128,040,901
Nutrition services	-	-	-	5,978,731	5,978,731
Schools	-	-	-	3,518,915	3,518,915
Committed to:					
Economic stabilization	25,662,366	-	-	-	25,662,366
Employee benefit obligations	3,470,234	-	-	-	3,470,234
Students	-	-	-	12,171,205	12,171,205
Contractual obligations	378,845	-	-	-	378,845
Assigned to:					
Retirement healthcare benefits	19,038,493	-	-	-	19,038,493
School textbooks and supplies	3,200,000	-	-	-	3,200,000
Employee compensation	23,630,464	-	-	-	23,630,464
Recreation	-	-	-	847,380	847,380
Unassigned	<u>15,486,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,486,074</u>
Total fund balances	<u>90,866,476</u>	<u>21,629,027</u>	<u>128,040,901</u>	<u>22,757,494</u>	<u>263,293,898</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 278,441,225</u>	<u>\$ 88,627,527</u>	<u>\$ 147,690,027</u>	<u>\$ 46,187,859</u>	<u>\$ 560,946,638</u>

The notes to the basic financial statements are an integral part of this statement

ALPINE SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2017

Total fund balances for governmental funds \$ 263,293,898

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 72,235,224	
Construction in progress	27,460,897	
Water stock	1,671,286	
Buildings and improvements, net of \$375,535,863 accumulated depreciation	638,988,960	
Vehicles and equipment, net of \$27,718,986 accumulated depreciation	12,453,016	
		752,809,383

Some of the District's property taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 5,236,263

Internal service funds are used by management to charge the costs of industrial insurance and school services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year end is: 5,898,572

Long-term liabilities, including bonds payable and the net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds. All liabilities, both current and long-term portions, are reported in the statement of net position. These and related balances at year end are:

Bonds payable	(441,725,000)	
Unamortized amounts for bond premiums	(49,544,589)	
Deferred charge on bond refunding	6,112,798	
Accrued interest	(5,927,700)	
Compensated absences payable	(3,497,165)	
Net OPEB obligation	(83,607,697)	
Deferred outflows of resources related to OPEB	135,036	
Net pension liability	(234,967,017)	
Deferred outflows of resources related to pensions	99,135,500	
Deferred inflows of resources related to pensions	(28,842,488)	
		(742,728,322)

Total net position of governmental activities \$ 284,509,794

The notes to the basic financial statements are an integral part of this statement.

ALPINE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

	Major Funds			Total Nonmajor Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Property taxes	\$ 90,566,965	\$ 66,744,210	\$ 13,207,178	\$ 15,431,383	\$ 185,949,736
Earnings on investments	2,098,119	458,276	885,482	284,089	3,725,966
School lunch sales	-	-	-	7,282,309	7,282,309
Other local sources	8,888,329	-	1,231,719	25,020,667	35,140,715
State sources	351,602,669	-	10,452,000	8,373,336	370,428,005
Federal sources	24,136,862	-	-	11,774,305	35,911,167
Total revenues	<u>477,292,944</u>	<u>67,202,486</u>	<u>25,776,379</u>	<u>68,166,089</u>	<u>638,437,898</u>
Expenditures:					
Current:					
Instructional services	327,875,601	-	-	44,498,587	372,374,188
Supporting services:					
Students	15,379,576	-	-	-	15,379,576
Instructional staff	18,215,962	-	-	-	18,215,962
District leadership	2,051,727	-	-	-	2,051,727
School leadership	31,885,555	-	-	-	31,885,555
Central	11,257,867	-	-	-	11,257,867
Operation and maintenance of facilities	37,815,483	-	-	-	37,815,483
Transportation	15,913,831	-	-	-	15,913,831
Nutrition services	-	-	-	22,294,088	22,294,088
Capital outlay	-	-	59,526,282	-	59,526,282
Debt service:					
Principal retirement	-	44,490,000	435,747	-	44,925,747
Interest and fiscal charges	-	17,157,443	3,206	-	17,160,649
Bond issuance costs	-	152,171	523,091	-	675,262
Total expenditures	<u>460,395,602</u>	<u>61,799,614</u>	<u>60,488,326</u>	<u>66,792,675</u>	<u>649,476,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,897,342</u>	<u>5,402,872</u>	<u>(34,711,947)</u>	<u>1,373,414</u>	<u>(11,038,319)</u>
Other financing sources (uses):					
General obligation bonds issued	-	-	115,000,000	-	115,000,000
Refunding bonds issued	-	32,730,000	-	-	32,730,000
Premiums on bonds issued	-	6,266,904	14,718,091	-	20,984,995
Payment to refunded bond escrow agent	-	(38,844,732)	-	-	(38,844,732)
Proceeds from sale of capital assets	-	-	5,421	-	5,421
Total other financing sources (uses)	<u>-</u>	<u>152,172</u>	<u>129,723,512</u>	<u>-</u>	<u>129,875,684</u>
Special item:					
Proceeds from sale of land	-	-	10,857,005	-	10,857,005
Net change in fund balances	<u>16,897,342</u>	<u>5,555,044</u>	<u>105,868,570</u>	<u>1,373,414</u>	<u>129,694,370</u>
Fund balances - beginning	<u>73,969,134</u>	<u>16,073,983</u>	<u>22,172,331</u>	<u>21,384,080</u>	<u>133,599,528</u>
Fund balances - ending	<u>\$ 90,866,476</u>	<u>\$ 21,629,027</u>	<u>\$ 128,040,901</u>	<u>\$ 22,757,494</u>	<u>\$ 263,293,898</u>

The notes to the basic financial statements are an integral part of this statement

ALPINE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2017

Net change in fund balances for total governmental funds \$ 129,694,370

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, certain assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The net effect of transactions involving capital assets increased net position in the current period.

Capital outlay	\$ 43,871,705	
Gain on sale of capital assets	8,384,645	
Contributions of capital assets	4,665,675	
Proceeds from sale of capital assets	(10,862,426)	
Depreciation expense	<u>(32,031,206)</u>	14,028,393

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

Interest expense - capital leases	3,206	
Principal payments on capital leases	<u>435,747</u>	438,953

The issuance of bonds provides current financial resources to governmental funds, while the repayment of the principal of bonds consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

General obligation bonds issued	(115,000,000)	
Refunding bonds issued	(32,730,000)	
Payment to refunded bond escrow agent	38,844,732	
Premiums on bonds issued	(20,984,995)	
Repayment of bond principal	44,490,000	
Interest expense - general obligation bonds	(1,166,313)	
Amortization of deferred charge on bond refunding	(1,284,294)	
Amortization of bond issuance premiums	<u>4,639,556</u>	(83,191,314)

Property tax revenue is recognized when levied (when a claim to resources is established) rather than when available. The portion not available soon enough to pay for the current period's expenditures is deferred in the funds. 300,134

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences expense	(409,917)	
OPEB expense	10,460,276	
Pension expense	<u>(10,790,929)</u>	(740,570)

Internal service funds are used by the District to charge the costs of industrial insurance and school services to individual funds. The net revenue of the internal service funds is reported with governmental activities.

	<u>245,799</u>
Change in net position of governmental activities	<u><u>\$ 60,775,765</u></u>

The notes to the basic financial statements are an integral part of this statement.

ALPINE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 85,565,720	\$ 90,296,345	\$ 90,566,965	\$ 270,620
Earnings on investments	720,000	720,000	2,098,119	1,378,119
Other local sources	7,822,900	9,460,100	8,888,329	(571,771)
State sources	367,301,917	379,165,956	351,602,669	(27,563,287)
Federal sources	27,829,358	29,631,815	24,136,862	(5,494,953)
Total revenues	<u>489,239,895</u>	<u>509,274,216</u>	<u>477,292,944</u>	<u>(31,981,272)</u>
Expenditures:				
Current:				
Instructional services	356,233,911	373,693,704	327,875,601	45,818,103
Supporting services:				
Students	16,533,133	17,296,823	15,379,576	1,917,247
Instructional staff	19,693,894	19,953,282	18,215,962	1,737,320
District leadership	2,486,974	2,228,004	2,051,727	176,277
School leadership	31,641,270	32,046,480	31,885,555	160,925
Central	11,330,680	11,635,370	11,257,867	377,503
Operation and maintenance of facilities	39,984,184	40,762,527	37,815,483	2,947,044
Transportation	15,182,148	15,631,145	15,913,831	(282,686)
Total expenditures	<u>493,086,194</u>	<u>513,247,335</u>	<u>460,395,602</u>	<u>52,851,733</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	<u>(3,846,299)</u>	<u>(3,973,119)</u>	<u>16,897,342</u>	<u>20,870,461</u>
Fund balances - beginning	<u>73,969,134</u>	<u>73,969,134</u>	<u>73,969,134</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 70,122,835</u></u>	<u><u>\$ 69,996,015</u></u>	<u><u>\$ 90,866,476</u></u>	<u><u>\$ 20,870,461</u></u>

The notes to the basic financial statements are an integral part of this statement

ALPINE SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Funds
June 30, 2017

	<u>Governmental Activities - Internal Service Funds</u>
Assets:	
Current assets:	
Cash and investments	\$ 5,033,881
Accounts receivable	3,131
Inventories	1,009,442
Total current assets	<u>6,046,454</u>
Noncurrent assets:	
Capital assets:	
Land	15,701
Buildings	1,140,581
Equipment	758,228
Accumulated depreciation	<u>(1,205,345)</u>
Net capital assets	<u>709,165</u>
Total assets	<u>6,755,619</u>
Deferred outflows of resources related to pensions	<u>167,021</u>
Liabilities:	
Current liabilities:	
Accounts and contracts payable	94,356
Claims payable	455,432
Compensated absences payable	29,821
Total current liabilities	<u>579,609</u>
Noncurrent liabilities:	
Net pension liability	<u>395,866</u>
Total liabilities	<u>975,475</u>
Deferred inflows of resources related to pensions	<u>48,593</u>
Net position:	
Investment in capital assets	709,166
Unrestricted	5,189,406
Total net position	<u><u>\$ 5,898,572</u></u>

The notes to the basic financial statements are an integral part of this statement

ALPINE SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2017

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	<u>\$ 2,390,032</u>
Operating expenses:	
Salaries	481,338
Employee benefits	307,626
Purchased services	1,201,428
Supplies and materials	152,027
Depreciation	<u>51,519</u>
Total operating expenses	<u>2,193,938</u>
Operating income	<u>196,094</u>
Nonoperating income:	
Earnings on investments	<u>49,705</u>
Change in net position	245,799
Total net position - beginning	<u>5,652,773</u>
Total net position - ending	<u><u>\$ 5,898,572</u></u>

The notes to the basic financial statements are an integral part of this statement

ALPINE SCHOOL DISTRICT
Statement of Fund Cash Flows
Proprietary Funds
Year Ended June 30, 2017

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Receipts from interfund charges for services	\$ 2,387,164
Payments to service providers and suppliers	(1,269,704)
Payments to employees for salaries and benefits	(765,940)
Net cash provided by operating activities	351,520
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(116,829)
Cash flows from investing activities:	
Interest received	49,705
Net change in cash and cash equivalents	284,396
Cash and cash equivalents - beginning	4,749,485
Cash and cash equivalents - ending	\$ 5,033,881
Displayed on statements of fund net position as:	
Cash and investments	\$ 5,033,881
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 196,094
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	51,519
Changes in operating assets and liabilities:	
Accounts receivable	(2,868)
Inventories	(70,666)
Accounts and contracts payable	40,777
Claims payable	113,640
Compensated absences payable	3,141
Net pension liability and related deferrals	19,883
Total adjustments	155,426
Net cash provided by operating activities	\$ 351,520
Noncash investing, capital, and financing activities:	none

The notes to the basic financial statements are an integral part of this statement

ALPINE SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2017

	Post- Retirement Benefits Trust Fund
Assets:	
Investments, at fair value:	
Public Treasurers' Investment Fund	\$ 12,015,477
Mutual fund	52,868,338
Accounts receivable	<u>4,620,088</u>
Total assets	<u>69,503,903</u>
Net position restricted for postemployment benefits other than pensions	<u><u>\$ 69,503,903</u></u>

The notes to the basic financial statements are an integral part of this statement

ALPINE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2017

	<u>Post- Retirement Benefits Trust Fund</u>
Additions:	
Earnings on investments:	
Interest and dividends	\$ 264,880
Net appreciation in fair value of investments	3,284,262
Employer contributions	<u>15,840,640</u>
Total additions	<u>19,389,782</u>
Deductions:	
Benefits	<u>7,977,012</u>
Net increase	11,412,770
Net position restricted for postemployment benefits other than pensions:	
Beginning of year	<u>58,091,133</u>
End of year	<u><u>\$ 69,503,903</u></u>

The notes to the basic financial statements are an integral part of this statement



ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Alpine School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Reporting entity. The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and its component unit, Alpine School District Foundation, for which the District is considered to be financially accountable. The District is not a component unit of any other primary government. A blended component unit, although a legally separate entity, is in substance part of the District's operations.

- **Blended component unit.** The Alpine School District Foundation is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. Even though the Foundation is legally separate, it is reported as if it were part of the District because the Foundation secures donations that exclusively benefit the District by providing additional funding for educational related purposes within the District. The voting majority of the Foundation's board is appointed by the Board of Education. The District makes all personnel decisions for the Foundation. The Foundation is presented as a special revenue fund of the District and does not issue separate financial statements.

Government-wide and fund financial statements. The *government-wide financial statements* (the statement of net position and the statement of activities) report on all the nonfiduciary activities of the primary government (the District) and its blended component unit. Fiduciary activities are reported only in the fund financial statements. The effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school leadership, operation and maintenance of facilities, and nutrition services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line item. Program revenues include: 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the District's funds, including its fiduciary fund and blended component unit. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses result from transactions directly associated with the fund's principal services.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund types:

- *Internal service funds (proprietary funds)* are used by management to charge the cost of risk management and warehousing and printing services to other funds of the District on a cost-reimbursement basis.
- The *post-retirement benefits trust fund (a fiduciary fund)* accounts for resources that are held in trust for the members and beneficiaries of the District's other postemployment benefit plan.

Measurement focus, basis of accounting, and financial statement presentation. The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to pension benefits, other postemployment benefits, and compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as an other financing source.

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The proprietary (internal service) and post-retirement benefits trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Budgetary data. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the governmental funds except for the Alpine School District Foundation special revenue fund. Budgets are not adopted on a District level for the Alpine School District Foundation special revenue fund, the internal service funds, or the fiduciary fund. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During May of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30.
- Copies of the proposed budget are made available for public inspection and review by the patrons of the District by June 1.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when additional data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2017, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted amounts at the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is used to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

revenue received but not spent is deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditure variances will be positive.

Deposits and investments. The cash balances of governmental activities are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The District’s investments are reported at fair value at year end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

Cash and cash equivalents. The District considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Utah Public Treasurers’ Investment Fund (PTIF).

Receivables and payables. Activity between funds that are representative of lending/borrowing arrangements outstanding at year end are referred to as either “due to/from other funds.”

Inventories. Inventories are valued at cost or, if donated, at acquisition value when received, using the moving average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are reported in the governmental funds as revenue when received.

Capital assets. Capital assets, which include both depreciable and nondepreciable assets, are reported in the government-wide and internal service fund financial statements. Nondepreciable assets include land, water stock, and construction in progress. Depreciable assets include buildings and improvements, equipment, and vehicles. The District defines capital assets as all land, water stock and vehicles as well as equipment costing more than \$25,000 and buildings and improvements costing more than \$250,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s useful life is not capitalized.

Major outlays for buildings and improvements are capitalized as projects are completed and placed in service. Interest incurred during construction is not capitalized.

Buildings and improvements, equipment, and vehicles of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	20
Equipment	10
Buses	10
Vehicles	8

Pensions. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems (URS) and additions to/deductions from the URS’s fiduciary net position have been determined on the same basis as they are reported by the URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements

Continued

Compensated Absences. Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated vacation days to a maximum of 20 days. No reimbursement or accrual is made for unused sick leave.

Vacation pay and related payroll taxes are accrued when incurred in the government-wide and internal service fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations. In the government-wide financial statements and internal service fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums are deferred and amortized over the life of the related bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of unamortized bond premiums.

In the governmental fund financial statements, the face amount of debt issued as well as premiums received on debt issuances are recognized during the current period as other financing sources.

Postemployment benefits other than pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Post-Retirement Benefits Trust (the Trust) and additions/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. The Trust's investments are reported at fair value.

Deferred outflows/inflows of resources. In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following sources that qualify for reporting in this category; these items are reported in the statement of net position:

- Deferred charge on refunding – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources related to pensions – includes a) changes of assumptions in the measurement of the net pension liability (asset), b) net difference between projected and actual earnings on pension plan investments, c) changes in proportion and differences between District contributions and proportionate share of contributions, and d) District contributions subsequent to the measurement date of December 31, 2016.
- Deferred outflows of resources related to OPEB – results from the net difference between projected and actual earnings on OPEB plan investments.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The following item arises only under a modified accrual basis of accounting and is reported in the governmental funds balance sheet; this item is deferred and recognized as an inflow of resources in the period that the amounts become available:

- Unavailable property tax revenue – consists of uncollected, delinquent property taxes.

The following source is reported in both the statement of net position and the governmental funds balance sheet:

- Property taxes levied for future year – property taxes levied on January 1, 2017 for the following school year.

The following source is reported in the statement of net position:

- Deferred inflows of resources related to pensions – includes a) differences between expected and actual experience, b) changes of assumptions in the measurement of the net pension liability/asset, and c) net difference between projected and actual earnings on pension plan investments.

Net position/fund balances. The residual of all other elements presented in a statement of net position is *net position* on the government-wide and proprietary fund financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is *fund balance*.

Net position is divided into three components: net investment in capital assets (capital assets net of related debt less unspent bond proceeds), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports nonspendable balances, then restricted, then committed, and so forth.

Fund balance classifications are summarized as follows:

- **Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories and scholarships are classified as nonspendable.
- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - a) Unspent tax revenues levied for specific purposes, such as, capital projects and debt service.
 - b) Balances remaining for nutrition services.
 - c) Donations held by the Alpine School District Foundation for schools.

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- **Committed.** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The Board of Education has resolved to commit fund balance amounts in the governmental funds to the following purposes:

- a) Economic stabilization. As defined in Utah law as an “undistributed reserve,” the District maintains for economic stabilization up to 5% of general fund budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used “in the negotiation or settlement of contract salaries for school district employees” and the use of this reserve requires a written resolution adopted by a majority vote of the Board of Education filed with the Utah State Board of Education and Utah State Auditor.
 - b) Employee benefit obligations for unpaid compensated absences.
 - c) Contractual obligations that will be completed after June 30, 2017.
 - d) Amounts held in other governmental funds for students.
- **Assigned.** Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the Business Administrator to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District has assigned fund resources that are to be used for retirement healthcare benefits, school textbooks and supplies, employee compensation and related benefits, and recreation.

- **Unassigned.** Residual balances in the general fund and residual deficits in any other governmental funds are classified as unassigned.

Net position flow assumption. Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted tax revenue or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted-net position to have been depleted before unrestricted net position is applied.

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Fund balance flow assumption. Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted (the total of committed, assigned, and unassigned fund balance) resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2017 as reported on the financial statements is as follows:

Carrying amount of deposits	\$ 2,028,289
Carrying amount of investments	418,904,999
Total cash and investments	\$ 420,933,288
Governmental funds cash and investments	\$ 351,015,592
Internal service funds cash and investments	5,033,881
Statement of net position cash and investments	356,049,473
Post-retirement benefits trust fund investments	64,883,815
Total cash and investments	\$ 420,933,288

The District complies with the State Money Management Act (*Utah Code*, Section 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Rules of the Council allow the Foundation to invest private grants, contributions, and endowments in any deposit or investment authorized by the Act and certain investment funds, equity securities, fixed-income securities, and investment strategies with institutions that meet certain restrictions.

The Trust's investments are also administered according to the Act and related rules. The Act authorizes the Trust to invest in the same investments allowed by the District as well as indexed funds of a regulated mutual fund and indexed funds administered by the state treasurer.

Deposits. At June 30, 2017, the District's carrying amount of bank deposits is \$2,028,289 and the bank balance is \$5,190,613. Of the bank balance, \$500,000 is covered by federal depository insurance and \$4,690,613 is uninsured and uncollateralized. No deposits are collateralized, nor are they required to be by state statute.

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- **Custodial credit risk.** Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

Investments. At June 30, 2017, the District and the Trust have investments in the PTIF. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities held by the Utah State Treasurer, including investment-grade corporate notes (77%), money market mutual funds (11%), top-rated commercial paper (9%), and certificates of deposit and repurchase agreements (3%). The portfolio has a weighted average maturity of 55 days. The PTIF is not rated. The reported value of the pool is the same as the fair value of the pool shares.

A portion of the Trust's investments are in an institutional mutual fund comprised primarily of marketable equity securities in large companies (60%) and marketable debt securities, namely, high-quality, intermediate bonds (40%). The weighted average maturity for all fixed income securities held by the mutual fund is 7.7 years. The mutual fund is not rated.

At June 30, 2017, the District and the Trust have the following investments summarized by investment type:

Investment Type	Fair Value
District:	
PTIF	\$ 353,996,101
Certificates of deposit	25,083
Total District	354,021,184
Trust:	
PTIF	12,015,477
Mutual fund	52,868,338
Total Trust	64,883,815
Total investments	\$ 418,904,999

- **Interest rate risk.** Interest rate risk is the risk that changes in interest rates and will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments do not exceed the period of availability of the funds invested. Except for endowments and the post-retirement benefits trust, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years. The District has no investment policy that would further limit its interest rate risk.
- **Credit risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service or by Standard & Poor's. The District has no investment policy that would further limit its investment choices.

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

- **Concentration of credit risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer.
- **Custodial credit risk.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties.

3. FAIR VALUE MEASUREMENTS

The District and Trust categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District and Trust have the following recurring fair value measurements as of June 30, 2017:

- Utah Public Treasurers' Investment Fund of \$366,011,578 is valued at the District's position in the PTIF multiplied by the published fair value factor (Level 2 inputs).
- Mutual fund of \$52,868,338 is valued at the daily closing price as reported by the fund (Level 1 inputs).
- Certificates of deposit of \$25,083 are valued at the original amount deposited at the financial institution plus interest earned on the certificate through the end of the fiscal year (Level 2 inputs).

4. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the county treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The lien date for real property in the State of Utah is the annual date on which the county assessor's office must establish the owner of record and assessed values of the property to be taxed. The lien date is January 1. The county assessor's office is required to complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30.

An annual uniform fee based on the age of motor vehicles is levied in lieu of an ad valorem tax on motor vehicles that is due each time a vehicle is registered. Revenues collected in each county from motor vehicles fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected.

As of June 30, 2017, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2017 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued

ALPINE SCHOOL DISTRICT
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interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion. The property taxes receivable and deferred inflows of resources accounts at June 30, 2017 are summarized as follows:

	Major Funds			Total Nonmajor Funds	Total Governmental Totals
	General	Debt Service	Capital Projects		
Receivable - property taxes:					
Levied for current and prior years (collected July and August 2017)	\$ 859,968	\$ 634,417	\$ 145,811	\$ 13,991	\$ 1,654,187
Levied for current and prior years (delinquent)	2,529,044	1,863,148	410,607	433,464	5,236,263
Levied for future year	<u>91,677,037</u>	<u>65,135,352</u>	<u>13,479,669</u>	<u>19,257,891</u>	<u>189,549,949</u>
Total receivable - property taxes	<u>\$ 95,066,049</u>	<u>\$ 67,632,917</u>	<u>\$ 14,036,087</u>	<u>\$ 19,705,346</u>	<u>\$ 196,440,399</u>
Deferred inflows of resources:					
Property taxes levied for future year	\$ 91,677,037	\$ 65,135,352	\$ 13,479,669	\$ 19,257,891	\$ 189,549,949
Unavailable property tax revenue (delinquent)	<u>2,529,044</u>	<u>1,863,148</u>	<u>410,607</u>	<u>433,464</u>	<u>5,236,263</u>
Total deferred inflows of resources	<u>\$ 94,206,081</u>	<u>\$ 66,998,500</u>	<u>\$ 13,890,276</u>	<u>\$ 19,691,355</u>	<u>\$ 194,786,212</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 63,874,729	\$ 10,875,517	\$ (2,499,321)	\$ 72,250,925
Construction in progress	79,117,977	34,699,789	(86,356,869)	27,460,897
Water stock	<u>1,671,286</u>	<u>-</u>	<u>-</u>	<u>1,671,286</u>
Total capital assets, not being depreciated	144,663,992	45,575,306	(88,856,190)	101,383,108
Capital assets, being depreciated:				
Buildings and improvements	929,308,535	86,356,869	-	1,015,665,404
Vehicles and equipment	<u>38,619,333</u>	<u>3,078,903</u>	<u>(768,006)</u>	<u>40,930,230</u>
Total capital assets, being depreciated	967,927,868	89,435,772	(768,006)	1,056,595,634
Accumulated depreciation for:				
Buildings and improvements	(346,434,360)	(29,731,454)	-	(376,165,814)
Equipment and vehicles	<u>(26,732,655)</u>	<u>(2,351,271)</u>	<u>789,546</u>	<u>(28,294,380)</u>
Total accumulated depreciation	<u>(373,167,015)</u>	<u>(32,082,725)</u>	<u>789,546</u>	<u>(404,460,194)</u>
Total capital assets, being depreciated, net	<u>594,760,853</u>	<u>57,353,047</u>	<u>21,540</u>	<u>652,135,440</u>
Governmental activity capital assets, net	<u>\$ 739,424,845</u>	<u>\$ 102,928,353</u>	<u>\$ (88,834,650)</u>	<u>\$ 753,518,548</u>

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For the year ended June 30, 2017, depreciation expense was charged to functions of the District as follows:

Instructional services	\$ 24,999,410
Supporting services:	
Students	305,408
Staff	50,562
District leadership	3,431
School leadership	582,870
Central	20,588
Operation & maintenance of facilities	2,123,261
Transportation	2,153,251
Nutrition services	1,792,425
Capital assets held by the District's internal service funds are charged to the various functions based on their usage of the assets	51,519
Total depreciation expense, governmental activities	\$ 32,082,725

The District is obligated at June 30, 2017 under construction commitments as follows:

Project	Project Authorized	Costs to Date	Costs to Complete
New Eagle Mountain High	\$ 75,040,715	\$ 5,162,557	\$ 69,878,158
New Lehi Elementary	18,658,098	1,158,004	17,500,094
New Eagle Mountain Elementary	18,297,710	1,497,042	16,800,668
Grovecrest Elementary Rebuild	15,112,612	14,817,152	295,460
Timpanogos High Roof Replacement	4,000,000	3,579,932	420,068
Special Ed Offices - AF Annex II	825,117	391,462	433,655
Pleasant Grove High - Replace Turf	585,808	585,808	-
Lone Peak High - North Parking Lot	454,125	251,475	202,650
Lakeridge Junior High - Classroom Remodel	92,150	17,465	74,685
	\$ 133,066,335	\$ 27,460,897	\$ 105,605,438

Costs to complete will be financed from unspent general obligation bond proceeds and restricted resources held in the capital projects fund.

6. RETIREMENT PLANS

Description of plans. Eligible employees of the District are provided with the following plans through the Utah Retirement Systems (URS) administered by the URS:

Defined Benefit Pension Plans (cost-sharing, multiple-employer plans):

- Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System)
- Public Employees Contributory Retirement System (Tier 1 Contributory System)
- Tier 2 Hybrid Public Employees Contributory Retirement System (Tier 2 Contributory System)

Defined Contribution Plans (individual account plans):

- 401(k) Plan (includes the Tier 2 Defined Contribution Plan)
- 457 Plan and other individual plans

ALPINE SCHOOL DISTRICT
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District employees qualify for membership in the retirement systems if a) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the District as approved by the Utah State Retirement Board, b) the employee is a classified school employee whose employment normally requires an average of 20 hours or more per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the District as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

Title 49 of the *Utah Code* grants the authority to establish and amend the benefit terms to the Utah State Retirement Board, whose members are appointed by the Governor. The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

The Tier 2 systems became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the systems, are members of the Tier 2 systems.

Benefits provided. The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans.

Retirement benefits in the defined benefit pension plans are determined from 1.50% to 2.00% of the employee's highest 3 or 5 years of compensation times the employee's years of service depending on the pension plan; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan's administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

Contributions. As a condition of participation in the plans, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

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For the year ended June 30, 2017, District required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates			District Rates for 401(k) Plan	Totals
	District Contribution	Amortization of UAAL *	Paid by District for Employee		
Tier 1 Noncontributory System	12.25%	9.94%	-	1.50%	23.69%
Tier 1 Contributory System	5.45%	12.25%	5.00%	-	22.70%
Tier 2 Contributory System **	8.30%	9.94%	-	1.78%	20.02%
Tier 2 Defined Contribution Plan **	0.08%	9.94%	-	10.00%	20.02%

* The District is required to contribute additional amounts based on covered-employee payroll to finance the unfunded actuarial accrued liability (UAAL) of the Tier 1 plans.

** District contribution includes 0.08% of covered-employee payroll of the Tier 2 plans for death benefits.

Employees can make additional contributions to defined contribution plans subject to limitations.

For the year ended June 30, 2017, District and employee contributions to the plans were as follows:

	District Contributions	Employee Contributions
Tier 1 Noncontributory System	\$ 36,419,681	\$ -
Tier 1 Contributory System	147,115	8,312
Tier 2 Contributory System *	8,031,715	-
401(k) Plan	5,021,655	2,869,562
457 Plan and other individual plans	-	807,724

* Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2017, the District reported a net pension asset of \$0 and a net pension liability of \$235,362,883 for the following plans:

	Measurement Date: December 31, 2016				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2015	Change from Prior Year
Tier 1 Noncontributory System	\$ -	\$ 232,693,886	7.1798782%	7.0418611%	0.1380171%
Tier 1 Contributory System	-	2,051,415	3.7437475%	3.7988725%	-0.0551250%
Tier 2 Public Employees System	-	617,582	5.5364018%	5.6255129%	-0.0891111%
Total	\$ -	\$ 235,362,883			

The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted

ALPINE SCHOOL DISTRICT
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actuarial procedures. The District's proportion of the net pension liability (asset) is equal to the ratio of the District's actual contributions compared to the total of all employer contributions during the plan year.

For the year ended June 30, 2017, the District recognized pension expense of \$56,282,758 for the defined benefit pension plans and pension expense of \$5,021,655 for the defined contribution plans. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,065,412
Changes of assumptions	25,071,278	2,942,358
Net difference between projected and actual earnings on pension plan investments	44,883,298	12,883,311
Changes in proportion and differences between contributions and proportionate share of contributions	3,577,724	-
District contributions subsequent to the measurement date	25,770,222	-
Total	\$ 99,302,522	\$ 28,891,081

The \$25,770,222 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2016 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2018	\$ 13,544,571
2019	14,152,116
2020	18,295,436
2021	(1,551,647)
2022	16,435
Thereafter	184,308

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.35% to 10.35%, average, including inflation
Investment rate of return	7.20%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality tables or were developed from actual experience, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

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The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2013. Changes of assumptions that affected measurement of the total pension liability since the prior measurement date include adjustments for inflation, salary increases, payroll growth, post retirement mortality, preretirement mortality, and certain demographics to more closely reflect actual experience.

The long-term expected rate of return on defined benefit pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-term Expected Real Rate of Return</u>
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Total	<u>100%</u>		5.23%
Inflation			<u>2.60%</u>
Expected arithmetic nominal return			<u>7.83%</u>

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60% and a real return of 4.60% that is net of investment expense.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was reduced to 7.20% from 7.50% from the prior measurement period.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

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	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 426,648,459	\$ 232,693,886	\$ 70,141,018
Tier 1 Contributory System	5,043,362	2,051,415	(489,582)
Tier 2 Contributory System	<u>4,203,669</u>	<u>617,582</u>	<u>(2,110,535)</u>
Total	<u>\$ 435,895,490</u>	<u>\$ 235,362,883</u>	<u>\$ 67,540,901</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Payables to the pension plans. At June 30, 2017, the District reported payables of \$11,849,390 for contributions to defined benefit pension plans and \$1,102,682 for contributions to defined contribution plans.

Other defined contribution plans. In addition to the plans provided by the URS, the District offers its employees deferred compensation plans created in accordance with Internal Revenue Service Code Sections 401(k), 403(b), and 457. The plans, available to all full-time employees, permit them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 401(k) plan totaled \$26,818, contributions to the Section 403(b) plan totaled \$1,882,987, and contributions to the Section 457 plan totaled \$11,950 for the year ended June 30, 2017. The assets of the plans are administered and held by a third-party administrator. The plan administrators have the authority to amend the plans.

Early retirement incentives. The District provides an early retirement stipend, restricted to those employees with a minimum of fifteen years of service in the District who have reached age 60, except those under age 60 who retire under provisions of the Utah State Employees' Retirement Act. Certificated and administrative employees will receive a stipend amounting to 54% and 50%, respectively, of the difference between the salary base of the existing employees' salary schedule and the basic contract amount that these employees would have been paid had they continued their assignment. Classified employees receive 25% of the amount they would have been paid had they continued their assignment. The District's payments to or for retirees in the years ended June 30, 2017 and 2016 were \$3,721,903 and \$4,223,734, respectively. Retirement payments are paid to a tax-deferred special pay plan on behalf of the employee when the employee retires. Payments are recognized as a termination benefit. This benefit is paid primarily from the general fund.

7. DISTRICT OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan administration and description. The District administers the Alpine School District Post-Retirement Medical Reimbursement Plan – a defined benefit OPEB plan (Plan). The Essential Governmental Function Trust Agreement (the Agreement) grants the authority to establish and amend the benefit terms to the District. The Plan does not issue a publicly available financial report.

Benefits provided. The OPEB plan provides healthcare insurance benefits for eligible retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the Plan.

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- **Medicare supplement benefit.** The Plan provides lifetime healthcare insurance (the Medicare Supplement Benefit) for eligible retirees (contract employees age 65 or older, who have completed at least 15 years of service with the District, retired under the provisions of the Utah Retirement System, and hired before July 1, 1995) through the District’s health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between District and employee groups and can be renegotiated each year.

This benefit is similar to that offered to active employees. If the retiree is eligible for Medicare, the benefits for prescription drug coverage are on the same basis as those on the active plan.

- **Retirement incentive healthcare benefit.** The Plan also provides healthcare insurance (the Retirement Incentive Healthcare Benefit) for eligible retirees (contract employees hired before March 1, 2006, retiring before age 65, completed immediately preceding retirement at least 20 years of service with the District, and have not previously retired) and their dependents. This benefit is based on years of service in the District as of July 1, 2006 as follows:

<u>Years of Service</u>	<u>Years of Healthcare Insurance</u>
1 to 10	4
11 to 19	5
20 or more	6

For retirees hired after July 1, 2000, this insurance coverage for the retiree and their dependents will not continue for the period of coverage when they become eligible to join Medicare. Once the retirement incentive period is over, retirees and their dependents may purchase insurance coverage at 106% of the active rate.

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,345
Active employees	1,728
Total	3,073

The Plan is closed to new entrants.

Contributions. The Agreement grants the authority to establish and amend the contribution requirements of the District. The District establishes rates based on an actuarially determined rate. For the year ended June 30, 2017, the District’s average contribution rate was 19.5% of covered payroll. Employees are not required to contribute to the Plan.

Investment policy. The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the District Investment Committee (Committee). It is the policy of the Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Committee’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Committee’s adopted asset allocation policy as of June 30, 2017:

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<u>Asset Class</u>	<u>Target Allocation</u>
Broad U.S. equities and bonds	80.0%
Short-term reserves	20.0%

Investment rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 6.0 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB liability. The District’s net OPEB liability of \$83,607,697 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.3%
Salary increases	2.3%, average, including inflation
Discount rate	6.0%
Healthcare cost trend rates	8.1% for 2017, decreasing per year to an ultimate rate of 4.0% for 2075 and later years

Mortality rates were based on SOA RP-2014 Mortality Table adjusted to 2006 total dataset mortality with scale MP-2016.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the year then ended.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 (see the discussion of the Committee’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Broad U.S. equities and bonds	10.7%
Short-term reserves	1.0%

The discount rate used to measure the total OPEB liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan’s investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

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Changes in the net OPEB liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at June 30, 2016	\$ 152,192,865	\$ 58,091,133	\$ 94,101,732
Changes for the year:			
Service cost	-	-	-
Interest	8,895,747	-	8,895,747
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions or other inputs	-	-	-
Benefit payments	(7,977,012)	(7,977,012)	-
Employer contributions	-	15,840,640	(15,840,640)
Member contributions	-	-	-
Net investment income	-	3,549,142	(3,549,142)
Administrative expenses	-	-	-
Net changes	<u>918,735</u>	<u>11,412,770</u>	<u>(10,494,035)</u>
Balances at June 30, 2017	<u>\$ 153,111,600</u>	<u>\$ 69,503,903</u>	<u>\$ 83,607,697</u>

Plan fiduciary net position as a percentage of the total OPEB liability 45.4%

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0%) or 1-percentage-point higher (7.0%) than the current discount rate:

	<u>1% Decrease (5.0%)</u>	<u>Discount Rate (6.0%)</u>	<u>1% Increase (7.0%)</u>
Net OPEB liability	<u>\$ 105,925,285</u>	<u>\$ 83,607,697</u>	<u>\$ 65,232,015</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.1% decreasing to 3.0%) or 1-percentage-point higher (9.1% decreasing to 5.0%) than the current healthcare cost trend rates:

	<u>1% Decrease (7.1% decreasing to 3.0%)</u>	<u>Healthcare Cost Trend Rates (8.1% decreasing to 4.0%)</u>	<u>1% Increase (9.1% decreasing to 5.0%)</u>
Net OPEB liability	<u>\$ 64,407,599</u>	<u>\$ 83,607,697</u>	<u>\$ 106,590,865</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended June 30, 2017, the District recognized negative OPEB expense of \$10,460,276. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 135,036	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2018	\$ 33,759
2019	33,759
2020	33,759
2021	33,759
2022	-
Thereafter	-

Payable to the OPEB plan. At June 30, 2017, the District reported a payable of \$4,620,088 for the outstanding amounts of contributions to the Trust.

8. RISK MANAGEMENT

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (USRMF). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the USRMF. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$500 deductible; other liability is limited to the lesser of \$10 million or the statutory limit. The USRMF is a public entity risk pool operated by the State for the benefit of the State and local governments within Utah. The District pays annual premiums to the USRMF. The USRMF obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The USRMF reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

The District provides contracted employees \$15,000 in term life insurance, \$5,000 for dependent life insurance, in addition to long-term disability coverage, that is also maintained on a premium basis. The District provides a \$5,000 death benefit that is maintained on a self-insured basis.

The District is self-insured for worker's compensation and retains a third-party administrator to process claims. All requirements of the State Industrial Commission related to maintaining a self-insured status have been met. Monthly premiums are charged to users and revenue is accumulated in the industrial

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

insurance internal service fund to cover the actual costs of operations. The unpaid claims are included as liabilities of the industrial insurance internal service fund. Liabilities are based on the estimated ultimate cost of settling claims using past experience adjusted for current trends. This liability is the District's best estimate based on information provided by the plan administrator. Liabilities of the industrial insurance fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The District carries a co-insurance policy to cover individual claims in excess of \$400,000. Changes in the balances of claims liabilities during the years ended June 30, 2017 and 2016 are listed as follows:

	2017	2016
Unpaid claims at beginning of year	\$ 341,792	\$ 359,055
Incurred claims	948,807	375,051
Claims paid	(835,167)	(392,314)
Unpaid claims at end of year	\$ 455,432	\$ 341,792

Unemployment compensation is handled on a cost-of-benefits reimbursement basis with the State of Utah.

9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 375,435,000	\$ 147,730,000	\$ (81,440,000)	\$ 441,725,000	\$ 44,715,000
Unamortized amounts for bond premiums	33,951,345	20,984,995	(5,391,751)	49,544,589	-
Total bonds payable, net	409,386,345	168,714,995	(86,831,751)	491,269,589	44,715,000
Obligations under capital lease	435,747	-	(435,747)	-	-
Claims payable	341,792	948,807	(835,167)	455,432	455,432
Compensated absences payable	3,113,928	3,215,593	(2,802,535)	3,526,986	3,174,287
Early retirement incentives	-	3,365,315	(3,365,315)	-	-
Net OPEB obligation	94,101,732	5,346,605	(15,840,640)	83,607,697	-
Net pension liability	223,585,595	57,249,234	(45,471,946)	235,362,883	-
Total governmental activity long-term liabilities	\$ 730,965,139	\$ 238,840,549	\$ (155,583,101)	\$ 814,222,587	\$ 48,344,719

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General obligation bonds. General obligation school building bonds payable at June 30, 2017, with their outstanding balances, are comprised of the following individual issues:

Series	Purpose	Original Amount	Remaining Interest Rate Range	Final Maturity Date	Current Outstanding Balance
2008	School building and bond refunding	\$ 84,000,000	4.00%	March 15, 2018	\$ 6,125,000
2009	School building and bond refunding	68,000,000	4.00%	March 15, 2019	7,425,000
2011	Bond refunding	17,430,000	4.00%	March 15, 2018	4,535,000
2012A	School building	52,000,000	2.10% to 5.00%	March 15, 2029	50,665,000
2012B	School building and bond refunding	64,675,000	2.10% to 5.00%	March 15, 2030	45,205,000
2013	School building	75,000,000	4.00% to 5.00%	March 15, 2031	75,000,000
2014	School building	48,000,000	3.00% to 5.00%	March 15, 2031	43,450,000
2015	Bond refunding	61,590,000	5.00%	March 15, 2023	61,590,000
2017	Bond refunding	32,730,000	5.00%	March 15, 2027	32,730,000
2017	School building	115,000,000	3.00% to 5.00%	March 15, 2034	115,000,000
Total general obligation bonds payable as of June 30, 2017					<u><u>\$ 441,725,000</u></u>

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2017, including interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 44,715,000	\$ 20,323,542	\$ 65,038,542
2019	38,860,000	17,409,993	56,269,993
2020	37,605,000	15,504,743	53,109,743
2021	35,335,000	13,624,493	48,959,493
2022	35,515,000	11,857,743	47,372,743
2023-2027	133,450,000	38,353,225	171,803,225
2028-2032	97,835,000	12,915,440	110,750,440
2033-2034	18,410,000	971,026	19,381,026
Total	<u><u>\$ 441,725,000</u></u>	<u><u>\$ 130,960,205</u></u>	<u><u>\$ 572,685,205</u></u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. For legal debt limit purposes under state law, the outstanding direct general obligation debt is increased by the premiums associated with debt issued. As of June 30, 2017, the total unamortized amount of bond premiums is \$49,544,589, resulting in total outstanding net direct debt of \$491,269,589. The legal debt limit at June 30, 2017 is \$1.4 billion. The legal debt limit less net direct debt equals an estimated additional debt incurring capacity of \$863.1 million.

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments. Compensated absences, claims payable, and early retirement benefits will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

On January 10, 2017 the District issued \$115,000,000 in general obligation bonds with interest rates ranging from 3.00% to 5.00%. Proceeds from this issuance including the amount of bond premiums of \$14,718,091 is used to finance the construction of new schools, the renovation of existing schools, and the acquisition of land to meet enrollment growth and safety requirements.

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Advance refundings. On January 10, 2017, the District issued \$32,730,000 of general obligation refunding bonds with a premium of \$6,266,904. The bonds were issued at an effective interest rate of 2.74% (annual rate of 5.00%) and will mature on March 15, 2027. The District issued the bonds to advance refund \$36,950,000 of outstanding Series 2009 general obligation bonds. The District deposited the net proceeds along with other resources in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the refunded portion of those bonds is considered defeased, and the District has removed the liability from its accounts. The advance refunding reduced total debt service payments over the next 8 years by \$3,209,100. This results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,579,613.

10. LITIGATION AND COMPLIANCE

There are several lawsuits pending in which the District is involved. The District's legal counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not significantly affect the financial statements of the District.

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would not be significant.

11. ENCUMBRANCES

At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year are as follows:

General fund	\$ 378,845
Capital projects fund	119,351,878
Total	<u>\$ 119,730,723</u>

12. RESTATEMENT

In 2017, the District adopted Government Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The new standards require the District to recognize a liability in its government-wide financial statements for the total liabilities related to the District's OPEB plan. The District is required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to the OPEB plan.

The governmental fund financial statements of the District are not affected by these new standards. Plan expenditures in the governmental funds continue to be recognized equal to the total of 1) amounts paid by the District to the plans and 2) the change between the beginning and ending balances of amounts of contributions currently payable to the plans.

The beginning net position reported in the government-wide financial statements of the District has been restated to reflect the new standards as follows:

ALPINE SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Beginning net position, as previously stated	\$ 312,342,964
Restatements:	
Deferred outflows of resources related to OPEB	168,795
Net OPEB liability	<u>(88,777,730)</u>
Beginning net position, as restated	<u><u>\$ 223,734,029</u></u>

The notes to the basic financial statements now include additional information about the OPEB plan. Also, the District will be presenting in required supplementary information 10-year schedules containing changes in the net OPEB obligation for each year presented and related ratios, OPEB contributions, and investment returns. Because this is the first year such information is available, only one year of required supplementary information is presented with these financial statements; information for additional years will be presented in future years as it becomes available.

13. SUBSEQUENT EVENTS

During August 2017, the District purchased buses totaling \$3,885,392 through capital lease arrangements in the capital projects fund.



ALPINE SCHOOL DISTRICT
Schedules of the District's Proportionate Share of the Net Pension Liability (Asset)
Utah Retirement Systems
Last Three Plan (Calendar) Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tier 1 Noncontributory System:			
District's proportion of the net pension liability (asset)	7.1798782%	7.0418611%	6.9856760%
District's proportionate share of the net pension liability (asset)	\$ 232,693,886	\$ 221,205,023	\$ 175,517,113
District's covered payroll	\$ 190,110,376	\$ 186,314,582	\$ 189,452,345
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	122.4%	118.7%	92.6%
Plan fiduciary net position as a percentage of the total pension liability	84.9%	84.5%	87.2%
Tier 1 Contributory System:			
District's proportion of the net pension liability (asset)	3.7437475%	3.7988725%	3.7698138%
District's proportionate share of the net pension liability (asset)	\$ 2,051,415	\$ 2,380,572	\$ 413,354
District's covered payroll	\$ 1,003,577	\$ 1,203,397	\$ 1,384,263
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	204.4%	197.8%	29.9%
Plan fiduciary net position as a percentage of the total pension liability	93.4%	92.4%	98.7%
Tier 2 Contributory System:			
District's proportion of the net pension liability (asset)	5.5364018%	5.6255129%	5.9722180%
District's proportionate share of the net pension liability (asset)	\$ 617,582	\$ (12,280)	\$ (180,985)
District's covered payroll	\$ 45,402,943	\$ 36,326,087	\$ 29,217,244
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.4%	0.0%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	95.1%	100.2%	103.5%

Note: This schedule is intended to show information for ten years; prior year information is not available. Additional years will be displayed as they become available. This information was provided by the Utah Retirement Systems and represents amounts for the District.

ALPINE SCHOOL DISTRICT
Schedules of District Contributions
Utah Retirement Systems
Last Three Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tier 1 Noncontributory System:			
Contractually required contribution	\$ 36,419,681	\$ 41,245,193	\$ 40,865,866
Contributions in relation to the contractually required contribution	<u>(36,419,681)</u>	<u>(41,245,193)</u>	<u>(40,865,866)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 166,448,944	\$ 188,385,883	\$ 187,235,083
Contributions as a percentage of covered payroll	21.9%	21.9%	21.8%
Tier 1 Contributory System:			
Contractually required contribution	\$ 147,115	\$ 187,010	\$ 226,878
Contributions in relation to the contractually required contribution	<u>(147,115)</u>	<u>(187,010)</u>	<u>(226,878)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 831,157	\$ 1,056,523	\$ 1,287,940
Contributions as a percentage of covered payroll	17.7%	17.7%	17.6%
Tier 2 Contributory System:			
Contractually required contribution	\$ 8,031,715	\$ 7,700,161	\$ 6,061,381
Contributions in relation to the contractually required contribution	<u>(8,031,715)</u>	<u>(7,700,161)</u>	<u>(6,061,381)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 44,141,085	\$ 42,217,066	\$ 33,248,487
Contributions as a percentage of covered payroll	18.2%	18.2%	18.2%

Note: This schedule is intended to show information for ten years; prior year information is not available. Additional years will be displayed as they become available. Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. Tier 2 plan contributions include required contributions to finance the unfunded actuarial accrued liability of the Tier 1 plans and for death benefits.

ALPINE SCHOOL DISTRICT
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Post-Retirement Benefits Plan
Last Fiscal Year

	2017
Total OPEB liability:	
Service cost	\$ -
Interest	8,895,747
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions and other inputs	-
Benefit payments	(7,977,012)
Net change in total OPEB liability	918,735
Total OPEB liability - beginning	152,192,865
Total OPEB liability - ending	\$ 153,111,600
 Fiduciary Net Position:	
Employer contributions	\$ 15,840,640
Net investment income	3,549,142
Benefit payments	(7,977,012)
Administrative expenses	-
Net change in fiduciary net position	11,412,770
Fiduciary net position - beginning	58,091,133
Fiduciary net position - ending	\$ 69,503,903
 Net OPEB liability	 \$ 83,607,697
 Fiduciary net position as a percentage of total OPEB liability	 45.4%
 Covered-employee payroll	 \$ 79,849,766
 Net OPEB obligation as a percentage of covered-employee payroll	 104.7%

Note: This schedule is intended to show information for ten years; prior year information is not available. Additional years will be displayed as they become available.

ALPINE SCHOOL DISTRICT
Schedule of District Contributions
Post-Retirement Benefits Plan
Last Fiscal Year

	2017
Actuarially determined contribution	\$ 10,454,385
Contributions in relation to the actuarially determined contribution	15,840,640
Contribution deficiency (excess)	\$ (5,386,255)
District's covered-employee payroll	\$ 79,849,766
Contributions as a percentage of covered-employee payroll	19.8%

Note: This schedule is intended to show information for ten years; prior year information is not available. Additional years will be displayed as they become available.

ALPINE SCHOOL DISTRICT
Schedule of District Investment Returns
Post-Retirement Benefits Plan
Last Fiscal Year

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	6.0%

Note: This schedule is intended to show information for ten years; prior year information is not available. Additional years will be displayed as they become available.

Note A. Changes in Assumptions-Utah Retirement Systems

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation assumption decreased from 2.75% to 2.60%.
- With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The rate of salary increases assumption for most groups was modified.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- The post retirement mortality assumption for female educators showed an improvement.
- Minor adjustments to the preretirement mortality assumption were made.
- Certain demographic assumptions were changed that generally resulted in a) an increase in members anticipated to terminate employment prior to retirement, b) a slight decrease in members expected to become disabled, and c) a slight increase in the expected age of retirement.

Note B. Schedules of District Contributions-Utah Retirement Systems

Contributions as a percentage of covered-employee payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

Note C. Changes in Assumptions and Benefit Terms-OPEB

Changes of benefit terms: As of July 1, 2017, if a retiree is enrolled in the Medicare supplement plan and decides to waive coverage under that plan, they will not be allowed to return to coverage at any point in the future.

Changes of assumptions: None

Note D. Schedules of District Contributions-OPEB

Valuation date: Actuarially determined contribution rate is calculated as of June 30.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Amortization period	15
Asset valuation method	Market value
Inflation	2.3%
Healthcare cost trend rates	8.1% initial, gradually decreasing per year to an ultimate rate of 4.0%
Salary Increases	2.3%
Discount rate	6.0%
Retirement age	65
Mortality	SOA RP-2014 adjusted to 2006 total dataset mortality with Scale MP-2016



Major Governmental Funds

General Fund – The general fund is used to account for resources which are not required legally or by sound financial management to be accounted for in another fund. Utah law defines the general fund as the maintenance and operation fund.

Debt Service – The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest due annually. Financing is provided by an annual required property tax levy. Payment of the principal and interest on the bonds when due is guaranteed not only by the full faith and credit and unlimited taxing power of the District, but also the State under the provisions of the Guaranty Act. The Guaranty Act establishes the Utah School Bond Default Avoidance Program (the “*Utah School Bond Guaranty Program*”). The State’s guaranty is contained in Section 53-A-28-201(2)(a) of the Guaranty Act.

Capital Projects Fund – The capital projects fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing education programs for all students within the District. Financing is provided by an annual property tax levy and from general obligation bond proceeds. Also, State funds can be obtained by qualifying under guidelines established for districts determined to be in critical need for construction building aid. Utah law defines the capital projects fund as the capital outlay fund.

ALPINE SCHOOL DISTRICT
Comparative Balance Sheets
General Fund
June 30, 2017 and 2016

	2017	2016
Assets:		
Cash and investments	\$ 172,309,970	\$ 148,793,813
Receivables:		
Property taxes	95,066,049	89,481,156
Other local	57,692	546,363
State	2,103,126	492,570
Federal	8,904,388	13,235,046
Total assets	\$ 278,441,225	\$ 252,548,948
 Liabilities, deferred inflows of resources, and fund balances:		
Liabilities:		
Accounts and contracts payable	\$ 2,670,141	\$ 4,753,424
Accrued salaries and related benefits	63,640,716	61,551,879
Unearned revenue:		
Other local	157,632	364,108
State	26,894,332	23,535,304
Federal	5,847	1,896
Total liabilities	93,368,668	90,206,611
Deferred inflows of resources:		
Unavailable property tax revenue	2,529,044	2,321,244
Property taxes levied for future year	91,677,037	86,051,959
Total deferred inflows of resources	94,206,081	88,373,203
Fund balances:		
Committed to:		
Economic stabilization	25,662,366	23,810,000
Employee benefit obligations	3,470,234	3,062,739
Contractual obligations	378,845	251,263
Assigned to:		
Retirement healthcare benefits	19,038,493	15,983,339
School textbooks and supplies	3,200,000	2,849,177
Employee compensation	23,630,464	15,467,366
Unassigned	15,486,074	12,545,250
Total fund balances	90,866,476	73,969,134
Total liabilities, deferred inflows of resources, and fund balances	\$ 278,441,225	\$ 252,548,948

ALPINE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2017
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property taxes	\$ 90,296,345	\$ 90,566,965	\$ 270,620	\$ 84,732,443
Earnings on investments	720,000	2,098,119	1,378,119	1,255,841
Other local sources	9,460,100	8,888,329	(571,771)	10,399,177
State sources	379,165,956	351,602,669	(27,563,287)	329,626,873
Federal sources	29,631,815	24,136,862	(5,494,953)	25,152,573
Total revenues	<u>509,274,216</u>	<u>477,292,944</u>	<u>(31,981,272)</u>	<u>451,166,907</u>
Expenditures:				
Current:				
Instructional services	373,693,704	327,875,601	45,818,103	319,940,341
Supporting services:				
Students	17,296,823	15,379,576	1,917,247	13,960,314
Instructional staff	19,953,282	18,215,962	1,737,320	18,499,321
District leadership	2,228,004	2,051,727	176,277	1,882,202
School leadership	32,046,480	31,885,555	160,925	29,607,942
Central	11,635,370	11,257,867	377,503	10,469,450
Operation and maintenance of facilities	40,762,527	37,815,483	2,947,044	35,044,666
Transportation	15,631,145	15,913,831	(282,686)	14,657,725
Total expenditures	<u>513,247,335</u>	<u>460,395,602</u>	<u>52,851,733</u>	<u>444,061,961</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	<u>(3,973,119)</u>	<u>16,897,342</u>	<u>20,870,461</u>	<u>7,104,946</u>
Fund balances - beginning	<u>73,969,134</u>	<u>73,969,134</u>	<u>-</u>	<u>66,864,188</u>
Fund balances - ending	<u>\$ 69,996,015</u>	<u>\$ 90,866,476</u>	<u>\$ 20,870,461</u>	<u>\$ 73,969,134</u>

ALPINE SCHOOL DISTRICT
Comparative Balance Sheets
Debt Service Fund
June 30, 2017 and 2016

	2017	2016
Assets:		
Cash and investments	\$ 20,994,610	\$ 15,213,110
Receivables - property taxes	67,632,917	66,059,418
Total assets	\$ 88,627,527	\$ 81,272,528
Deferred inflows of resources and fund balances:		
Deferred inflows of resources:		
Unavailable property tax revenue	\$ 1,863,148	\$ 1,781,713
Property taxes levied for future year	65,135,352	63,416,832
Total deferred inflows of resources	66,998,500	65,198,545
Fund balances:		
Restricted for debt service	21,629,027	16,073,983
Total deferred inflows of resources and fund balances	\$ 88,627,527	\$ 81,272,528

ALPINE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2017
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Property taxes	\$ 65,573,053	\$ 66,744,210	\$ 1,171,157	\$ 65,295,974
Earnings on investments	130,328	458,276	327,948	289,549
Total revenues	<u>65,703,381</u>	<u>67,202,486</u>	<u>1,499,105</u>	<u>65,585,523</u>
Expenditures:				
Debt service:				
Bond principal	44,490,000	44,490,000	-	41,720,000
Bond interest	17,149,443	17,149,443	-	17,663,563
Bond issuance costs	152,175	152,171	4	-
Paying agent fees	8,500	8,000	500	5,001
Total expenditures	<u>61,800,118</u>	<u>61,799,614</u>	<u>504</u>	<u>59,388,564</u>
Excess of revenues over expenditures	<u>3,903,263</u>	<u>5,402,872</u>	<u>1,499,609</u>	<u>6,196,959</u>
Other financing sources (uses):				
Refunding bonds issued	32,730,000	32,730,000	-	-
Premiums on bonds issued	6,266,904	6,266,904	-	-
Payment to refunded bond escrow agent	<u>(38,844,733)</u>	<u>(38,844,732)</u>	<u>1</u>	<u>-</u>
Total other financing sources (uses)	<u>152,171</u>	<u>152,172</u>	<u>1</u>	<u>-</u>
Net change in fund balances	4,055,434	5,555,044	1,499,610	6,196,959
Fund balances - beginning	<u>16,073,983</u>	<u>16,073,983</u>	<u>-</u>	<u>9,877,024</u>
Fund balances - ending	<u>\$ 20,129,417</u>	<u>\$ 21,629,027</u>	<u>\$ 1,499,610</u>	<u>\$ 16,073,983</u>

ALPINE SCHOOL DISTRICT
Comparative Balance Sheets
Capital Projects Fund
June 30, 2017 and 2016

	2017	2016
Assets:		
Cash and investments	\$ 133,561,720	\$ 27,789,211
Receivables:		
Property taxes	14,036,087	14,701,155
Other local	92,220	8,017
Total assets	\$ 147,690,027	\$ 42,498,383
 Liabilities, deferred inflows of resources, and fund balances:		
Liabilities:		
Accounts and contracts payable	\$ 5,758,850	\$ 5,810,604
Deferred inflows of resources:		
Unavailable property tax revenue	410,607	387,196
Property taxes levied for future year	13,479,669	14,128,252
Total deferred inflows of resources	13,890,276	14,515,448
Fund balances:		
Restricted for capital projects	128,040,901	22,172,331
Total liabilities, deferred inflows of resources, and fund balances	\$ 147,690,027	\$ 42,498,383

ALPINE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2017
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property taxes	\$ 14,719,489	\$ 14,869,539	\$ 150,050	\$ 14,155,923
Payment to charter schools (from property taxes)	(1,662,409)	(1,662,361)	48	(1,465,720)
Earnings on investments	605,652	885,482	279,830	439,588
RDA/EDA increment payment	1,139,000	1,139,584	584	1,214,815
Other local sources	200,000	92,135	(107,865)	124,711
State sources	10,450,000	10,452,000	2,000	13,348,349
Federal sources	-	-	-	144,551
Total revenues	<u>25,451,732</u>	<u>25,776,379</u>	<u>324,647</u>	<u>27,962,217</u>
Expenditures:				
Capital outlay:				
Purchased professional and technical services	43,165	64,240	(21,075)	55,820
Purchased property services	137,103,253	27,481,273	109,621,980	53,515,244
Supplies and materials	4,400,393	4,049,362	351,031	2,091,058
Property	48,482,291	27,931,407	20,550,884	29,767,682
Debt service:				
Bond issuance cost	523,091	523,091	-	-
Capital lease payments	443,250	438,953	4,297	1,096,002
Total expenditures	<u>190,995,443</u>	<u>60,488,326</u>	<u>130,507,117</u>	<u>86,525,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(165,543,711)</u>	<u>(34,711,947)</u>	<u>130,831,764</u>	<u>(58,563,589)</u>
Other financing sources:				
General obligation bonds issued	115,000,000	115,000,000	-	-
Premiums on bonds issued	14,718,091	14,718,091	-	-
Capital leases	3,885,392	-	(3,885,392)	-
Proceeds from sale of capital assets	5,400	5,421	21	53,406
Total other financing sources	<u>133,608,883</u>	<u>129,723,512</u>	<u>(3,885,371)</u>	<u>53,406</u>
Special item:				
Proceeds from the sale of land	10,850,000	10,857,005	7,005	2,422,606
Net change in fund balances	(21,084,828)	105,868,570	126,953,398	(56,087,577)
Fund balances - beginning	<u>22,172,331</u>	<u>22,172,331</u>	<u>-</u>	<u>78,259,908</u>
Fund balances - ending	<u>\$ 1,087,503</u>	<u>\$ 128,040,901</u>	<u>\$ 126,953,398</u>	<u>\$ 22,172,331</u>



Nonmajor Governmental Funds

Special Revenue Funds

Nutrition Services Fund – This fund is used to account for the nutrition service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the U.S. Government to help ensure that students receive low cost, nutritionally balanced meals.

Non K-12 Programs Fund – This fund is used to account for programs that are not part of the basic educational program of kindergarten, elementary, and secondary students. These areas include adult education and preschool for disabled students, which are funded primarily by the State of Utah and the U.S. Government. This fund was created July 1, 1991. The Community Recreation Fund was consolidated into the Non K-12 Programs Fund during the year ended June 30, 1994. As a result, this fund is also used to account for costs to provide for community educational and recreation activities, such as the Clear Creek summer education program, community school, District athletic programs, and building operation costs during these and other community activities. Financing is provided primarily by a portion of the board local levy and student fees. Fees charged to the users provide additional funds as necessary.

Tax Increment Financing Fund – This fund is used to account for property taxes levied by the District, but remitted directly to redevelopment agencies located within the boundaries of the District. Incremental taxes are levied as authorized by *Utah Code 17C-1*. Incremental taxes are recorded as revenue with an equivalent amount of expenditure representing the fact that these amounts are forwarded directly by the county to the redevelopment agencies and used at the agencies' discretion.

Alpine School District Foundation Fund – This fund is used to account for donations received from the private sector which are used to enhance public education programs within the District. The Foundation was formed September 18, 1984 as a tax-exempt nonprofit organization for the exclusive benefit of the District. The activities of the Foundation are governed by a twelve-member board of directors: a member of the Alpine School District Board of Education, a member of the association of classified employees of the District, a teacher employed by the District, the superintendent (or designee) of the District, and eight members from the general public. A voting majority of the Foundation's board is appointed by the Board of Education. The Foundation is reported as a blended component unit of the District because its activities and operations exclusively benefit the District.

Student Activity Fund – This fund is comprised of revenues and expenditures from school-based operations. The revenues comprise of interest earnings, gate receipts, fundraisers, and student fees. The expenditures support co-curricular and extra-curricular activities.

ALPINE SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	<u>Special Revenue</u>					Total Nonmajor Governmental Funds
	<u>Nutrition Services</u>	<u>Non K-12 Programs</u>	<u>Tax Increment Financing</u>	<u>Alpine School District Foundation</u>	<u>Student Activity</u>	
Assets:						
Cash and investments	\$ 4,930,078	\$ 2,899,873	\$ -	\$ 4,789,009	\$ 11,530,332	\$ 24,149,292
Receivables:						
Property taxes	-	1,401,841	18,303,505	-	-	19,705,346
Local	938	-	-	-	185	1,123
State	1,760,958	7,030	-	-	-	1,767,988
Federal	99,035	245,902	-	-	-	344,937
Inventories	219,173	-	-	-	-	219,173
Total assets	<u>\$ 7,010,182</u>	<u>\$ 4,554,646</u>	<u>\$ 18,303,505</u>	<u>\$ 4,789,009</u>	<u>\$ 11,530,517</u>	<u>\$ 46,187,859</u>
Liabilities, deferred inflows of resources, and fund balances:						
Liabilities:						
Accounts and contracts payable	\$ 18,784	\$ 3,586	\$ -	\$ 5,020	\$ 602,296	\$ 629,686
Accrued salaries and related benefits	195,063	-	-	-	-	195,063
Unearned revenue:						
Local	598,431	323,589	-	-	-	922,020
State	-	1,992,241	-	-	-	1,992,241
Total liabilities	<u>812,278</u>	<u>2,319,416</u>	<u>-</u>	<u>5,020</u>	<u>602,296</u>	<u>3,739,010</u>
Deferred inflows of resources:						
Unavailable property tax revenue	-	39,883	393,581	-	-	433,464
Property taxes levied for future year	-	1,347,967	17,909,924	-	-	19,257,891
Total deferred inflows of resources	<u>-</u>	<u>1,387,850</u>	<u>18,303,505</u>	<u>-</u>	<u>-</u>	<u>19,691,355</u>
Fund balances:						
Nonspendable:						
Inventories	219,173	-	-	-	-	219,173
Scholarships	-	-	-	22,090	-	22,090
Restricted for:						
Nutrition services	5,978,731	-	-	-	-	5,978,731
Schools	-	-	-	3,518,915	-	3,518,915
Committed to students	-	-	-	1,242,984	10,928,221	12,171,205
Assigned to recreation	-	847,380	-	-	-	847,380
Total fund balances	<u>6,197,904</u>	<u>847,380</u>	<u>-</u>	<u>4,783,989</u>	<u>10,928,221</u>	<u>22,757,494</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,010,182</u>	<u>\$ 4,554,646</u>	<u>\$ 18,303,505</u>	<u>\$ 4,789,009</u>	<u>\$ 11,530,517</u>	<u>\$ 46,187,859</u>

ALPINE SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2017

	Special Revenue					Total Nonmajor Governmental Funds
	Nutrition Services	Non K-12 Programs	Tax Increment Financing	Alpine School District Foundation	Student Activity	
Revenues:						
Property taxes	\$ -	\$ 1,439,713	\$ 13,991,670	\$ -	\$ -	\$ 15,431,383
Student fees	-	-	-	-	1,633,530	1,633,530
Lunch sales	7,282,309	-	-	-	-	7,282,309
Earnings on investments	63,169	41,886	-	47,419	131,615	284,089
Other local revenues	-	982,789	-	1,822,046	20,582,302	23,387,137
State sources	4,295,396	4,077,940	-	-	-	8,373,336
Federal sources	11,401,912	372,393	-	-	-	11,774,305
Total revenues	<u>23,042,786</u>	<u>6,914,721</u>	<u>13,991,670</u>	<u>1,869,465</u>	<u>22,347,447</u>	<u>68,166,089</u>
Expenditures:						
Current:						
Instructional services	-	7,017,398	13,991,670	1,672,718	21,816,801	44,498,587
Nutrition services	22,294,088	-	-	-	-	22,294,088
Total expenditures	<u>22,294,088</u>	<u>7,017,398</u>	<u>13,991,670</u>	<u>1,672,718</u>	<u>21,816,801</u>	<u>66,792,675</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	748,698	(102,677)	-	196,747	530,646	1,373,414
Fund balances - beginning	<u>5,449,206</u>	<u>950,057</u>	<u>-</u>	<u>4,587,242</u>	<u>10,397,575</u>	<u>21,384,080</u>
Fund balances - ending	<u>\$ 6,197,904</u>	<u>\$ 847,380</u>	<u>\$ -</u>	<u>\$ 4,783,989</u>	<u>\$ 10,928,221</u>	<u>\$ 22,757,494</u>

ALPINE SCHOOL DISTRICT
Comparative Balance Sheets
Nutrition Services
Nonmajor Special Revenue Fund
June 30, 2017 and 2016

	2017	2016
Assets:		
Cash and investments	\$ 4,930,078	\$ 4,034,747
Receivables:		
Local	938	-
State	1,760,958	1,554,656
Federal	99,035	80,113
Inventories	219,173	337,714
Total assets	\$ 7,010,182	\$ 6,007,230
Liabilities and fund balances:		
Liabilities:		
Accounts and contracts payable	\$ 18,784	\$ 22,690
Accrued salaries and related benefits	195,063	-
Unearned revenue:		
Local	598,431	535,334
Total liabilities	812,278	558,024
Fund balances:		
Nonspendable - inventories	219,173	337,714
Restricted for nutrition services	5,978,731	5,111,492
Total fund balances	6,197,904	5,449,206
Total liabilities and fund balances	\$ 7,010,182	\$ 6,007,230

ALPINE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Nutrition Services
Nonmajor Special Revenue Fund
Year Ended June 30, 2017
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Lunch sales	\$ 7,025,000	\$ 7,282,309	\$ 257,309	\$ 7,105,816
Earnings on investments	25,000	63,169	38,169	35,981
State sources	3,650,000	4,295,396	645,396	4,045,325
Federal sources	11,502,000	11,401,912	(100,088)	11,148,139
Total revenues	<u>22,202,000</u>	<u>23,042,786</u>	<u>840,786</u>	<u>22,335,261</u>
Expenditures:				
Current:				
Salaries	6,719,646	6,199,841	519,805	6,409,485
Employee benefits	3,956,178	3,867,899	88,279	3,695,500
Purchased professional and technical services	46,000	28,517	17,483	40,021
Purchased property services	110,000	91,790	18,210	86,457
Other purchased services	24,500	24,514	(14)	22,749
Supplies and materials	10,985,000	10,519,665	465,335	10,512,956
Property	205,000	214,103	(9,103)	170,731
Other	943,000	1,347,759	(404,759)	1,172,962
Total expenditures	<u>22,989,324</u>	<u>22,294,088</u>	<u>695,236</u>	<u>22,110,861</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(787,324)	748,698	1,536,022	224,400
Fund balances - beginning	<u>5,449,206</u>	<u>5,449,206</u>	<u>-</u>	<u>5,224,806</u>
Fund balances - ending	<u>\$ 4,661,882</u>	<u>\$ 6,197,904</u>	<u>\$ 1,536,022</u>	<u>\$ 5,449,206</u>

ALPINE SCHOOL DISTRICT
Comparative Balance Sheets
Non K-12 Programs
Nonmajor Special Revenue Fund
June 30, 2017 and 2016

	2017	2016
Assets:		
Cash and investments	\$ 2,899,873	\$ 2,883,234
Receivables:		
Property taxes	1,401,841	1,444,381
State	7,030	-
Federal	245,902	133,356
Total assets	\$ 4,554,646	\$ 4,460,971
Liabilities, deferred inflows of resources, and fund balances:		
Liabilities:		
Accounts and contracts payable	\$ 3,586	\$ 2,500
Unearned revenue:		
Local	323,589	364,576
State	1,992,241	1,725,498
Total liabilities	2,319,416	2,092,574
Deferred inflows of resources:		
Unavailable property tax revenue	39,883	50,401
Property taxes levied for future year	1,347,967	1,367,939
Total deferred inflows of resources	1,387,850	1,418,340
Fund balances:		
Assigned to recreation	847,380	950,057
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,554,646	\$ 4,460,971

ALPINE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non K-12 Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2017
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property taxes	\$ 1,435,411	\$ 1,439,713	\$ 4,302	\$ 1,888,810
Earnings on investments	36,000	41,886	5,886	27,768
Other local revenue	1,367,383	982,789	(384,594)	838,554
State sources	6,070,175	4,077,940	(1,992,235)	4,072,443
Federal sources	372,393	372,393	-	347,499
Total revenues	<u>9,281,362</u>	<u>6,914,721</u>	<u>(2,366,641)</u>	<u>7,175,074</u>
Expenditures:				
Current:				
Salaries	5,950,202	4,927,822	1,022,380	4,552,590
Employee benefits	2,664,782	1,793,682	871,100	1,803,297
Purchased professional and technical services	241,400	77,375	164,025	124,116
Other purchased services	67,988	57,125	10,863	58,649
Supplies and materials	300,843	161,394	139,449	131,859
Property	55,000	-	55,000	2,500
Total expenditures	<u>9,280,215</u>	<u>7,017,398</u>	<u>2,262,817</u>	<u>6,673,011</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	1,147	(102,677)	(103,824)	502,063
Fund balances - beginning	<u>950,057</u>	<u>950,057</u>	<u>-</u>	<u>447,994</u>
Fund balances - ending	<u>\$ 951,204</u>	<u>\$ 847,380</u>	<u>\$ (103,824)</u>	<u>\$ 950,057</u>

ALPINE SCHOOL DISTRICT
Comparative Balance Sheets
Tax Increment Financing
Nonmajor Special Revenue Fund
June 30, 2017 and 2016

	2017	2016
Assets:		
Receivables - property taxes	\$ 18,303,505	\$ 15,598,575
Deferred inflows of resources and fund balances:		
Deferred inflows of resources:		
Unavailable property tax revenue	\$ 393,581	\$ 395,575
Property taxes levied for future year	17,909,924	15,203,000
Total deferred inflows of resources	18,303,505	15,598,575
Fund balances	-	-
Total deferred inflows of resources and fund balances	\$ 18,303,505	\$ 15,598,575

ALPINE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Tax Increment Financing
Nonmajor Special Revenue Fund
Year Ended June 30, 2017
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property taxes	\$ 15,203,000	\$ 13,991,670	\$ (1,211,330)	\$ 13,045,157
Expenditures:				
Current:				
Instructional services	15,203,000	13,991,670	1,211,330	13,045,157
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ALPINE SCHOOL DISTRICT
Comparative Balance Sheets
Alpine School District Foundation
Nonmajor Special Revenue Fund
June 30, 2017 and 2016

	2017	2016
Assets:		
Cash and investments	\$ 4,789,009	\$ 4,587,242
Liabilities and fund balances:		
Liabilities:		
Accounts and contracts payable	\$ 5,020	\$ -
Fund balances:		
Nonspendable - scholarships	22,090	21,890
Restricted for schools	3,518,915	3,324,146
Committed to students	1,242,984	1,241,206
Total fund balances	4,783,989	4,587,242
Total liabilities and fund balances	\$ 4,789,009	\$ 4,587,242

ALPINE SCHOOL DISTRICT
Statements of Revenues, Expenditures and Changes in Fund Balances
Alpine School District Foundation
Nonmajor Special Revenue Fund
Year Ended June 30, 2017
With Comparative Totals for 2016

	2017	2016
Revenues:		
Local sources:		
Contributions	\$ 1,822,046	\$ 1,733,887
Earnings on investments	47,419	30,296
Total revenues	1,869,465	1,764,183
Expenditures:		
Current:		
Instructional services - supplies and materials donated to schools	1,672,718	1,416,888
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	196,747	347,295
Fund balances - beginning	4,587,242	4,239,947
Fund balances - ending	\$ 4,783,989	\$ 4,587,242

ALPINE SCHOOL DISTRICT
Comparative Balance Sheets
Student Activity
Nonmajor Special Revenue Fund
June 30, 2017 and 2016

	2017	2016
Assets:		
Cash and investments	\$ 11,530,332	\$ 11,041,434
Receivables:		
Local sources	185	50
Total assets	<u>\$ 11,530,517</u>	<u>\$ 11,041,484</u>
Liabilities and fund balances:		
Liabilities:		
Accounts and contracts payable	\$ 602,296	\$ 643,909
Fund balances:		
Committed to students	10,928,221	10,397,575
Total liabilities and fund balances	<u>\$ 11,530,517</u>	<u>\$ 11,041,484</u>

ALPINE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activity
Nonmajor Special Revenue Fund
Year Ended June 30, 2017
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Earnings on investments	\$ 86,009	\$ 131,615	\$ 45,606	\$ 81,143
Student fees	19,940,156	20,582,302	642,146	18,626,354
Other local	1,473,835	1,633,530	159,695	1,576,084
Total revenues	<u>21,500,000</u>	<u>22,347,447</u>	<u>847,447</u>	<u>20,283,581</u>
Expenditures:				
Current:				
Salaries	2,041,845	1,896,469	145,376	1,689,391
Employee benefits	379,615	324,197	55,418	314,087
Purchased professional and technical services	1,400,164	1,208,178	191,986	1,158,473
Purchased property services	193,667	166,221	27,446	109,875
Other purchased services	4,740,802	4,834,761	(93,959)	4,262,989
Supplies and materials	13,286,774	12,002,365	1,284,409	10,564,710
Property	1,457,133	1,384,610	72,523	1,343,996
Total expenditures	<u>23,500,000</u>	<u>21,816,801</u>	<u>1,683,199</u>	<u>19,443,521</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(2,000,000)	530,646	(835,752)	840,060
Fund balances - beginning	<u>10,397,575</u>	<u>10,397,575</u>	<u>-</u>	<u>9,557,515</u>
Fund balances - ending	<u>\$ 8,397,575</u>	<u>\$ 10,928,221</u>	<u>\$ (835,752)</u>	<u>\$ 10,397,575</u>



Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department to other departments or schools of the District on a cost reimbursement basis

Industrial Insurance Fund – This fund is used to account for industrial insurance services provided to departments and schools in the District. The District’s industrial insurance is maintained on a self-insured basis. Monthly premiums are charged to the users and revenue is accumulated to cover the actual costs of operations.

School Services Fund – This fund is used to account for the printing and central warehousing services provided to the departments and schools in the District.

ALPINE SCHOOL DISTRICT
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2017
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Industrial Insurance Fund</u>	<u>School Services Fund</u>	<u>Total</u>	<u>Total</u>
Assets and deferred outflows:				
Assets:				
Current assets:				
Cash and investments	\$ 1,919,122	\$ 3,114,759	\$ 5,033,881	\$ 4,749,485
Accounts receivable	-	3,131	3,131	263
Inventories	-	1,009,442	1,009,442	938,776
Total current assets	<u>1,919,122</u>	<u>4,127,332</u>	<u>6,046,454</u>	<u>5,688,524</u>
Capital assets:				
Land	-	15,701	15,701	15,701
Buildings and improvements	-	1,140,581	1,140,581	1,140,581
Vehicles and equipment	-	758,228	758,228	659,799
Accumulated depreciation	-	(1,205,345)	(1,205,345)	(1,172,226)
Net capital assets	<u>-</u>	<u>709,165</u>	<u>709,165</u>	<u>643,855</u>
Total assets	<u>1,919,122</u>	<u>4,836,497</u>	<u>6,755,619</u>	<u>6,332,379</u>
Deferred outflows of resources related to pensions	<u>18,613</u>	<u>148,408</u>	<u>167,021</u>	<u>152,662</u>
Total assets and deferred outflows	<u>\$ 1,937,735</u>	<u>\$ 4,984,905</u>	<u>\$ 6,922,640</u>	<u>\$ 6,485,041</u>
Liabilities, deferred inflows, and net position:				
Liabilities:				
Current liabilities:				
Accounts and contracts payable	\$ 12,818	\$ 81,538	\$ 94,356	\$ 53,579
Claims payable	455,432	-	455,432	341,792
Compensated absences payable	-	29,821	29,821	26,680
Total current liabilities	<u>468,250</u>	<u>111,359</u>	<u>579,609</u>	<u>422,051</u>
Noncurrent liabilities:				
Net pension liability	<u>44,115</u>	<u>351,751</u>	<u>395,866</u>	<u>373,562</u>
Total liabilities	<u>512,365</u>	<u>463,110</u>	<u>975,475</u>	<u>795,613</u>
Deferred inflows of resources related to pensions	<u>5,415</u>	<u>43,178</u>	<u>48,593</u>	<u>36,655</u>
Net position:				
Invested in capital assets	-	709,166	709,166	643,855
Unrestricted	<u>1,419,955</u>	<u>3,769,451</u>	<u>5,189,406</u>	<u>5,008,918</u>
Total net position	<u>1,419,955</u>	<u>4,478,617</u>	<u>5,898,572</u>	<u>5,652,773</u>
Total liabilities, deferred inflows, and net position	<u>\$ 1,937,735</u>	<u>\$ 4,984,905</u>	<u>\$ 6,922,640</u>	<u>\$ 6,485,041</u>

ALPINE SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2017
With Comparative Totals for 2016

	2017		2016	
	Industrial Insurance Fund	School Services Fund	Total	Total
Operating revenues:				
Industrial insurance premium	\$ 961,951	\$ -	\$ 961,951	\$ 909,388
Printing and warehouse services	-	1,428,081	1,428,081	1,394,918
Total operating revenues	<u>961,951</u>	<u>1,428,081</u>	<u>2,390,032</u>	<u>2,304,306</u>
Operating expenses:				
Salaries	49,034	432,304	481,338	473,885
Employee benefits	26,851	280,775	307,626	270,504
Medical Fees	835,167	-	835,167	392,314
Compensation claim payments	129,620	-	129,620	111,179
Excess workers compensation insurance	19,720	-	19,720	17,504
Maintenance agreements	-	76,307	76,307	65,683
Purchased services	127,874	12,740	140,614	103,221
Supplies and materials	-	152,027	152,027	180,503
Depreciation	-	51,519	51,519	99,111
Total operating expenses	<u>1,188,266</u>	<u>1,005,672</u>	<u>2,193,938</u>	<u>1,713,904</u>
Operating income (loss)	<u>(226,315)</u>	<u>422,409</u>	<u>196,094</u>	<u>590,402</u>
Nonoperating income:				
Earnings on investments	18,106	31,599	49,705	27,983
Change in net position	(208,209)	454,008	245,799	618,385
Net position - beginning	<u>1,628,164</u>	<u>4,024,609</u>	<u>5,652,773</u>	<u>5,034,388</u>
Net position - ending	<u>\$ 1,419,955</u>	<u>\$ 4,478,617</u>	<u>\$ 5,898,572</u>	<u>\$ 5,652,773</u>

ALPINE SCHOOL DISTRICT
Combining Statement of Fund Cash Flows
Internal Service Funds
Year Ended June 30, 2017
With Comparative Totals for 2016

	<u>2017</u>			<u>2016</u>
	<u>Industrial Insurance Fund</u>	<u>School Services Fund</u>	<u>Total</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from interfund charges for services	\$ 961,951	\$ 1,425,213	\$ 2,387,164	\$ 2,323,427
Payments to service providers and suppliers	(147,594)	(283,781)	(431,375)	(516,739)
Payments for medical fees and insurance claims	(838,329)	-	(838,329)	(522,930)
Payments to employees for salaries and benefits	(76,781)	(689,159)	(765,940)	(757,898)
Net cash provided (used) by operating activities	<u>(100,753)</u>	<u>452,273</u>	<u>351,520</u>	<u>525,860</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(116,829)	(116,829)	-
Cash flows from investing activities:				
Interest received	18,106	31,599	49,705	27,992
Net change in cash and cash equivalents	(82,647)	367,043	284,396	553,852
Cash and cash equivalents - beginning	<u>2,001,769</u>	<u>2,747,716</u>	<u>4,749,485</u>	<u>4,195,633</u>
Cash and cash equivalents - ending	<u>\$ 1,919,122</u>	<u>\$ 3,114,759</u>	<u>\$ 5,033,881</u>	<u>\$ 4,749,485</u>
Displayed on combining statement of net position as:				
Cash and investments	<u>\$ 1,919,122</u>	<u>\$ 3,114,759</u>	<u>\$ 5,033,881</u>	<u>\$ 4,749,485</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (226,315)	\$ 422,409	\$ 196,094	\$ 590,402
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	-	51,519	51,519	99,111
Changes in operating assets and liabilities:				
Accounts receivable	-	(2,868)	(2,868)	19,121
Inventories	-	(70,666)	(70,666)	(172,868)
Accounts and contracts payable	12,818	27,959	40,777	20,866
Claims payable	113,640	-	113,640	(17,263)
Compensated absences payable	-	3,141	3,141	2,662
Net pension liability and related deferrals	(896)	20,779	19,883	(16,171)
Total adjustments	<u>125,562</u>	<u>29,864</u>	<u>155,426</u>	<u>(64,542)</u>
Net cash provided (used) by operating activities	<u>\$ (100,753)</u>	<u>\$ 452,273</u>	<u>\$ 351,520</u>	<u>\$ 525,860</u>
Noncash investing, capital, and financing activities:	none	none	none	none

ALPINE SCHOOL DISTRICT
Statistical Section
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This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, related note disclosures, and required supplementary information says about the District's overall financial health.

	<u>Page</u>
Financial Trends	105 - 119
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	121 - 128
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	129 - 134
District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	135 - 137
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	139 - 151
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



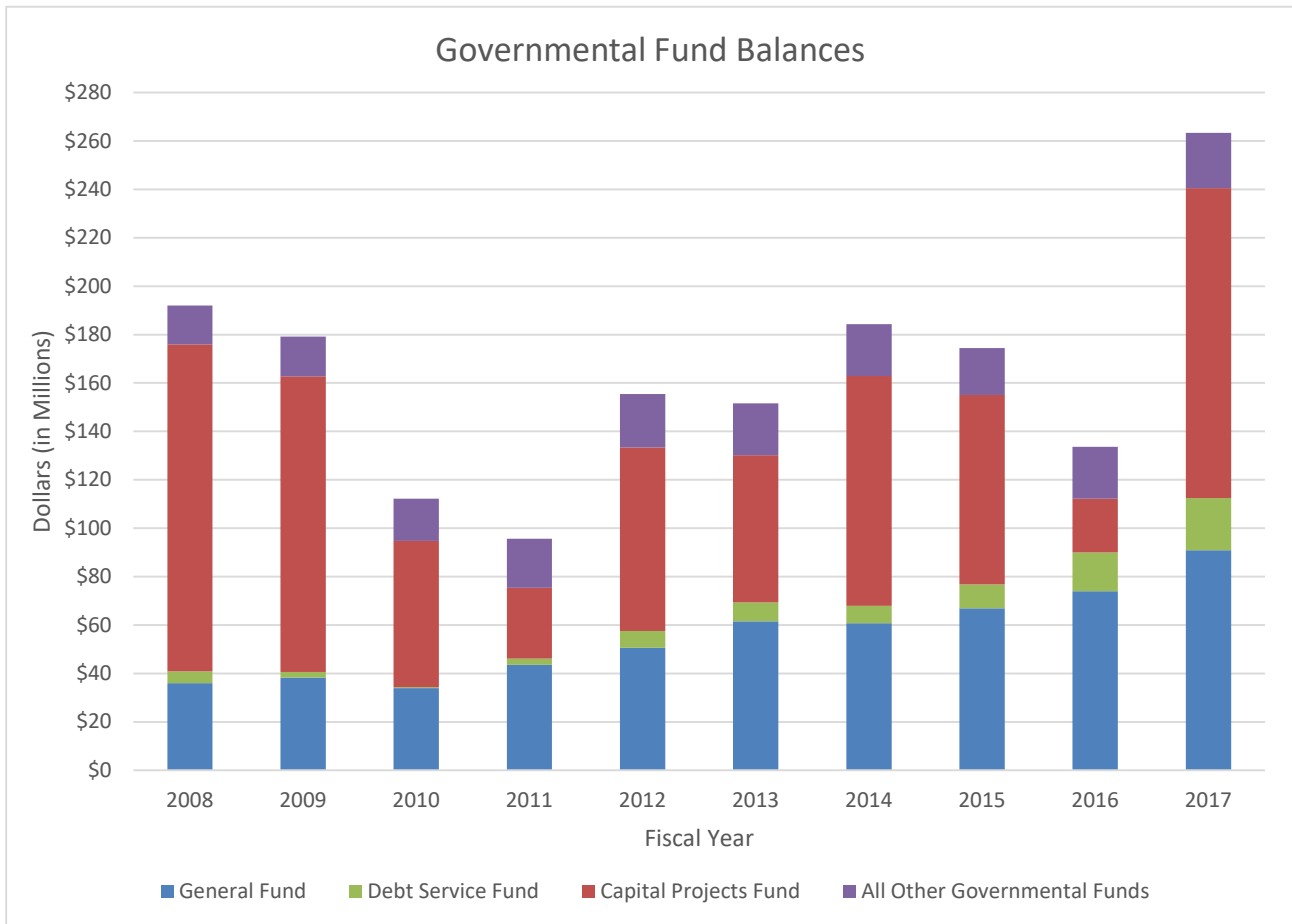
ALPINE SCHOOL DISTRICT
Statistical Section - Financial Trends
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Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



ALPINE SCHOOL DISTRICT
Comparative Statements of Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2017	2016	2015	2014	2013
Assets:					
Cash and investments	\$ 356,049,473	\$ 219,092,276	\$ 252,517,629	\$ 249,384,963	\$ 218,426,405
Receivables:					
Property taxes	196,440,399	187,284,685	170,745,142	151,146,500	145,274,623
Other local	154,166	554,693	160,659	123,276	26,764
State	3,871,114	2,047,226	1,313,103	1,986,939	1,645,232
Federal	9,249,325	13,448,515	10,705,535	9,781,883	8,727,827
Notes receivable	-	-	-	-	-
Inventories	1,228,615	1,276,490	953,704	895,912	1,064,324
Net other postemployment benefit asset	-	-	-	-	-
Net pension asset	-	12,280	180,985	-	-
Capital assets:					
Land, construction in progress, and water stock	101,383,108	144,663,992	124,764,863	145,236,017	116,501,623
Other capital assets, net of accumulated depreciation	652,135,440	594,760,853	583,828,521	509,356,453	503,740,749
Total assets	<u>1,320,511,640</u>	<u>1,163,141,010</u>	<u>1,145,170,141</u>	<u>1,067,911,943</u>	<u>995,407,547</u>
Deferred outflows of resources:					
Deferred charge on refunding	6,112,798	6,254,555	7,493,148	3,148,425	3,619,739
Amounts related to pensions	99,302,521	91,371,302	32,822,857	26,951,575	-
Amounts related to OPEB	135,036	168,795	-	-	-
Total deferred outflow of resources	<u>105,550,355</u>	<u>97,794,652</u>	<u>40,316,005</u>	<u>30,100,000</u>	<u>3,619,739</u>
Liabilities:					
Accounts and contracts payable	9,153,033	11,286,706	15,774,037	11,287,738	10,747,458
Accrued interest	5,927,700	4,764,593	4,417,132	5,118,861	4,613,573
Accrued salaries and related benefits	63,835,779	61,551,879	48,987,467	40,631,229	42,951,578
Unearned revenue:					
Other local	1,079,652	1,264,018	1,107,015	1,618,751	1,884,424
State	28,886,573	25,260,802	22,656,410	20,937,612	21,201,354
Federal	5,847	1,896	-	-	1,096
Noncurrent liabilities:					
Portion due and payable within one year	48,344,719	48,070,074	45,622,609	40,553,735	39,174,515
Portion due and payable in more than one year	765,877,868	682,895,065	606,332,348	612,252,074	370,580,783
Total liabilities	<u>923,111,171</u>	<u>835,095,033</u>	<u>744,897,018</u>	<u>732,400,000</u>	<u>491,154,781</u>
Deferred inflows of resources:					
Property taxes levied for future year	189,549,949	180,167,982	163,546,071	145,216,411	138,336,869
Amounts related to pensions	28,891,081	21,938,618	16,622,314	-	-
Total deferred inflows of resources	<u>218,441,030</u>	<u>202,106,600</u>	<u>180,168,385</u>	<u>145,216,411</u>	<u>138,336,869</u>
Net position:					
Net investment in capital assets	386,366,723	349,724,129	310,961,332	285,946,205	262,366,667
Restricted for:					
Debt service	17,564,475	13,091,103	7,247,830	4,335,066	5,923,023
Capital projects	10,446,542	8,692,706	26,689,749	28,657,260	26,452,766
Nutrition services	6,197,904	5,449,206	5,224,806	6,534,597	7,520,384
Recreation	-	-	-	-	-
Alpine Transition & Employment Center	-	-	-	-	-
Foundation	3,541,005	3,346,036	2,984,875	3,442,123	2,756,393
Unrestricted	(139,606,855)	(156,569,151)	(92,687,849)	(108,500,000)	64,516,403
Total net position	<u>\$ 284,509,794</u>	<u>\$ 223,734,029</u>	<u>\$ 260,420,743</u>	<u>\$ 220,415,251</u>	<u>\$ 369,535,636</u>

(1) The District implemented GASB Statements 68 and 71 in 2015, restating and decreasing beginning net position by \$174,797,841 for 2014.

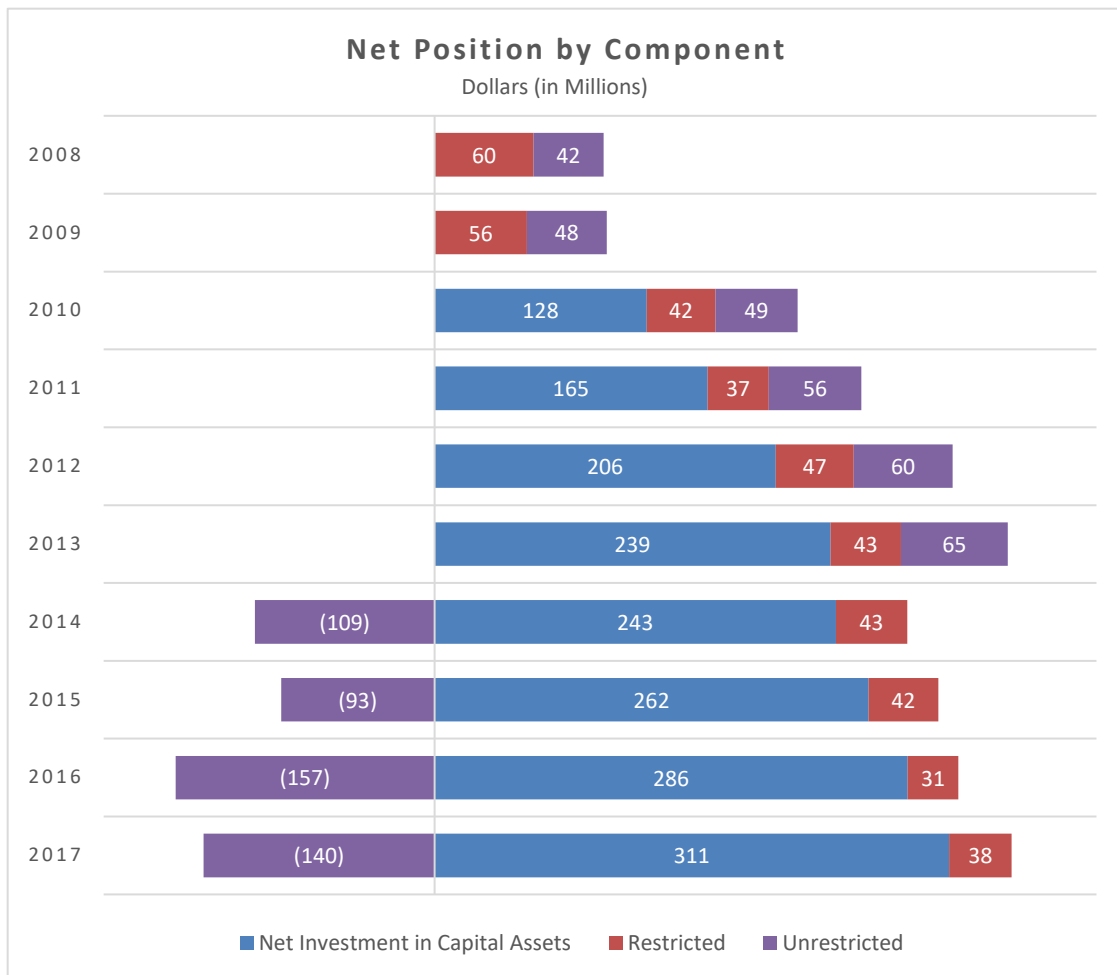
(2) The District implemented GASB Statements 74 and 75 in 2017, restating and decreasing beginning net position by \$88,608,935 for 2016.

	2012	2011	2010	2009	2008
\$	211,078,642	\$ 146,763,274	\$ 162,257,857	\$ 242,922,999	\$ 248,840,027
	144,207,525	137,985,440	138,601,859	142,637,787	132,754,941
	29,335	63,852	517,379	244,968	151,573
	1,338,315	1,161,110	441,342	1,035,275	1,064,817
	10,040,263	11,680,961	8,498,378	3,989,149	6,557,294
	-	-	1,948,084	2,153,459	2,360,328
	1,341,504	1,172,908	1,007,059	1,415,989	1,518,667
	-	1,281,096	5,528,259	998,161	200,542
	-	-	-	-	-
	64,299,503	166,631,374	150,741,508	209,270,574	120,478,564
	520,843,027	429,968,096	422,003,244	307,218,496	313,657,716
	953,178,114	896,708,111	891,544,969	911,886,857	827,584,469
	1,178,223	351,741	762,930	1,625,378	2,553,547
	-	-	-	-	-
	-	-	-	-	-
	1,178,223	351,741	762,930	1,625,378	2,553,547
	7,016,203	6,919,746	9,767,381	14,881,516	13,574,447
	4,979,168	4,541,155	4,934,398	5,121,951	4,865,814
	36,484,756	35,605,353	34,316,417	37,774,358	33,320,885
	2,144,138	2,063,629	1,944,399	1,885,019	1,961,036
	21,493,941	20,033,457	16,364,948	17,314,388	19,595,765
	-	-	1,234	16,290	10,259
	37,730,719	36,173,910	34,598,681	33,407,266	34,434,212
	360,780,532	333,012,817	368,270,623	403,414,307	366,257,167
	470,629,457	438,350,067	470,198,081	513,815,095	474,019,585
	134,256,391	126,371,168	124,767,142	130,770,213	125,909,056
	-	-	-	-	-
	134,256,391	126,371,168	124,767,142	130,770,213	125,909,056
	242,601,010	239,266,033	206,211,275	164,908,707	128,165,403
	5,976,952	1,241,776	(522,996)	1,081,805	1,817,240
	27,921,382	23,494,709	31,247,223	44,778,941	47,642,378
	9,127,018	8,733,043	7,415,476	6,488,505	7,007,328
	994,486	871,455	466,670	554,940	502,761
	-	-	46,886	45,272	37,996
	3,039,829	2,769,779	2,992,205	2,839,640	2,775,476
	59,809,812	55,961,822	49,485,937	48,229,117	42,260,793
\$	349,470,489	\$ 332,338,617	\$ 297,342,676	\$ 268,926,927	\$ 230,209,375

ALPINE SCHOOL DISTRICT
Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2008	\$ 128,165,403	\$ 59,783,179	\$ 42,260,793	\$ 230,209,375
2009	164,908,707	55,789,103	48,229,117	268,926,927
2010	206,211,275	41,645,464	49,485,937	297,342,676
2011	239,266,033	37,110,762	55,961,822	332,338,617
2012	242,601,010	47,059,667	59,809,812	349,470,489
2013	262,366,667	42,652,566	64,516,403	369,535,636
2014	285,946,205	42,969,046	(108,500,000)	220,415,251
2015	310,961,332	42,147,260	(92,687,849)	260,420,743
2016	349,724,129	30,579,051	(156,569,151)	223,734,029
2017	386,366,723	37,749,926	(139,606,855)	284,509,794

- (1) The District implemented GASB Statements 68 and 71 in 2015, restating and decreasing beginning net position by \$174,797,841 for 2014.
- (2) The District implemented GASB Statements 74 and 75 in 2017, restating and decreasing beginning net position by \$88,608,935 for 2016.





ALPINE SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses:					
Instructional services	\$ 410,410,955	\$ 393,349,939	\$ 355,983,664	\$ 338,826,156	\$ 326,461,394
Supporting services:					
Students	16,021,222	14,079,444	13,030,872	12,244,479	11,924,983
Instructional staff	18,552,534	18,406,632	17,541,571	15,927,265	15,033,668
District leadership	2,679,272	1,636,855	2,055,213	1,969,062	2,010,582
School leadership	33,555,551	29,912,946	27,329,195	26,947,632	25,384,283
Central	11,535,858	10,361,951	9,137,058	8,741,245	7,463,102
Operation and maintenance of facilities	40,574,511	36,841,416	35,701,343	36,063,100	34,567,859
Transportation	18,433,391	16,363,578	14,818,998	15,249,342	14,963,358
Nutrition services	23,004,845	22,451,709	23,303,184	22,957,537	24,157,744
Interest on long-term liabilities	14,968,494	14,775,318	14,815,807	14,662,948	13,867,045
Total expenses	<u>589,736,633</u>	<u>558,179,788</u>	<u>513,716,905</u>	<u>493,588,766</u>	<u>475,834,018</u>
Program revenues:					
Charges for services:					
Instruction	24,209,924	22,076,690	20,826,817	17,230,852	16,936,765
Supporting services	1,074,491	1,029,181	962,645	924,762	940,587
Nutrition services	7,282,309	7,105,816	6,978,846	7,017,122	7,544,504
Operating grants and contributions	144,679,967	138,005,959	131,886,622	140,436,845	135,868,419
Capital grants and contributions (1)	15,117,675	13,348,349	6,332,958	6,714,120	5,313,193
Total program revenues	<u>192,364,366</u>	<u>181,565,995</u>	<u>166,987,888</u>	<u>172,323,701</u>	<u>166,603,468</u>
Net (expense)/revenue	<u>(397,372,267)</u>	<u>(376,613,793)</u>	<u>(346,729,017)</u>	<u>(321,265,065)</u>	<u>(309,230,550)</u>
General revenues:					
Property taxes	186,249,870	177,683,538	160,711,135	139,439,160	131,877,696
Federal and state aid not restricted to specific purposes	251,207,205	236,531,444	217,429,355	202,133,518	192,034,239
Earnings on investments	3,775,671	2,188,149	1,689,142	1,729,669	2,153,193
Miscellaneous	8,557,602	12,132,883	6,909,744	3,635,307	3,230,567
Special item - gain on sale of land	8,357,684	-	-	-	-
Total general revenues	<u>458,148,032</u>	<u>428,536,014</u>	<u>386,739,376</u>	<u>346,937,654</u>	<u>329,295,695</u>
Change in net position, governmental activities	<u>\$ 60,775,765</u>	<u>\$ 51,922,221</u>	<u>\$ 40,010,359</u>	<u>\$ 25,672,589</u>	<u>\$ 20,065,145</u>

(1) State capital outlay foundation and enrollment growth programs based on state allocations, and donated capital assets.

2012	2011	2010	2009	2008
\$ 318,550,238	\$ 290,378,255	\$ 287,042,334	\$ 289,291,411	\$ 274,117,552
11,169,277	10,831,465	10,263,980	10,289,459	9,392,787
15,508,254	14,092,542	14,308,117	13,846,831	14,074,585
2,059,936	1,161,102	1,296,781	1,739,629	1,417,209
24,115,624	22,909,215	21,566,161	20,963,454	19,166,901
7,365,883	7,486,120	7,309,479	7,250,877	6,656,724
32,838,358	31,678,925	28,803,204	27,390,777	26,041,118
14,273,831	13,883,754	14,013,666	13,932,546	13,014,373
22,470,941	20,360,871	19,490,559	19,191,646	16,783,541
13,974,309	15,376,470	16,824,969	16,402,611	14,803,640
<u>462,326,651</u>	<u>428,158,719</u>	<u>420,919,250</u>	<u>420,299,241</u>	<u>395,468,430</u>
16,071,598	15,126,760	13,977,178	14,030,926	13,756,350
829,218	779,387	696,073	685,056	783,069
7,537,293	7,569,748	7,676,932	7,908,196	7,762,416
125,959,709	131,641,107	126,078,067	134,041,542	102,942,874
3,467,940	410,638	1,676,419	4,359,423	16,156,873
<u>153,865,758</u>	<u>155,527,640</u>	<u>150,104,669</u>	<u>161,025,143</u>	<u>141,401,582</u>
<u>(308,460,893)</u>	<u>(272,631,079)</u>	<u>(270,814,581)</u>	<u>(259,274,098)</u>	<u>(254,066,848)</u>
133,639,749	127,724,383	125,224,900	124,682,417	115,448,519
185,666,002	175,282,101	167,272,643	159,229,195	165,060,798
2,053,865	1,514,147	2,087,486	5,699,630	10,659,245
4,233,149	3,106,389	3,409,050	3,601,043	877,015
-	-	1,236,251	4,779,365	2,869,149
<u>325,592,765</u>	<u>307,627,020</u>	<u>299,230,330</u>	<u>297,991,650</u>	<u>294,914,726</u>
<u>\$ 17,131,872</u>	<u>\$ 34,995,941</u>	<u>\$ 28,415,749</u>	<u>\$ 38,717,552</u>	<u>\$ 40,847,878</u>

ALPINE SCHOOL DISTRICT
Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General fund balances:				
Committed	\$ 29,511,445	\$ 27,124,002	\$ 23,045,452	\$ 21,003,210
Assigned	45,868,957	34,299,882	31,879,640	27,854,750
Unassigned	15,486,074	12,545,250	11,939,096	11,939,095
Total general fund	<u>90,866,476</u>	<u>73,969,134</u>	<u>66,864,188</u>	<u>60,797,055</u>
Debt service fund balances:				
Restricted	<u>21,629,027</u>	<u>16,073,983</u>	<u>9,877,024</u>	<u>7,166,012</u>
Capital projects fund balances:				
Restricted	<u>128,040,901</u>	<u>22,172,331</u>	<u>78,259,908</u>	<u>94,854,818</u>
All other governmental fund balances:				
Nonspendable	241,263	359,604	209,656	328,763
Restricted	9,497,646	8,435,638	8,000,025	9,647,957
Committed	12,171,205	11,638,781	10,812,587	10,533,035
Assigned	847,380	950,057	447,994	940,288
Total other governmental fund balances	<u>22,757,494</u>	<u>21,384,080</u>	<u>19,470,262</u>	<u>21,450,043</u>
Total governmental fund balances	<u>\$ 263,293,898</u>	<u>\$ 133,599,528</u>	<u>\$ 174,471,382</u>	<u>\$ 184,267,928</u>

Notes:

Nonspendable includes inventories that are not expected to be converted to cash.

Restricted includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors.

Committed balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in government funds.

Assigned balances in the general fund and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes.

Unassigned balances in the general fund are all other available net fund resources.

The District implemented GASB Statement No. 54 in 2011. Fund balance categories for all years have been restated to reflect the new statement as if commitments and assignments had been approved in those years.

Source: District records

2013	2012	2011	2010	2009	2008
\$ 21,083,920	\$ 20,502,251	\$ 18,301,145	\$ 18,215,023	\$ 18,188,677	\$ 18,080,811
28,152,785	16,229,558	11,661,395	4,601,754	14,313,992	15,380,244
12,244,970	13,909,455	13,542,607	11,101,773	5,795,143	2,527,519
61,481,675	50,641,264	43,505,147	33,918,550	38,297,812	35,988,574
7,812,207	6,911,588	2,561,867	350,070	2,334,769	4,813,711
60,893,016	75,866,537	29,278,059	60,508,175	122,132,882	135,200,487
392,402	802,322	592,824	495,028	902,988	1,177,847
9,884,375	12,221,330	11,671,907	9,740,561	8,286,037	8,442,522
10,219,446	9,033,413	8,094,763	7,174,274	7,177,393	6,393,697
851,353	-	-	26,759	26,081	14,757
21,347,576	22,057,065	20,359,494	17,436,622	16,392,499	16,028,823
\$ 151,534,474	\$ 155,476,454	\$ 95,704,567	\$ 112,213,417	\$ 179,157,962	\$ 192,031,595

ALPINE SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:				
Property taxes	\$ 185,949,736	\$ 177,652,587	\$ 160,439,901	\$ 138,704,983
Earnings on investments	3,725,966	2,160,166	1,670,791	1,719,957
School lunch sales	7,282,309	7,105,816	6,978,846	7,017,122
Other local sources	35,140,715	34,513,582	29,760,141	24,638,559
State sources	370,428,005	351,092,990	319,425,319	310,403,009
Federal sources	35,911,167	36,792,762	36,223,616	35,584,694
Total revenue	<u>638,437,898</u>	<u>609,317,903</u>	<u>554,498,614</u>	<u>518,068,324</u>
Expenditures:				
Current:				
Instructional services	372,374,188	360,518,918	328,605,426	310,317,353
Supporting services:				
Students	15,379,576	13,960,314	13,209,667	12,244,479
Instructional staff	18,215,962	18,499,321	17,897,772	15,927,265
District leadership	2,051,727	1,882,202	1,684,089	1,629,510
School leadership	31,885,555	29,607,942	27,924,367	25,707,810
Central	11,257,867	10,469,450	9,457,176	8,741,245
Operation and maintenance of facilities	37,815,483	35,044,666	34,418,547	33,353,786
Transportation	15,913,831	14,657,725	13,403,972	13,576,229
Nutrition services	22,294,088	22,110,861	23,180,207	22,237,498
Capital outlay	59,526,282	85,429,804	92,716,388	71,024,606
Debt service:				
Principal retirement	44,490,000	41,720,000	38,020,000	36,510,000
Interest and fiscal charges	17,157,443	17,668,564	18,282,730	17,221,175
Bond issuance costs	675,262	-	484,922	338,463
Capital lease payments	438,953	1,096,002	1,830,377	-
Total expenditures	<u>649,476,217</u>	<u>652,665,769</u>	<u>621,115,640</u>	<u>568,829,419</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,038,319)</u>	<u>(43,347,866)</u>	<u>(66,617,026)</u>	<u>(50,761,095)</u>
Other financing sources (uses):				
General obligation bonds issued	115,000,000	-	48,000,000	75,000,000
Premium on bonds issued	20,984,995	-	16,712,252	7,064,797
Refunding bonds issued	32,730,000	-	61,590,000	-
Payment to refunded bond escrow agent	(38,844,732)	-	(72,824,952)	-
Equipment capital lease	-	-	3,328,264	-
Proceeds from sale of capital assets	5,421	2,476,012	14,916	1,429,752
Total other financing sources (uses)	<u>129,875,684</u>	<u>2,476,012</u>	<u>56,820,480</u>	<u>83,494,549</u>
Special item - proceeds from sale of land	10,857,005	-	-	-
Net change in fund balances	<u>\$ 129,694,370</u>	<u>\$ (40,871,854)</u>	<u>\$ (9,796,546)</u>	<u>\$ 32,733,454</u>
Debt service as a percentage of noncapital expenditures	10.26%	10.03%	10.46%	10.54%

2013	2012	2011	2010	2009	2008
\$ 134,860,400	\$ 135,018,477	\$ 129,887,599	\$ 124,307,507	\$ 119,330,344	\$ 113,470,733
2,141,700	2,041,541	1,505,922	2,078,239	5,676,165	10,616,625
7,544,504	7,537,293	7,569,748	7,676,932	7,908,196	7,762,416
24,193,660	24,070,107	21,728,945	21,189,513	20,965,509	17,950,071
291,509,042	269,983,155	251,470,498	246,211,375	247,764,341	256,045,054
39,323,049	42,907,371	53,843,384	46,450,209	48,087,481	26,444,973
<u>499,572,355</u>	<u>481,557,944</u>	<u>466,006,096</u>	<u>447,913,775</u>	<u>449,732,036</u>	<u>432,289,872</u>
289,972,179	275,427,563	262,657,349	270,278,472	268,325,673	249,445,699
11,924,983	11,169,277	10,831,465	10,263,980	10,289,459	9,392,787
15,033,668	15,508,254	14,092,542	14,308,117	13,846,831	14,074,585
1,570,584	1,454,668	1,234,963	1,303,149	1,278,059	1,158,996
24,268,876	22,988,857	22,007,454	20,871,022	20,108,793	18,485,279
7,463,102	7,365,883	7,486,120	7,309,479	7,250,877	6,654,189
31,992,966	30,313,818	29,690,320	27,187,387	25,875,703	24,527,294
13,401,585	12,742,129	12,126,393	12,108,576	11,958,027	11,208,947
23,545,541	22,083,568	19,974,332	19,278,324	19,136,438	16,708,239
73,248,636	33,064,389	53,574,883	86,060,155	111,752,364	92,079,099
35,060,000	33,950,000	32,145,000	30,030,000	30,815,000	28,270,000
16,003,623	15,175,017	16,922,438	17,990,136	16,713,096	14,592,763
454,563	654,263	-	-	714,918	559,042
-	-	-	-	-	-
<u>543,940,306</u>	<u>481,897,686</u>	<u>482,743,259</u>	<u>516,988,797</u>	<u>538,065,238</u>	<u>487,156,919</u>
<u>(44,367,951)</u>	<u>(339,742)</u>	<u>(16,737,163)</u>	<u>(69,075,022)</u>	<u>(88,333,202)</u>	<u>(54,867,047)</u>
35,000,000	52,000,000	-	-	68,000,000	84,000,000
9,295,179	9,529,441	-	-	1,730,481	1,540,407
29,675,000	17,430,000	-	-	-	-
(34,504,925)	(19,191,097)	-	-	-	-
-	-	-	-	-	4,456,022
960,717	343,285	228,313	3,355	-	-
<u>40,425,971</u>	<u>60,111,629</u>	<u>228,313</u>	<u>3,355</u>	<u>69,730,481</u>	<u>89,996,429</u>
-	-	-	2,127,122	5,729,088	2,992,449
<u>\$ (3,941,980)</u>	<u>\$ 59,771,887</u>	<u>\$ (16,508,850)</u>	<u>\$ (66,944,545)</u>	<u>\$ (12,873,633)</u>	<u>\$ 38,121,831</u>
10.55%	10.44%	11.20%	10.83%	10.84%	10.44%

ALPINE SCHOOL DISTRICT
Comparative Balance Sheets - General Fund
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:					
Cash and investments	\$ 172,309,970	\$ 148,793,813	\$ 127,774,631	\$ 111,932,693	\$ 113,233,784
Accounts receivable:					
Property taxes	95,066,049	89,481,156	80,527,309	76,480,461	74,399,584
Other local	57,692	546,363	83,757	83,924	24,199
State	2,103,126	492,570	304,206	171,406	51,047
Federal	8,904,388	13,235,046	10,434,889	8,326,100	8,329,399
Due from other funds	-	-	-	-	1,454,314
Total assets	<u>\$ 278,441,225</u>	<u>\$ 252,548,948</u>	<u>\$ 219,124,792</u>	<u>\$ 196,994,584</u>	<u>\$ 197,492,327</u>
Liabilities, deferred inflows or resources, and fund balances:					
Liabilities:					
Accounts and contracts payable	\$ 2,670,141	\$ 4,753,424	\$ 2,779,746	\$ 1,709,276	\$ 2,622,502
Accrued salaries and related benefits	63,640,716	61,551,879	48,987,467	40,631,229	42,951,578
Due to other funds	-	-	-	-	14,836
Unearned revenue:					
Other local	157,632	364,108	302,014	176,056	146,840
State	26,894,332	23,535,304	20,822,079	17,869,170	17,457,476
Federal	5,847	1,896	-	-	1,096
Total liabilities	<u>93,368,668</u>	<u>90,206,611</u>	<u>72,891,306</u>	<u>60,385,731</u>	<u>63,194,328</u>
Deferred inflows of resources:					
Unavailable property tax revenue	271,603	2,321,244	2,298,358	2,378,499	2,027,631
Property taxes levied for future year	93,934,478	86,051,959	77,070,940	73,433,299	70,788,693
Total deferred inflows of resources	<u>94,206,081</u>	<u>88,373,203</u>	<u>79,369,298</u>	<u>75,811,798</u>	<u>72,816,324</u>
Fund balances:					
Committed to:					
Economic stabilization	25,662,366	23,810,000	20,000,000	18,000,000	18,000,000
Employee benefit obligations	3,470,234	3,062,739	2,736,215	2,642,563	2,445,793
Contractual obligations	378,845	251,263	309,237	360,647	638,127
Assigned to:					
Retirement healthcare benefits	19,038,493	15,983,339	15,983,339	12,983,339	12,983,339
School textbooks	3,200,000	2,849,177	2,760,237	2,572,938	5,200,000
Employee compensation	23,630,464	15,467,366	13,073,064	12,157,881	9,839,656
Other purposes	-	-	63,000	140,592	129,790
Unassigned	15,486,074	12,545,250	11,939,096	11,939,095	12,244,970
Total fund balances	<u>90,866,476</u>	<u>73,969,134</u>	<u>66,864,188</u>	<u>60,797,055</u>	<u>61,481,675</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 278,441,225</u>	<u>\$ 252,548,948</u>	<u>\$ 219,124,792</u>	<u>\$ 196,994,584</u>	<u>\$ 197,492,327</u>

2012	2011	2010	2009	2008
\$ 93,941,657	\$ 84,937,487	\$ 71,933,322	\$ 86,701,836	\$ 79,507,700
74,874,021	69,393,489	62,478,157	67,883,858	61,893,659
4,775	5,224	514,980	225,651	100,688
71,224	99,323	47,895	355,179	370,938
9,873,254	9,358,813	7,318,073	3,726,969	6,417,585
1,079,204	1,265,673	2,239,276	1,304,001	1,365,985
\$ 179,844,135	\$ 165,060,009	\$ 144,531,703	\$ 160,197,494	\$ 149,656,555
\$ 1,483,693	\$ 1,234,739	\$ 1,372,018	\$ 1,844,600	\$ 2,266,839
36,484,756	35,605,353	34,316,417	37,774,358	33,320,885
18,066	11,329	4,188	6,968	24,183
393,895	393,596	328,326	270,540	273,283
17,475,221	16,534,285	13,740,890	15,202,374	17,150,105
-	-	1,234	-	10,259
55,855,631	53,779,302	49,763,073	55,098,840	53,045,554
3,442,798	4,002,964	4,941,955	4,381,016	1,957,384
69,904,442	63,772,596	55,908,125	62,419,826	58,665,043
73,347,240	67,775,560	60,850,080	66,800,842	60,622,427
18,000,000	16,000,000	16,000,000	16,000,000	16,000,000
2,427,709	2,259,092	2,192,642	2,109,676	1,898,780
74,542	42,053	22,381	79,001	182,031
6,483,339	2,628,561	2,628,561	12,428,561	13,716,123
2,697,752	2,073,574	1,973,193	1,885,431	1,664,121
7,000,467	6,959,260	-	-	-
48,000	-	-	-	-
13,909,455	13,542,607	11,101,773	5,795,143	2,527,519
50,641,264	43,505,147	33,918,550	38,297,812	35,988,574
\$ 179,844,135	\$ 165,060,009	\$ 144,531,703	\$ 160,197,494	\$ 149,656,555

ALPINE SCHOOL DISTRICT
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - General Fund
Proposed Budget for 2018 and Last Ten Fiscal Years

	Proposed Budget 2018	2017	2016	2015	2014
Revenues:					
Property taxes	\$ 91,677,037	\$ 90,566,965	\$ 84,732,443	\$ 75,546,882	\$ 71,831,159
Earnings on investments	810,000	2,098,119	1,255,841	823,734	844,216
Other local sources	9,480,000	8,888,329	10,399,177	6,861,293	3,814,570
State sources	403,824,138	351,602,669	329,626,873	304,085,392	295,308,535
Federal sources	29,059,188	24,136,862	25,152,573	24,641,078	24,366,571
Total revenues	<u>534,850,363</u>	<u>477,292,944</u>	<u>451,166,907</u>	<u>411,958,379</u>	<u>396,165,051</u>
Expenditures:					
Instructional services	391,853,238	327,875,601	319,940,341	287,895,656	286,021,243
Support services:					
Students	18,161,664	15,379,576	13,960,314	13,209,667	12,244,479
Instructional staff	20,950,946	18,215,962	18,499,321	17,897,772	15,927,265
District leadership	2,267,140	2,051,727	1,882,202	1,684,089	1,629,510
School leadership	33,935,513	31,885,555	29,607,942	27,924,367	25,707,810
Central	12,188,533	11,257,867	10,469,450	9,457,176	8,741,245
Operation and maintenance of facilities	42,380,141	37,815,483	35,044,666	34,418,547	33,353,786
Transportation	16,365,076	15,913,831	14,657,725	13,403,972	13,576,229
Total expenditures	<u>538,102,251</u>	<u>460,395,602</u>	<u>444,061,961</u>	<u>405,891,246</u>	<u>397,201,567</u>
Excess of (deficiency) revenues over (under) expenditures	<u>(3,251,888)</u>	<u>16,897,342</u>	<u>7,104,946</u>	<u>6,067,133</u>	<u>(1,036,516)</u>
Other financing sources (uses):					
Transfers	-	-	-	-	351,896
Net change in fund balance	<u>(3,251,888)</u>	<u>16,897,342</u>	<u>7,104,946</u>	<u>6,067,133</u>	<u>(684,620)</u>
Fund balances - beginning	<u>69,996,015</u>	<u>73,969,134</u>	<u>66,864,188</u>	<u>60,797,055</u>	<u>61,481,675</u>
Fund balances - ending	<u><u>\$ 66,744,127</u></u>	<u><u>\$ 90,866,476</u></u>	<u><u>\$ 73,969,134</u></u>	<u><u>\$ 66,864,188</u></u>	<u><u>\$ 60,797,055</u></u>

2013	2012	2011	2010	2009	2008
\$ 70,736,659	\$ 68,119,182	\$ 63,406,442	\$ 59,353,557	\$ 54,989,695	\$ 53,456,131
1,099,445	1,105,081	772,026	893,895	2,141,497	4,348,392
4,307,222	4,953,099	3,889,073	4,071,459	5,161,311	3,158,033
278,726,830	259,897,197	244,698,220	239,085,483	238,277,535	234,855,581
27,951,532	27,581,176	36,659,873	35,182,707	39,305,516	18,504,099
382,821,688	361,655,735	349,425,634	338,587,101	339,875,554	314,322,236
266,755,096	253,466,861	242,612,210	250,199,989	244,435,135	223,114,055
11,924,983	11,169,277	10,831,465	10,263,980	10,289,459	9,392,787
15,033,668	15,508,254	14,092,542	14,308,117	13,846,831	14,074,585
1,570,584	1,454,668	1,234,963	1,303,149	1,278,059	1,158,996
24,268,876	22,988,857	22,007,454	20,871,022	20,108,793	18,485,279
7,463,102	7,365,883	7,486,120	7,309,479	7,250,877	6,654,191
31,991,984	30,308,446	29,678,609	26,864,957	25,569,198	24,233,594
13,401,585	12,742,129	12,126,393	12,108,576	11,958,027	11,208,947
372,409,878	355,004,375	340,069,756	343,229,269	334,736,379	308,322,434
10,411,810	6,651,360	9,355,878	(4,642,168)	5,139,175	5,999,802
428,601	484,757	230,719	262,906	(2,829,937)	(7,114,205)
10,840,411	7,136,117	9,586,597	(4,379,262)	2,309,238	(1,114,403)
50,641,264	43,505,147	33,918,550	38,297,812	35,988,574	37,102,977
<u>\$ 61,481,675</u>	<u>\$ 50,641,264</u>	<u>\$ 43,505,147</u>	<u>\$ 33,918,550</u>	<u>\$ 38,297,812</u>	<u>\$ 35,988,574</u>



ALPINE SCHOOL DISTRICT
Statistical Section - Revenue Capacity
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Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



ALPINE SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Tax Years

Tax Year	Centrally Assessed	Residential	Industrial & Commercial	Agriculture	Personal	Total Taxable Assessed Value *	Total Direct Tax Rate	Estimated Taxable Value	Assessed Value as a Percentage of Actual Value
2007	\$ 430,180,964	\$ 11,308,280,687	\$ 3,012,149,038	\$ 244,223,701	\$ 611,872,119	\$ 15,606,706,509	0.006937	\$ 24,742,906,419	63.08%
2008	504,018,987	11,957,015,198	3,580,805,003	242,047,656	1,737,536,475	18,021,423,319	0.007057	27,683,315,024	65.10%
2009	536,522,796	10,579,575,070	4,427,303,227	159,852,498	1,373,678,250	17,076,931,841	0.007541	24,700,410,792	69.14%
2010	554,010,086	9,870,710,858	4,320,713,412	116,403,422	1,219,464,522	16,081,302,300	0.008220	23,394,988,565	68.74%
2011	552,995,413	9,323,513,100	4,055,979,528	124,418,821	1,122,028,330	15,178,935,192	0.008812	22,208,275,943	68.35%
2012	667,458,475	8,662,302,398	3,611,192,058	1,175,424,594	1,100,150,719	15,216,528,244	0.008828	22,196,087,255	68.56%
2013	820,716,479	9,274,896,603	3,792,821,731	1,172,177,893	1,184,394,822	16,245,007,528	0.008699	23,723,673,830	68.48%
2014	911,944,857	10,677,020,253	4,127,376,297	1,329,362,440	1,206,641,311	18,252,345,158	0.008429	26,869,281,870	67.93%
2015	994,363,320	11,920,628,737	4,463,540,722	1,485,011,693	1,369,829,523	20,233,373,995	0.008177	29,844,478,929	67.80%
2016	1,056,285,311	13,163,168,576	5,005,701,307	1,569,900,670	1,609,133,639	22,404,189,503	0.007718	33,004,136,086	67.88%

* Taxable assessed value before RDA adjustment and exemptions.

Note: Total taxable assessed values were calculated by reducing the fair market value of primary residential property by 45%, representing a partial property tax exemption for such property.

Source: Property Tax Division of the Utah State Tax Commission



ALPINE SCHOOL DISTRICT
Historical Summaries of Taxable Values of Property
Last Ten Tax Years

	<u>2016</u>		<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>Taxable</u>	<u>% of</u>	<u>Taxable</u>	<u>Taxable</u>	<u>Taxable</u>
	<u>Value</u>	<u>T.V.</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
Real property:					
Primary residential	\$ 12,950,097,742	55.7%	\$ 11,741,561,223	\$ 10,526,374,405	\$ 9,135,373,740
Other residential	213,070,834	0.9%	179,067,514	150,645,848	139,522,863
Commercial and industrial	5,005,701,307	21.5%	4,463,540,722	4,127,376,297	3,792,821,731
Agricultural and Farmland Assessment Act (FAA)	35,001,029	0.2%	30,216,351	29,280,421	25,298,959
Unimproved non FAA	1,534,899,641	6.6%	1,454,795,342	1,300,082,019	1,146,878,934
Total real property	<u>19,738,770,553</u>	<u>84.9%</u>	<u>17,869,181,152</u>	<u>16,133,758,990</u>	<u>14,239,896,227</u>
Personal property:					
Primary mobile homes	5,392,527	0.0%	5,344,807	5,437,132	5,218,407
SCME (Micron semi-conductor equipment)	669,086,094	2.9%	534,306,416	424,369,263	396,658,136
Other business personal	<u>934,655,018</u>	<u>4.0%</u>	<u>830,178,300</u>	<u>776,834,916</u>	<u>782,518,279</u>
Total personal property	1,609,133,639	6.9%	1,369,829,523	1,206,641,311	1,184,394,822
Fee in lieu / age based property	<u>854,637,927</u>	<u>3.7%</u>	<u>793,656,129</u>	<u>734,359,891</u>	<u>718,010,247</u>
Total locally assessed	22,202,542,119	95.5%	20,032,666,804	18,074,760,192	16,142,301,296
Centrally Assessed	<u>1,056,285,311</u>	<u>4.5%</u>	<u>994,363,320</u>	<u>911,944,857</u>	<u>820,716,479</u>
Total taxable value	<u>\$ 23,258,827,430</u>	<u>100.0%</u>	<u>\$ 21,027,030,124</u>	<u>\$ 18,986,705,049</u>	<u>\$ 16,963,017,775</u>
Total taxable value (less fee in lieu / age based property)	<u>\$ 22,404,189,503</u>		<u>\$ 20,233,373,995</u>	<u>\$ 18,252,345,158</u>	<u>\$ 16,245,007,528</u>

Source: Property Tax Division, Utah State Tax Commission.

2012	2011	2010	2009	2008	2007
Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
Value	Value	Value	Value	Value	Value
\$ 8,525,664,388	\$ 8,583,153,271	\$ 8,930,273,502	\$ 9,308,038,789	\$ 11,799,748,804	\$ 11,157,263,432
136,638,010	740,359,829	940,437,356	1,271,536,281	157,266,394	151,017,255
3,611,192,058	4,055,979,528	4,320,713,412	4,427,303,227	3,580,805,003	3,012,149,038
26,616,684	10,645,052	20,190,715	24,392,883	26,478,883	28,945,789
1,148,807,910	113,773,769	96,212,707	135,459,615	215,568,773	215,277,912
<u>13,448,919,050</u>	<u>13,503,911,449</u>	<u>14,307,827,692</u>	<u>15,166,730,795</u>	<u>15,779,867,857</u>	<u>14,564,653,426</u>
4,907,736	8,263,202	8,676,378	9,546,596	9,229,946	9,203,125
344,458,713	401,966,574	530,721,871	-	-	-
<u>750,784,270</u>	<u>711,798,554</u>	<u>680,066,273</u>	<u>1,364,131,654</u>	<u>1,728,306,529</u>	<u>602,668,994</u>
1,100,150,719	1,122,028,330	1,219,464,522	1,373,678,250	1,737,536,475	611,872,119
<u>698,718,851</u>	<u>702,387,139</u>	<u>1,108,991,257</u>	<u>996,525,383</u>	<u>1,051,279,838</u>	<u>1,048,398,519</u>
15,247,788,620	15,328,326,918	16,636,283,471	17,536,934,428	18,568,684,170	16,224,924,064
<u>667,458,475</u>	<u>552,995,413</u>	<u>554,010,086</u>	<u>536,522,796</u>	<u>504,018,987</u>	<u>430,180,964</u>
<u>\$ 15,915,247,095</u>	<u>\$ 15,881,322,331</u>	<u>\$ 17,190,293,557</u>	<u>\$ 18,073,457,224</u>	<u>\$ 19,072,703,157</u>	<u>\$ 16,655,105,028</u>
<u>\$ 15,216,528,244</u>	<u>\$ 15,178,935,192</u>	<u>\$ 16,081,302,300</u>	<u>\$ 17,076,931,841</u>	<u>\$ 18,021,423,319</u>	<u>\$ 15,606,706,509</u>

ALPINE SCHOOL DISTRICT
Property Tax Levies and Collections
 Last Ten Tax Years

Tax Year	Taxes Levied	Collected within the		Collections	Total Collections to Date	
		Calendar Year of the Levy	Percentage		in Subsequent	Amount	Percentage
		Amount	of Levy	Years		of Levy
2007	\$ 102,988,010	\$ 93,034,161	90.33%	\$ 8,095,796	\$ 101,129,957	98.20%
2008	113,567,937	98,930,036	87.11%	10,754,006	109,684,042	96.58%
2009	116,981,078	103,072,974	88.11%	9,898,960	112,971,934	96.57%
2010	121,067,402	108,906,185	89.96%	8,269,136	117,175,321	96.79%
2011	122,471,301	112,011,172	91.46%	7,187,856	119,199,028	97.33%
2012	122,859,238	113,196,953	92.14%	6,448,709	119,645,662	97.38%
2013	127,779,614	119,756,732	93.72%	4,956,218	124,712,950	97.60%
2014	148,498,591	139,149,968	93.70%	4,842,090	143,992,058	96.97%
2015	165,335,606	155,360,778	93.97%	4,320,197	159,680,975	96.58%
2016*	173,654,126	162,407,159	93.52%	-	162,407,159	93.52%

*Collections after December 31, 2016 not available. Will be shown in subsequent years.

This schedule recognizes collections on a calendar year (tax year) basis, whereas property tax collections reported in the basic financial statements are on a fiscal year basis. Collections exclude taxes from motor vehicles (fee-in-lieu).

Source: Utah County Treasurer's Office

ALPINE SCHOOL DISTRICT
Principal Property Taxpayers
Current Calendar Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (1)	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (1)
Pacificorp	\$ 672,238,433	1	3.00%	\$ 197,365,958	2	1.26%
IM Flash	302,661,600	2	1.35%	261,661,990	1	1.68%
Thanksgiving Point Developments	268,300,200	3	1.20%			
Dominion Energy (Questar Gas)	109,973,482	4	0.49%			
University Mall	90,947,500	5	0.41%	76,200,600	3	0.49%
Adobe	73,262,800	6	0.33%			
Walmart	65,634,800	7	0.29%			
Valley Properties	52,828,100	8	0.24%			
Outlets at Traverse Mountain	42,382,100	9	0.19%			
Timpanogos Regional Hospital	41,475,600	10	0.19%	31,071,176	9	0.20%
Anderson Geneva LLC et al.				53,477,300	4	0.34%
Qwest Communications				46,912,925	5	0.30%
Cabela's Retail Inc.				41,912,925	6	0.27%
Midtown Joint Venture LLC				32,770,355	7	0.21%
Kern River Transmission Co.				32,694,805	8	0.21%
TCU Canyon Park LLC				21,700,000	10	0.14%
	<u>\$ 1,719,704,615</u>		<u>7.69%</u>	<u>\$ 795,768,034</u>		<u>5.10%</u>
Taxable value	\$ 22,404,189,503			\$ 15,606,706,509		

(1) Excludes motor vehicles (fee-in-lieu)

Source: Utah County Assessor and Utah State Tax Commission

ALPINE SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
 Last Ten Tax Years
 (rate per \$1 of assessed value)

	Tax Rate Levied by Entity by Tax Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District direct rates										
Basic school (1)	0.001675	0.001736	0.001419	0.001535	0.001651	0.001591	0.001495	0.001433	0.001250	0.001311
Voted local (2)	0.001280	0.001339	0.001443	0.001600	0.001600	0.001719	0.001600	0.001600	0.001468	0.001400
Board local (3)	0.001135	0.001190	0.001287	0.001430	0.001456	0.000431	0.000400	0.000400	0.000391	0.000400
Special transportation (4)	-	-	-	-	-	0.000148	0.000137	0.000122	0.000123	0.000135
Recreation (5)	-	-	-	-	-	0.000117	0.000109	0.000097	0.000100	0.000106
Tort liability (6)	-	-	-	-	-	0.000025	0.000023	0.000020	0.000020	0.000022
Capital local (7)	0.000661	0.000697	0.000759	0.000848	0.000771	0.000443	0.000415	0.000368	0.000349	0.000360
10% of basic/other (8)	-	-	-	-	-	0.000901	0.000836	0.000743	0.000718	0.000718
General obligation debt (9)	0.002967	0.003215	0.003188	0.003286	0.003350	0.003437	0.003205	0.002758	0.002638	0.002485
Total Direct Rates	0.007718	0.008177	0.008096	0.008699	0.008828	0.008812	0.008220	0.007541	0.007057	0.006937
Overlapping rates										
Utah County	0.000834	0.000870	0.000916	0.001006	0.001127	0.001143	0.001108	0.000878	0.000809	0.000843
Alpine City	0.001388	0.001478	0.001611	0.001773	0.001916	0.001870	0.001226	0.001121	0.001029	0.001051
American Fork	0.002261	0.002362	0.002540	0.001279	0.002812	0.002794	0.002630	0.002423	0.002426	0.002213
Cedar Fort	0.001037	0.001099	0.001163	0.011683	0.001268	0.001244	0.001311	0.001280	0.001320	0.000954
Cedar Hills	0.002186	0.002315	0.002410	0.013305	0.003183	0.003153	0.002994	0.002768	0.002596	0.002616
Draper City*	0.001560	0.001701	0.001791	0.012319	0.002009	0.001996	0.001896	0.001818	0.001528	0.001616
Eagle Mountain	0.001081	0.001118	0.001192	0.013976	0.001668	0.001636	0.001510	0.001400	0.001230	0.001163
Highland City	0.001494	0.001568	0.001681	0.012318	0.002005	0.002004	0.001948	0.001804	0.001565	0.001420
Lehi City	0.002005	0.002090	0.002172	0.002432	0.002585	0.002519	0.002370	0.001789	0.001901	0.001834
Lindon City	0.001630	0.001741	0.001862	0.002043	0.002107	0.002080	0.001873	0.001686	0.001296	0.001390
Saratoga Springs	0.001994	0.002083	0.002233	0.002761	0.003054	0.003120	0.002744	0.002436	0.002019	0.000933
Orem City	0.001550	0.001652	0.001716	0.001871	0.001921	0.001879	0.001739	0.001676	0.001578	0.001670
Pleasant Grove City	0.001775	0.001875	0.001997	0.002237	0.002315	0.002256	0.002085	0.001943	0.001806	0.001608
Vineyard City	0.004000	0.002878	0.002816	0.002740	0.002758	0.002249	0.001815	0.001695	0.001802	0.001485

Limitations per Utah State Statute:

- (1) Rate established annually by Utah State Legislature
- (2) Maximum rate is 0.002000
- (3) Maximum rate is 0.001800
- (4) Maximum rate is 0.000300; collapsed into board local effective 2012
- (5) No maximum rate; collapsed into board local effective 2012
- (6) Maximum rate is 0.000100; collapsed into board local effective 2012
- (7) Maximum rate is 0.003000
- (8) Maximum rate based on formula and changes annually; collapsed into board local effective 2012
- (9) No maximum rate, but must have voter approval for bonds issued

Source: Utah Foundation Statistical Review of Government in Utah as compiled from property tax records of the Utah State Tax Commission and Utah Taxpayers.

* Part of Draper City is located in Salt Lake County.

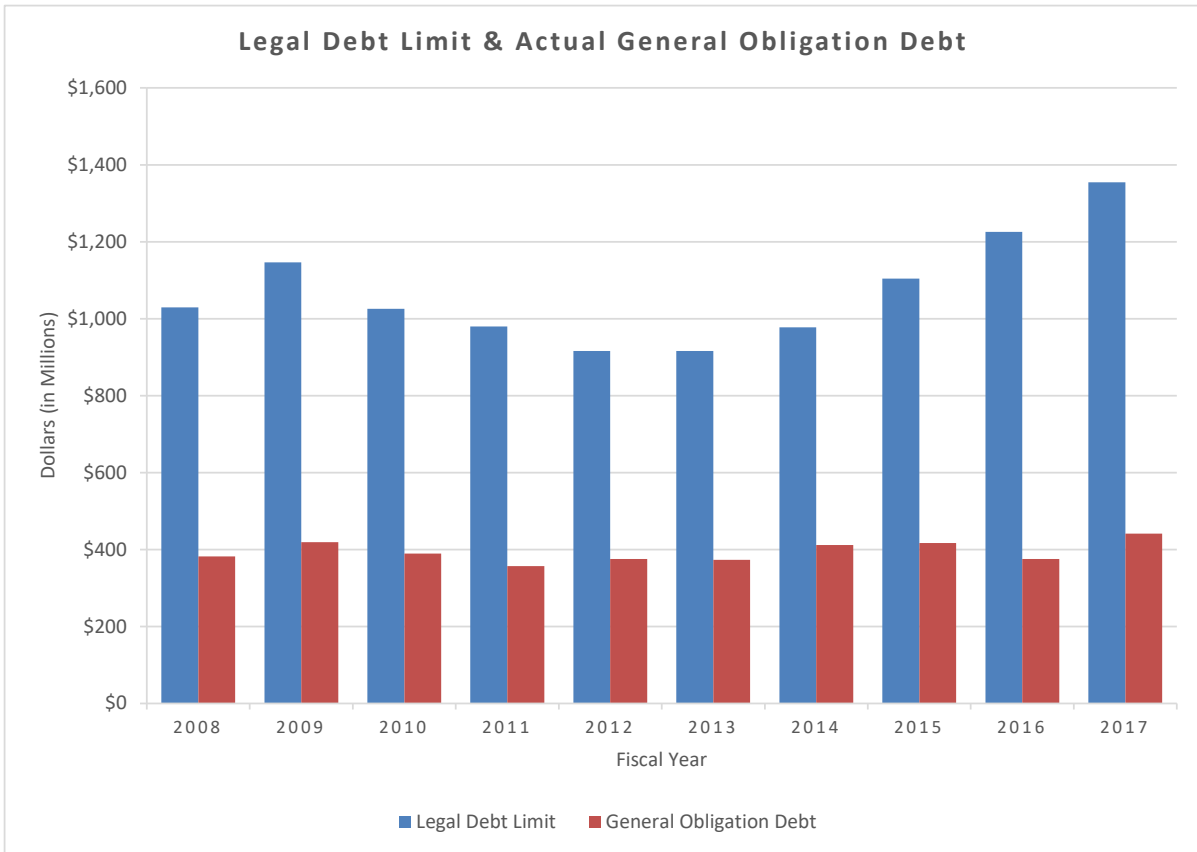
ALPINE SCHOOL DISTRICT
Statistical Section - Debt Capacity
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Debt Capacity

District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



ALPINE SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	General		Capital Leases	Total Outstanding Debt	Percentage of		Debt Per Capita	Debt Per Student
	Obligation Bonds (1)				Personal Income (2)	Population (3)		
2008	\$ 394,368,367	\$ 4,120,000	\$ 398,488,367	5.88%	259,816	\$ 1,534	\$ 6,841	
2009	431,789,000	2,509,000	434,298,000	6.07%	264,753	1,640	7,162	
2010	400,189,732	-	400,189,732	5.89%	274,435	1,458	6,278	
2011	366,480,818	-	366,480,818	5.04%	291,774	1,256	5,587	
2012	391,486,923	-	391,486,923	5.29%	295,365	1,325	5,786	
2013	396,562,710	-	396,562,710	5.18%	297,277	1,334	5,646	
2014	438,582,678	-	438,582,678	5.47%	303,540	1,445	6,096	
2015	455,597,890	1,830,377	457,428,267	5.19%	304,472	1,502	6,243	
2016	409,386,345	435,747	409,822,092	3.91%	325,067	1,261	5,470	
2017	491,269,589	-	491,269,589	4.25%	337,043	1,458	6,387	

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

(1) Presented net of unamortized amounts for bond issuance premiums

(2) Personal income data obtained from the Economic Development Corporation of Utah

(3) United States Census Bureau estimates

ALPINE SCHOOL DISTRICT
Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)	Per Student
2008	\$ 394,368,367	\$ 4,813,711	\$ 389,554,656	1.57%	\$ 1,499	\$ 6,687
2009	431,789,000	2,334,769	429,454,231	1.55%	1,622	7,082
2010	400,189,732	350,070	399,839,662	1.62%	1,457	6,272
2011	366,480,818	2,561,867	363,918,951	1.56%	1,247	5,548
2012	391,486,923	6,911,588	384,575,335	1.73%	1,302	5,684
2013	396,562,710	7,812,207	388,750,503	1.75%	1,308	5,535
2014	438,582,678	7,166,012	431,416,666	1.82%	1,421	5,996
2015	455,597,890	9,877,024	445,720,866	1.66%	1,464	6,083
2016	409,386,345	16,073,983	393,312,362	1.32%	1,210	5,249
2017	491,269,589	21,629,027	469,640,562	1.42%	1,393	6,106

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

(1) Presented net of unamortized amounts for bond issuance premiums

(2) This is the amount restricted for debt service principal payments

(3) Estimated actual taxable value of property obtained from the Property Tax Division of the Utah State Tax Commission

(4) Population data obtained from United States Census Bureau estimates

ALPINE SCHOOL DISTRICT
Direct and Overlapping General Obligation Debt
Year Ended June 30, 2017

<u>Taxing Entity (1)</u>	<u>Taxable Value (2)</u>	<u>District's Portion of Taxable Value</u>	<u>District's Percentage of Taxable Value (3)</u>	<u>Entity's Outstanding General Obligation Debt</u>	<u>District's Portion of General Obligation Debt</u>
Overlapping:					
CUWCD (4)	\$ 140,993,960,030	\$ 22,418,039,645	15.9%	\$ 225,509,359	\$ 35,855,988
Orem City	5,362,013,534	5,362,013,534	100.0%	8,535,000	8,535,000
Draper City	5,049,944,417	196,947,832	3.9%	3,680,000	143,520
American Fork City (5)	1,979,753,740	1,979,753,740	100.0%	42,025,000	42,025,000
Pleasant Grove City	1,851,376,390	1,851,376,390	100.0%	12,985,000	12,985,000
Highland City	1,299,678,374	1,299,678,374	100.0%	1,900,000	1,900,000
Cedar Hills	483,270,063	483,270,063	100.0%	5,120,000	5,120,000
Total overlapping general obligation debt					106,564,508
Alpine School District's direct general obligation debt (6)					491,269,589
Total direct and overlapping general obligation debt					<u>\$ 597,834,097</u>

Notes:

- (1) The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of its general obligation bonds.
- (2) Taxable Value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Overlapping governments are those that coincide, at least in part, with geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the District. The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the District's boundaries and dividing it by each unit's total taxable assessed value. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.
- (4) Central Utah Water Conservancy District (CUWCD) encompasses all or a portion of ten Utah counties. CUWCD's outstanding general obligation bonds are limited ad valorem tax bonds. By law, CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding general obligation indebtedness.
- (5) American Fork City levies a property tax for 80% of its debt service on general obligation bond debt. The remaining 20% of its debt service on general obligation bond debt is paid from user fee revenues.
- (6) The District's direct general obligation bonded indebtedness includes unamortized amounts for bond issuance premiums.

Source: Property Tax Division of the Utah State Tax Commission Taxable Value and Taxing Entity's Financial Records (entity's outstanding general obligation debt).

ALPINE SCHOOL DISTRICT
Debt Service Schedule of Outstanding General Obligation Bonds
As of June 30, 2017

Year Ending June 30,	Series 2017		Series 2017 Refunding		Series 2015 Refunding		Series 2014		Series 2013		Series 2012B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ 4,400,000	\$ 5,799,624	\$ -	\$ 1,868,338	\$ 4,930,000	\$ 3,079,500	\$ 2,260,000	\$ 1,702,700	\$ 3,990,000	\$ 3,319,350	\$ 12,250,000	\$ 1,839,050
2018-19	4,820,000	4,859,963	-	1,636,500	11,550,000	2,833,000	2,375,000	1,668,800	4,100,000	3,119,850	2,155,000	1,226,550
2019-20	5,065,000	4,618,963	3,435,000	1,636,500	12,135,000	2,255,500	2,495,000	1,550,050	4,315,000	2,914,850	2,260,000	1,118,800
2020-21	4,205,000	4,365,713	3,595,000	1,464,750	12,735,000	1,648,750	2,620,000	1,425,300	4,530,000	2,699,100	2,375,000	1,005,800
2021-22	5,555,000	4,155,463	3,775,000	1,285,000	13,365,000	1,012,000	2,750,000	1,294,300	4,750,000	2,472,600	2,490,000	887,050
2022-23	5,810,000	3,878,713	3,970,000	1,096,250	6,875,000	343,750	2,890,000	1,156,800	5,000,000	2,235,100	2,615,000	762,550
2023-24	6,105,000	3,588,213	4,165,000	897,750	-	-	3,030,000	1,012,300	5,250,000	1,985,100	2,750,000	631,800
2024-25	6,410,000	3,282,963	4,370,000	689,500	-	-	3,185,000	860,800	5,450,000	1,722,600	2,830,000	549,300
2025-26	6,730,000	2,962,463	4,600,000	471,000	-	-	3,310,000	765,250	5,675,000	1,504,600	2,915,000	464,400
2026-27	7,070,000	2,625,963	4,820,000	241,000	-	-	3,445,000	665,950	5,900,000	1,277,600	3,000,000	376,950
2027-28	7,425,000	2,272,463	-	-	-	-	3,580,000	528,150	6,125,000	1,041,600	3,100,000	286,950
2028-29	7,800,000	1,901,213	-	-	-	-	3,725,000	402,850	6,380,000	796,600	3,185,000	193,950
2029-30	8,025,000	1,667,213	-	-	-	-	3,835,000	272,475	6,635,000	541,400	3,280,000	98,400
2030-31	8,425,000	1,265,963	-	-	-	-	3,950,000	138,250	6,900,000	-	-	-
2031-32	8,765,000	928,963	-	-	-	-	-	-	-	-	-	-
2032-33	9,025,000	666,013	-	-	-	-	-	-	-	-	-	-
2033-34	9,385,000	305,013	-	-	-	-	-	-	-	-	-	-
	\$ 115,000,000	\$ 49,144,882	\$ 32,730,000	\$ 11,286,588	\$ 61,590,000	\$ 11,172,500	\$ 43,450,000	\$ 13,443,975	\$ 75,000,000	\$ 25,906,350	\$ 45,205,000	\$ 9,441,550

Year Ending June 30,	Series 2012A		Series 2011		Series 2009		Series 2008		Total		Grand Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ 2,575,000	\$ 1,991,580	\$ 4,535,000	\$ 181,400	\$ 3,650,000	\$ 297,000	\$ 6,125,000	\$ 245,000	\$ 44,715,000	\$ 20,323,542	\$ 65,038,542	\$ 1,839,050
2018-19	10,085,000	1,914,330	-	-	3,775,000	151,000	-	-	38,860,000	17,409,993	56,269,993	1,226,550
2019-20	7,900,000	1,410,080	-	-	-	-	-	-	37,605,000	15,504,743	53,109,743	1,118,800
2020-21	5,275,000	1,015,080	-	-	-	-	-	-	35,335,000	13,624,493	48,959,493	1,005,800
2021-22	2,850,000	751,330	-	-	-	-	-	-	35,515,000	11,857,743	47,372,743	887,050
2022-23	2,915,000	637,330	-	-	-	-	-	-	30,075,000	10,110,493	40,185,493	762,550
2023-24	2,980,000	520,730	-	-	-	-	-	-	24,280,000	8,635,893	32,915,893	549,300
2024-25	3,050,000	458,150	-	-	-	-	-	-	25,295,000	7,563,313	32,858,313	464,400
2025-26	3,125,000	391,050	-	-	-	-	-	-	26,355,000	6,558,763	32,913,763	376,950
2026-27	3,210,000	297,300	-	-	-	-	-	-	27,445,000	5,484,763	32,929,763	631,800
2028-29	3,400,000	102,000	-	-	-	-	-	-	23,530,000	4,330,163	27,860,163	549,300
2030-31	-	-	-	-	-	-	-	-	24,490,000	3,396,613	27,886,613	464,400
2031-32	-	-	-	-	-	-	-	-	21,775,000	2,579,488	24,354,488	549,300
2032-33	-	-	-	-	-	-	-	-	19,275,000	1,680,213	20,955,213	193,950
2033-34	-	-	-	-	-	-	-	-	8,765,000	928,963	9,693,963	98,400
	\$ 50,665,000	\$ 9,689,960	\$ 4,535,000	\$ 181,400	\$ 7,425,000	\$ 448,000	\$ 6,125,000	\$ 245,000	\$ 441,725,000	\$ 130,960,205	\$ 572,685,205	\$ 9,441,550

ALPINE SCHOOL DISTRICT
General Obligation Legal Debt Limit and Estimated Additional Debt Incurring Capacity
 Last Ten Fiscal Years

Fiscal Year	Actual Market Value	Fee in lieu/ Age Based Taxable Value Estimate (1)	Fair Market Value for Debt Incurring Capacity	a		b	c		a-b-c	(b+c)/a
				Debt Limit- 4% of Fair Market Value (2)	Debt Limit- 4% of Fair Market Value (2)		General Obligation Debt	Amounts for Issuance Premium			Estimated Additional Debt Incurring Capacity	Percentage of Debt to Debt Limit (3)
2008	\$ 24,742,906,419	\$ 983,700,866	\$ 25,726,607,285	\$ 1,029,064,291	\$ 382,210,000	\$ 12,158,367	\$ 634,695,924	38.32%		
2009	27,683,315,024	977,541,924	28,660,856,948	1,146,434,278	419,395,000	12,394,056	714,645,222	37.66%		
2010	24,700,410,792	944,080,031	25,644,490,823	1,025,779,633	389,365,000	10,824,732	625,589,901	39.01%		
2011	23,394,988,565	1,108,991,257	24,503,979,822	980,159,193	357,220,000	9,260,818	613,678,375	37.39%		
2012	22,208,275,943	702,387,139	22,910,663,082	916,426,523	375,370,000	16,116,923	524,939,600	42.72%		
2013	22,196,087,255	698,718,851	22,894,806,106	915,792,244	373,595,000	22,967,710	519,229,534	43.30%		
2014	23,723,673,830	718,010,247	24,441,684,077	977,667,363	412,085,000	26,497,678	539,084,685	44.86%		
2015	26,869,281,870	734,359,891	27,603,641,761	1,104,145,670	417,155,000	38,442,890	648,547,780	41.26%		
2016	29,844,478,929	793,656,129	30,638,135,058	1,225,525,402	375,435,000	33,951,345	816,139,057	33.40%		
2017	33,004,136,086	854,637,927	33,858,774,013	1,354,350,961	441,725,000	49,544,589	863,081,372	36.27%		

(1) For debt incurring capacity only, in computing the fair market value of taxable property in the District, the fair market value of all tax equivalent property (which value includes the values of motor vehicles, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State) is excluded as a part of the fair market value of the taxable property in the District.

(2) The general obligation indebtedness of the District is limited by Utah law to 4% of the fair market value of taxable property in the District. The legal debt limit (additional debt incurring capacity of the District) is based on estimated assessed value. As determined by the Utah State Auditor and Utah State Treasurer, the deferred amounts associated with debt issuances are to be included in the calculation of debt margin.

(3) For legal debt limit purposes under State law, the outstanding direct general obligation debt of the Board must be increased by the premium associated with debt issued. As of June 30, 2017, general obligation debt is \$441,725,000 and the total unamortized premium is \$49,544,589 resulting in total outstanding net direct debt of \$491,269,589. Outstanding net direct debt divided by the legal debt limit equals the percentage of debt to debt limit.

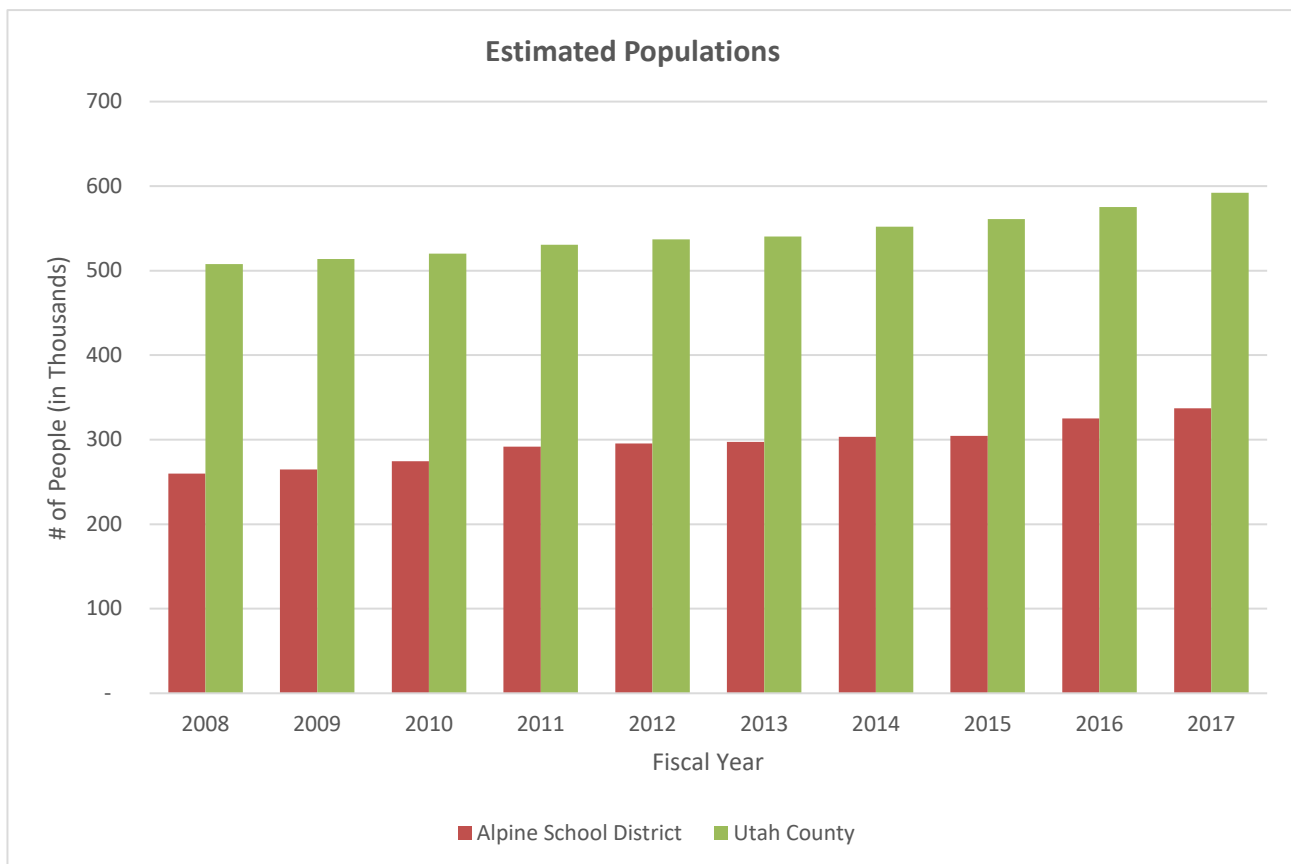
ALPINE SCHOOL DISTRICT
Statistical Section - Demographic and Economic Information
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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

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Demographic and Economic Statistics - Last Ten Fiscal Years	136
Principal Employers - Current Calendar Year and Nine Years Ago	137

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



ALPINE SCHOOL DISTRICT
Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Alpine District Estimated Population (1)	Utah County Estimated Population (2)	Utah County Total Personal Income (2)	Utah County Per Capita Income (2)	Utah County Unemployment Rate (3)	Estimated Construction Within Utah County (4)	Percentage of Students of Minority Ancestry (1)
2008	259,816	507,647	\$ 13,245,525,524	26,092	3.5%	\$ 1,499,277,000	11.69%
2009	264,753	513,847	13,881,576,705	27,015	7.0%	757,504,000	12.24%
2010	274,435	520,049	12,872,772,897	24,753	7.4%	509,509,000	12.41%
2011	291,774	530,499	13,212,608,094	24,906	6.3%	727,411,000	13.52%
2012	295,365	537,027	13,457,359,593	25,059	5.0%	721,086,200	14.01%
2013	297,277	540,504	13,910,181,600	25,736	4.2%	835,662,100	14.95%
2014	303,540	551,891	14,586,729,695	26,430	3.5%	1,265,068,700	16.73%
2015	304,472	560,974	16,237,953,404	28,946	3.2%	1,438,103,100	17.53%
2016	325,067	575,205	18,564,166,170	32,274	3.0%	1,920,111,000	18.08%
2017	337,043	592,299	20,305,786,617	34,283	3.2%	2,091,571,000	18.67%

(1) U.S. Census Bureau estimates

(2) Economic Development Corporation of Utah

(3) Department of Workforce Services

(4) University of Utah Bureau of Economic and Business Research

Certain data on this table are only available on a calendar year basis. The prior calendar year data is used for a given fiscal year.

ALPINE SCHOOL DISTRICT
Principal Employers
Current Calendar Year and Nine Years Ago

Employer	2016			2007		
	Approximate Number of Employees	Rank	Percent of Utah County's Workforce (1)	Approximate Number of Employees	Rank	Percent of Utah County's Workforce (2)
Brigham Young University	17,500	1	6.46%	17,500	1	8.04%
Alpine School District	7,825	2	2.89%	6,000	2	2.76%
Utah Valley Regional Medical Center	6,000	3	2.22%	4,500	3	2.07%
Utah Valley University	6,000	4	2.22%	2,500	4	1.15%
Vivint	3,500	5	1.29%			
Nebo School District	3,500	6	1.29%	2,500	5	1.15%
Walmart	2,500	7	0.92%			
State of Utah	2,500	8	0.92%			
Smith Food and Drug	1,500	9	0.55%			
Central Utah Medical Clinic	1,500	10	0.55%			
Provo School District				2,500	6	1.15%
Convergys Corporation				1,500	7	0.69%
IM Flash Technologies				1,500	8	0.69%
Novell, Inc				1,500	9	0.69%
Nestle USA - Food Group, Inc				1,500	10	0.69%
Totals	<u>52,325</u>		<u>19.32%</u>	<u>40,000</u>		<u>18.37%</u>

(1) Utah County employment for 2016

270,835

(2) Utah County employment for 2007

217,722

Source: Utah Department of Workforce Services



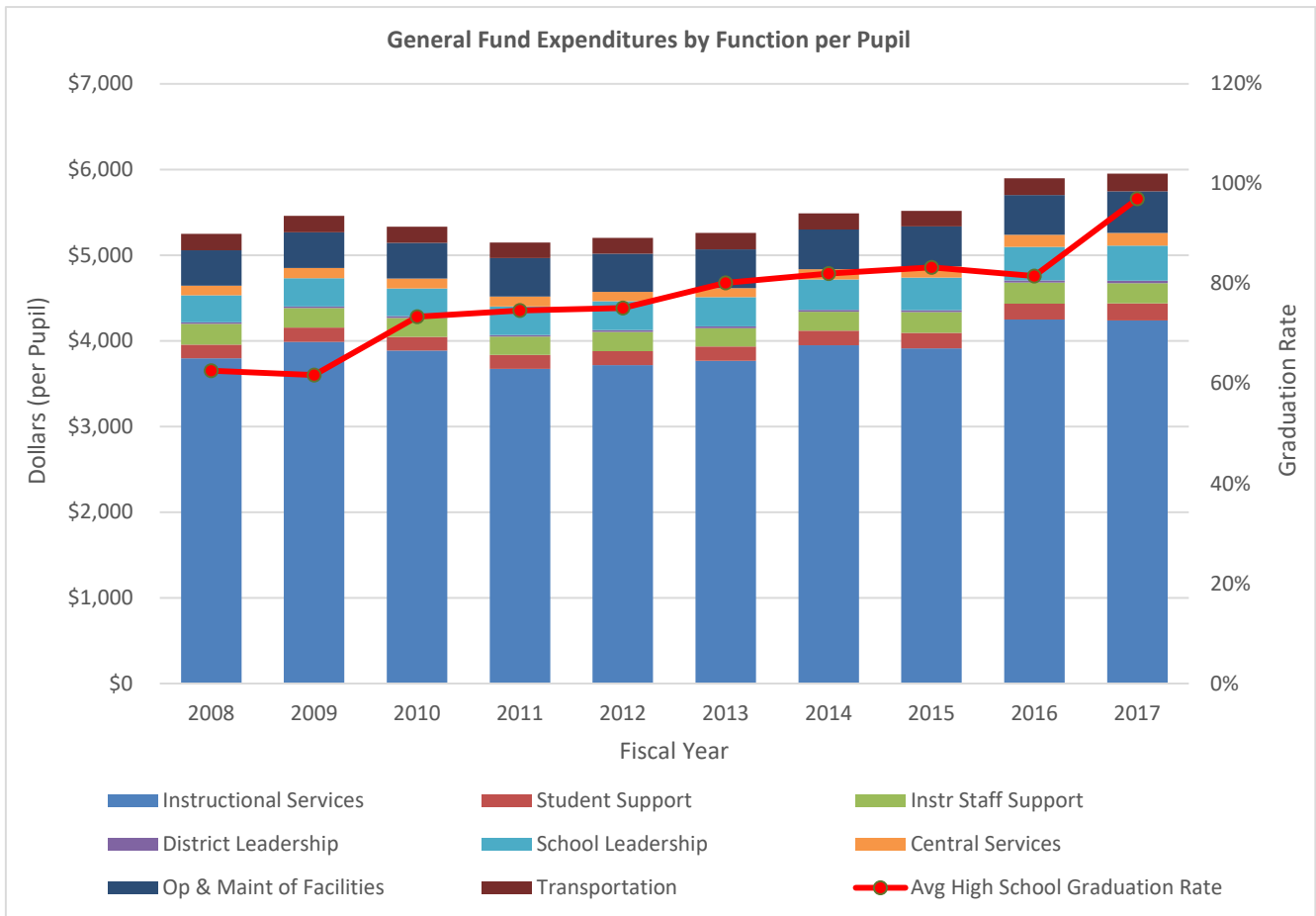
ALPINE SCHOOL DISTRICT
Statistical Section - Operating Information
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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



ALPINE SCHOOL DISTRICT
Full-Time Equivalent (FTE) Employees
Last Ten Fiscal Years

Position	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Superintendent	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Business Administrator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrator	10.00	10.00	9.00	9.00	9.00	9.00	8.00	8.00	9.00	8.00
Supervisor-Director	20.25	20.25	21.20	20.20	18.20	18.20	17.20	17.20	18.95	17.95
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Information Spec.	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Principal	84.00	84.00	82.00	80.00	80.00	77.00	72.55	70.55	66.05	64.05
Assistant Principal	66.50	60.50	55.30	53.30	48.80	47.00	47.00	44.50	48.00	42.00
Certified Teacher	3,186.18	3,064.40	2,961.21	2,891.39	2,783.99	2,698.89	2,658.35	2,690.96	2,611.78	2,501.64
Sabbatical Leave	2.75	2.75	2.00	2.00	2.00	-	-	0.50	3.00	-
Physical Therapist	2.00	2.00	2.00	2.00	2.00	2.00	1.90	1.80	1.80	1.80
Guidance Counselor	92.64	85.64	85.81	82.64	79.14	75.14	71.50	68.00	66.50	64.00
Occupational Therapist	9.75	9.75	8.35	7.05	8.65	7.65	7.65	7.10	7.10	5.45
Psychologist	36.60	28.10	27.00	24.00	27.00	28.00	26.00	23.30	23.40	20.40
Certified Media	22.00	21.00	21.00	21.00	20.00	20.00	20.00	19.00	18.00	18.00
Dept. Director/Supervisor	10.00	10.00	8.00	7.65	7.65	7.80	7.80	7.80	7.80	7.80
Accountant	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Secretary	199.25	194.00	187.00	185.00	177.00	174.75	171.75	165.75	159.75	156.75
Purchasing Agent	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Classified Technician	88.00	85.00	90.00	80.50	76.94	76.38	74.20	74.57	72.66	68.57
Campus Assistant	17.06	16.25	16.20	16.20	15.39	15.39	15.39	14.58	13.77	13.90
Contract Teacher Assistant	10.01	10.01	14.32	14.95	17.50	18.38	19.12	20.49	21.52	18.36
Media Specialist/Assistant	67.88	66.13	65.12	63.36	62.48	62.48	62.60	59.96	57.32	56.44
Transition Specialist	0.88	0.88	0.88	0.88	0.88	-	-	-	-	-
Transportation Director	2.00	2.00	2.00	2.00	1.00	0.80	0.80	0.80	0.80	0.80
Transportation Coordinator	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Driver Trainers	2.00	2.00	2.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Bus Driver	70.72	70.72	74.58	82.72	76.69	82.75	82.44	83.06	90.53	90.16
Sp-Ed Bus Assistant	0.88	0.88	0.44	3.25	3.25	4.97	5.59	6.78	6.78	7.53
Mechanic	11.00	11.00	11.00	9.00	8.00	8.00	8.00	7.00	8.00	7.00
Maintenance Coordinator	7.00	7.00	7.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Head Custodian	82.00	82.00	79.00	78.00	77.00	77.00	74.00	71.00	68.00	66.00
Contract Maintenance	58.00	56.00	56.00	55.00	54.00	54.00	54.00	54.00	55.00	53.00
Contract Custodian	48.00	46.00	45.00	45.00	42.00	41.00	41.00	40.00	38.00	38.75
Mail-Money Delivery	3.25	3.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Total General Fund	4,220.60	4,061.51	3,946.66	3,855.34	3,716.81	3,624.83	3,564.09	3,574.95	3,491.76	3,346.60

Source: District records

ALPINE SCHOOL DISTRICT
Full-Time Equivalent (FTE) Employees (Continued)
 Last Ten Fiscal Years

<u>Position</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Food Service Fund</u>										
Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Coordinator	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Computer Technician	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Lunch Manager	68.25	67.38	66.88	66.00	62.91	62.91	60.39	57.87	55.35	54.51
Contract Lunch Worker	51.00	53.25	57.00	61.50	72.00	71.25	75.75	65.25	63.75	61.50
Lunch Money Delivery	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Secretary	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Total Food Service Fund	128.25	129.63	133.88	137.50	143.91	143.16	144.14	131.12	127.10	124.01
<u>Non K-12 Programs Fund</u>										
Supervisor-Director	1.00	1.25	1.00	1.00	1.00	2.00	2.45	1.45	2.20	2.20
Athletic Director	0.75	0.75	-	-	-	-	-	-	-	-
Certified Teacher	46.00	44.00	47.20	41.20	34.10	25.00	23.00	24.55	20.55	18.45
Occupational Therapist	4.25	4.25	4.25	3.95	1.35	-	-	-	-	-
Psychologist	-	-	4.00	3.00	2.00	-	-	0.50	0.50	0.75
Secretary	-	-	-	-	1.00	3.00	2.00	2.00	2.00	2.00
ATEC Specialist	-	-	-	-	1.00	3.88	2.88	-	-	-
Custodian	-	-	-	-	1.00	1.00	1.00	-	-	-
Sp-Ed Bus Assistant	0.88	0.88	1.31	1.38	1.38	1.38	1.38	1.81	1.81	1.81
Total Non K-12 Programs Fund	52.88	51.13	57.76	50.53	42.83	36.26	32.71	30.31	27.06	25.21
<u>Student Activity Fund</u>										
Certified Teacher	0.38	0.38	-	-	-	-	-	-	-	-
<u>ATEC Fund (Sold in 2011)</u>										
Supervisor/Director	-	-	-	-	-	-	-	1.00	1.00	1.00
Certified Teacher	-	-	-	-	-	-	-	-	-	0.50
ATEC Specialist	-	-	-	-	-	-	-	2.88	3.88	3.88
Custodian	-	-	-	-	-	-	-	1.00	1.00	1.00
Total ATEC Fund	-	-	-	-	-	-	-	4.88	5.88	6.38
<u>Industrial Insurance Fund</u>										
Risk Manager	-	-	-	0.35	0.35	0.20	0.20	0.20	0.20	0.20
Classified Technician	1.00	1.00	2.00	1.50	1.50	2.00	1.00	1.00	1.00	1.00
Total Industrial Insurance Fund	1.00	1.00	2.00	1.85	1.85	2.20	1.20	1.20	1.20	1.20
<u>School Services Fund</u>										
Classified Technicians	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Warehouse Delivery	8.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00
Total School Services Fund	10.00	9.00	9.00	9.00	8.00	8.00	7.00	7.00	7.00	7.00
Grand Total All Funds	4,413.11	4,252.65	4,149.30	4,054.22	3,913.40	3,814.45	3,749.14	3,749.46	3,660.00	3,510.40

Source: District records

ALPINE SCHOOL DISTRICT
Expenditures by Function - General Fund
 Last Ten Fiscal Years

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instructional services	\$ 327,875,601 71.22%	\$ 319,940,341 72.05%	\$ 287,895,656 70.93%	\$ 286,021,243 72.01%	\$ 266,755,096 71.63%	\$ 253,466,861 71.40%	\$ 242,612,210 71.34%	\$ 250,199,989 72.90%	\$ 244,435,135 73.02%	\$ 223,114,057 72.36%
Support services:										
Students	15,379,576 3.34%	13,960,314 3.14%	13,209,667 3.25%	12,244,479 3.08%	11,924,983 3.20%	11,169,277 3.15%	10,831,465 3.19%	10,263,980 2.99%	10,289,459 3.07%	9,392,787 3.05%
Instructional staff	18,215,962 3.96%	18,499,321 4.17%	17,897,772 4.41%	15,927,265 4.01%	15,033,668 4.04%	15,508,254 4.37%	14,092,542 4.14%	14,308,117 4.17%	13,846,831 4.14%	14,074,585 4.56%
District leadership	2,051,727 0.45%	1,882,202 0.42%	1,684,089 0.41%	1,629,510 0.41%	1,570,584 0.42%	1,454,668 0.41%	1,234,963 0.36%	1,303,149 0.38%	1,278,059 0.38%	1,158,996 0.38%
School leadership	31,885,555 6.93%	29,607,942 6.67%	27,924,367 6.88%	25,707,810 6.47%	24,268,876 6.52%	22,988,857 6.48%	22,007,454 6.47%	20,871,022 6.08%	20,108,793 6.01%	18,485,279 6.00%
Central	11,257,867 2.45%	10,469,450 2.36%	9,457,176 2.33%	8,741,245 2.20%	7,463,102 2.00%	7,365,883 2.07%	7,486,120 2.20%	7,309,479 2.13%	7,250,877 2.17%	6,654,189 2.16%
Operation and maintenance of facilities	37,815,483 8.21%	35,044,666 7.89%	34,418,547 8.48%	33,353,786 8.40%	31,991,984 8.59%	30,308,446 8.54%	29,678,609 8.73%	26,864,957 7.83%	25,569,198 7.64%	24,233,594 7.86%
Transportation	15,913,831 3.46%	14,657,725 3.30%	13,403,972 3.30%	13,576,229 3.42%	13,401,585 3.60%	12,742,129 3.59%	12,126,393 3.57%	12,108,576 3.53%	11,958,027 3.57%	11,208,947 3.64%
Total expenses	\$ 460,395,602	\$ 444,061,961	\$ 405,891,246	\$ 397,201,567	\$ 372,409,878	\$ 355,004,375	\$ 340,069,756	\$ 343,229,269	\$ 334,736,379	\$ 308,322,434
Oct 1 Pupil Enrollment	77,343	75,307	73,570	72,419	70,811	68,233	66,045	64,351	61,301	58,740
Average Expenditures per Pupil	\$ 5,953	\$ 5,897	\$ 5,519	\$ 5,487	\$ 5,259	\$ 5,203	\$ 5,149	\$ 5,332	\$ 5,461	\$ 5,249

Note: The totals on percentages may not equal 100.00% due to rounding.

Source: District records

ALPINE SCHOOL DISTRICT
Expenditures by Function Per Pupil - General Fund
 Last Ten Fiscal Years

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instructional services	\$ 4,239 71.22%	\$ 4,249 72.05%	\$ 3,913 70.93%	\$ 3,950 72.01%	\$ 3,767 71.63%	\$ 3,715 71.40%	\$ 3,673 71.34%	\$ 3,888 72.90%	\$ 3,988 73.02%	\$ 3,797 72.36%
Support services:										
Students	199 3.34%	185 3.14%	180 3.25%	169 3.08%	168 3.20%	164 3.15%	164 3.19%	159 2.99%	168 3.07%	160 3.05%
Instructional staff	236 3.96%	246 4.17%	243 4.41%	220 4.01%	212 4.04%	227 4.37%	213 4.14%	222 4.17%	226 4.14%	240 4.56%
District leadership	27 0.45%	25 0.42%	23 0.41%	23 0.41%	22 0.42%	21 0.41%	19 0.36%	20 0.38%	21 0.38%	20 0.38%
School leadership	412 6.93%	393 6.67%	380 6.88%	355 6.47%	343 6.52%	337 6.48%	333 6.47%	324 6.08%	328 6.01%	315 6.00%
Central	146 2.45%	139 2.36%	129 2.33%	121 2.20%	105 2.00%	108 2.07%	114 2.20%	114 2.13%	118 2.17%	113 2.16%
Operation and maintenance of facilities	488 8.21%	465 7.89%	468 8.48%	461 8.40%	452 8.59%	444 8.54%	449 8.73%	417 7.83%	417 7.64%	413 7.86%
Transportation	206 3.46%	195 3.30%	183 3.30%	188 3.42%	190 3.60%	187 3.59%	184 3.57%	188 3.53%	195 3.57%	191 3.64%
Total	\$ 5,953	\$ 5,897	\$ 5,519	\$ 5,487	\$ 5,259	\$ 5,203	\$ 5,149	\$ 5,332	\$ 5,461	\$ 5,249
October 1 Pupil Enrollment	77,343	75,307	73,570	72,419	70,811	68,233	66,045	64,351	61,301	58,740

Note: The totals on percentages may not equal 100.00% due to rounding.

Source: District records

ALPINE SCHOOL DISTRICT
Student Enrollment Statistics
 Last Ten Fiscal Years

Fiscal Year	Average Daily Membership	Average Daily Attendance	Attendance Percentage	Official State October 1 Enrollment Count
2008	58,254	57,395	98.53%	58,740
2009	60,639	59,922	98.82%	61,301
2010	63,747	61,661	96.73%	64,351
2011	65,598	62,674	95.54%	66,045
2012	67,659	64,813	95.79%	68,233
2013	70,233	67,144	95.60%	70,811
2014	71,948	68,812	95.64%	72,419
2015	73,274	70,009	95.54%	73,570
2016	74,926	72,332	96.54%	75,307
2017	76,919	73,097	95.03%	77,343

Source: District records

ALPINE SCHOOL DISTRICT
History of High School Graduates and Cohort Graduation Rates
 Last Ten Fiscal Years

Fiscal Year	American Fork High	Lehi High	Lone Peak High	Mountain View High	Orem High	Pleasant Grove High	Skyride High (3)	Timpanogas High	Westlake High (1)	Alternative Programs (2)	Total
2008	444 78.3%	504 82.8%	606 88.0%	362 75.0%	372 79.3%	455 83.4%	- -	350 76.8%	- -	75 11.6%	3,168
2009	427 81.0%	524 78.4%	604 88.9%	368 75.3%	288 74.8%	436 77.1%	- -	358 80.1%	- -	30 3.3%	3,035
2010	520 83.1%	446 79.8%	624 88.1%	358 80.8%	315 84.2%	514 84.7%	- -	406 82.1%	193 78.1%	58 5.9%	3,434
2011	510 86.0%	410 81.0%	638 89.0%	363 80.0%	292 86.0%	529 85.0%	- -	398 86.0%	285 79.0%	100 10.0%	3,525
2012	531 87.0%	469 85.3%	616 87.5%	367 83.0%	318 87.7%	501 83.9%	- -	358 80.2%	397 81.8%	177 22.1%	3,734
2013	581 89.2%	522 91.4%	722 92.0%	384 87.0%	320 94.0%	559 91.2%	- -	403 88.3%	481 88.5%	156 55.4%	4,128
2014	600 91.6%	596 93.1%	702 94.0%	378 89.5%	372 93.6%	586 93.3%	- -	404 93.9%	496 89.2%	192 65.5%	4,326
2015	665 94.5%	675 93.0%	778 95.4%	389 92.5%	340 91.2%	590 93.6%	- -	468 95.2%	584 94.1%	168 66.0%	4,657
2016	652 93.4%	708 89.3%	783 95.0%	393 89.9%	385 92.5%	627 93.6%	- -	444 94.3%	612 85.6%	179 69.9%	4,783
2017	799 97.8%	455 97.1%	873 98.2%	426 95.3%	371 96.5%	672 97.0%	442 97.1%	495 97.2%	845 96.6%	207 67.1%	5,143

(1) Westlake High opened in fiscal year 2010, therefore, graduate data is not available for prior years.

(2) Polaris and Summit High. The cohort graduation rate for the alternative schools is not available prior to fiscal year 2008. Polaris High opened in 2013, therefore, cohort graduation rates prior to 2013 are for Summit High only.

(3) Skyridge opened in 2016, therefore, graduate data is not available for prior years.

Note: Graduation rates are calculated on a cohort basis. The cohort group begins tracking students enrolled in 10th grade through graduation.

Source: District records

ALPINE SCHOOL DISTRICT
Budgeted Number of Students Per Teacher
 Last Ten Fiscal Years

Grade	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Kindergarten	23.0	23.0	25.0	25.0	25.0	25.0	25.0	23.0	23.0	23.0
1	23.0	23.0	24.0	24.0	24.0	24.0	24.0	21.1	21.1	21.1
2	23.0	23.0	24.0	24.0	24.0	24.0	24.0	21.1	21.1	21.1
3	25.0	25.0	26.2	26.2	26.2	26.2	26.2	24.7	24.7	24.7
4	26.2	26.2	26.2	26.2	26.2	26.2	26.2	24.7	24.7	24.7
5	28.2	28.2	28.2	28.2	28.2	28.2	28.2	26.8	26.8	26.8
6	28.2	28.2	28.2	28.2	28.2	28.2	28.2	26.8	26.8	26.8
7	29.0	29.0	29.0	29.0	29.0	29.0	29.0	27.5	27.5	27.5
8	29.0	29.0	29.0	29.0	29.0	29.0	29.0	27.5	27.5	27.5
9	29.0	29.0	29.0	29.0	29.0	29.0	29.0	27.5	27.5	27.5
10	27.5	27.5	27.5	27.5	27.5	27.5	27.5	25.5	25.5	25.5
11	27.5	27.5	27.5	27.5	27.5	27.5	27.5	25.5	25.5	25.5
12	27.5	27.5	27.5	27.5	27.5	27.5	27.5	25.5	25.5	25.5

Note: The amounts above represent budgeted ratios. Funding is provided to schools to allow for the above listed ratios. However, the secondary schools have the option of using funds budgeted to hire certified teachers for other purposes that benefit students. For example, at the junior high levels staffing productivity models boost class sizes. Actual class sizes may be higher in various productivity models.

Source: District records

ALPINE SCHOOL DISTRICT
Teacher Base Salaries
 Last Ten Fiscal Years

Fiscal Year	Bachelor Degree 1st Year Teacher Salary	Doctorate Degree Veteran Teacher Salary	Total District Mean Teacher Salary*	State Mean Teacher Salary*
2008	\$ 30,001	\$ 66,815	\$ 42,266	\$ 45,923
2009	32,018	69,600	40,545	46,340
2010	32,018	69,600	42,244	45,329
2011	32,018	69,600	43,569	45,432
2012	32,018	69,600	43,569	45,432
2013	32,018	69,600	43,569	45,543
2014	32,338	70,295	45,421	45,704
2015	32,661	70,998	46,163	46,689
2016	33,967	73,838	45,834	47,341
2017	34,307	74,575	N/A	N/A

* As calculated and reported by the Utah State Board of Education in the Annual Statistical Report.

N/A - The 2017 numbers were not available at the time this schedule was prepared.

Note: Amounts represent base salary and do not include additional amounts for professional development or fringe benefits such as health insurance, retirement, disability and so forth.

ALPINE SCHOOL DISTRICT
Capital Asset Information
 June 30, 2017

	<u>Elementary</u>	<u>Middle Schools</u>	<u>High Schools</u>	<u>Special Schools</u>	<u>Other Buildings</u>	<u>Totals</u>
Buildings:						
Number	56	12	9	5	6	88
Square Feet	3,950,919	2,056,238	2,715,895	127,445	138,964	8,989,461
Capacity	46,574	16,500	20,972	1,300	N/A	85,346
Enrollment	41,992	17,177	17,537	751	N/A	77,457
Other Buildings:						
Portables	101	9	1	6	-	117
Satellites	2	5	6	-	1	14
Square Feet	194,775	73,220	89,880	10,080	12,600	380,555
Land:						
Acres of Land	601	302	388	15	722	2,028
Total Number of Buildings						88
Total Number of Portables and Satellites						131
Total Square Feet all Buildings, Portables and Satellites						9,370,016
Total Capacity for all Buildings						85,346
Average Year Built of all Buildings						1994
Total Enrollment (October 1, 2016 count)						77,343
Total Site Acres						2,028
Total Vacant Site Acres						175

Source: District records



ALPINE SCHOOL DISTRICT
Nutrition Services - Facts and Figures
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Number of schools participating in:				
Lunch - regular schedule	82	80	79	77
Breakfast program	81	79	77	75
Student lunches served:				
Free	1,693,528	1,685,040	2,085,091	1,787,137
Reduced	480,342	508,926	569,261	560,548
Fully paid	3,458,215	3,340,951	3,618,424	3,185,539
Total	<u>5,632,085</u>	<u>5,534,917</u>	<u>6,272,776</u>	<u>5,533,224</u>
Adult lunches served	73,743	82,120	121,969	104,193
Student breakfasts served:				
Free	574,093	567,649	648,218	646,023
Reduced	95,506	97,840	100,843	114,212
Fully paid	290,940	259,765	254,590	252,598
Total	<u>960,539</u>	<u>925,254</u>	<u>1,003,651</u>	<u>1,012,833</u>
Number of serving days:				
Regular schedule	177	178	177	177
Average daily participation:				
Student lunch	31,820	31,095	35,439	31,261
Adult lunch	417	461	689	589
Student breakfast	5,427	5,198	6,335	5,722
October 1 pupil enrollment (excluding kindergarten)	71,469	68,066	67,751	65,327
Percentage of students eating school lunch daily	44.5%	45.7%	52.3%	47.9%
October 1 count of benefits:				
Students on free lunch	15,468	13,510	15,291	14,210
Student on reduced lunch	4,964	3,669	4,080	4,746
Percentage of students on:				
Free lunch	21.6%	19.8%	22.6%	21.8%
Reduced lunch	6.9%	5.4%	6.0%	7.3%
Total	<u>28.6%</u>	<u>25.2%</u>	<u>28.6%</u>	<u>29.0%</u>

Source: District records

2013	2012	2011	2010	2009	2008
77	76	73	69	67	66
75	74	72	69	65	66
1,878,585	1,913,476	1,871,343	1,686,990	1,316,484	1,118,190
567,319	619,218	589,892	636,844	547,452	568,949
3,345,043	3,787,329	3,780,736	3,860,953	4,006,051	3,926,200
<u>5,790,947</u>	<u>6,320,023</u>	<u>6,241,971</u>	<u>6,184,787</u>	<u>5,869,987</u>	<u>5,613,339</u>
105,587	132,411	126,263	126,047	124,086	113,091
647,100	670,815	674,332	612,539	487,801	382,309
97,519	116,827	109,916	117,231	105,763	119,551
240,466	258,455	214,443	257,971	274,943	281,546
<u>985,085</u>	<u>1,046,097</u>	<u>998,691</u>	<u>987,741</u>	<u>868,507</u>	<u>783,406</u>
178	178	179	179	177	179
32,533	35,909	34,871	34,640	33,659	31,318
593	752	705	706	712	631
5,534	5,828	5,579	5,532	4,865	4,371
64,646	61,163	59,530	57,645	57,718	53,632
50.3%	58.7%	58.6%	60.1%	58.3%	58.4%
14,099	14,150	13,392	9,260	8,829	8,580
4,620	4,618	4,352	3,862	3,746	4,406
21.8%	23.1%	22.5%	16.1%	15.3%	16.0%
7.1%	7.6%	7.3%	6.7%	6.5%	8.2%
<u>29.0%</u>	<u>30.7%</u>	<u>29.8%</u>	<u>22.8%</u>	<u>21.8%</u>	<u>24.2%</u>

APPENDIX B

FORMS OF PRINCIPAL DOCUMENTS

INDENTURE OF TRUST

Dated as of March 1, 2018

**LOCAL BUILDING AUTHORITY OF ALPINE SCHOOL DISTRICT
UTAH COUNTY, UTAH**

(Trustor and Debtor)

TO

**ZB, NATIONAL ASSOCIATION, DBA ZIONS BANK,
as Trustee (Trustee and Secured Party)**

Authorizing the Issuance of and Securing \$19,135,000 Lease Revenue Bonds, Series 2018, of the Local Building Authority of Alpine School District, Utah County, Utah.

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but is only for convenience of reference.)

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of March 1, 2018 (the or this “*Indenture*”), by and between the Local Building Authority of Alpine School District, Utah County, Utah, a Utah nonprofit corporation (the “*Issuer*”), whose mailing address is located at 575 North 100 East, American Fork, Utah 84003, acting as a public entity and instrumentality of the State of Utah performing essential governmental functions on behalf of the Board of Education of Alpine School District, Utah County, Utah, and ZB, National Association, dba Zions Bank, as Trustee (the “*Trustee*”), a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out, whose mailing address and principal corporate trust office are located at One South Main Street, 12th Floor, Salt Lake City, Utah 84133,

WITNESSETH:

WHEREAS, the Board of Education (the “*Board of Education*”) of Alpine School District, Utah County, Utah (the “*District*”) has organized the Issuer solely for the purpose of (a) accomplishing the public purposes for which the Board of Education and the District exist by acquiring, improving or extending any improvements, facilities or properties (whether real or personal) and appurtenances to them which the Board of Education and the District are authorized or permitted by law to acquire, including, but not limited to, public buildings or other structures of every nature or any joint or partial interest in the same, which improvements, facilities, properties and appurtenances need not be situated within the boundaries of the District and (b) financing the costs of such projects on behalf of the Board of Education in accordance with the procedures and subject to the limitations of the Local Building Authority Act, Title 17D, Chapter 2 of the Utah Code Annotated 1953, as amended (the “*Act*”); and

WHEREAS, the Act provides that the Issuer may issue and sell its bonds for the purpose of paying the costs of acquiring, improving or extending a project (as such term is defined in the Act), and such bonds shall be secured by a pledge and assignment of the revenues received by the Issuer under the leasing contract (as such term is defined in the Act) with respect to the project financed with the proceeds of the sale of such bonds and may be secured by (a) a mortgage or deed of trust (as such term is defined in the Act) covering all or any part of such project, (b) a pledge and assignment of the leasing contract for that project, (c) amounts held in reserve funds or (d) such other security devices with respect to the project as may be deemed most advantageous by the Issuer; and

WHEREAS, the Board of Education, on behalf of the Board of Education and the District, desires the Issuer to undertake certain costs of acquiring, constructing and improving certain projects pursuant to the Act consisting of the construction of portions of an elementary school on a certain tract of land situated in Utah County, Utah and more particularly described in *Exhibit A* attached hereto (the “*School Site*”), and related fixtures, chattels, equipment, appliances, furniture, furnishings, machinery, inventory, supplies and maintenance and repair equipment (collectively, the “*School Facilities*”).

WHEREAS, the Board of Education, as owner of marketable fee simple title to the School Site, has agreed to lease to the Issuer, and the Issuer has agreed to lease from the Board of Education, the School Site pursuant to that certain Ground Lease, dated as of the date hereof, between the Issuer and the Board of Education; and

WHEREAS, the Issuer and the Board of Education will, simultaneously with the execution and delivery of this Indenture, enter into that certain Master Lease Agreement, dated as of the date hereof (the "*Master Lease*"), pursuant to which the Issuer has agreed to fund certain costs to acquire, construct and improve or to cause the acquisition, construction and improvement of the School Facilities, and to lease the same to the Board of Education on the terms and conditions set forth therein; and

WHEREAS, the Board of Education has agreed, as agent of the Issuer pursuant to that certain Construction Agency Agreement, dated as of the date hereof, to acquire, construct and improve or cause the acquisition, construction and improvement of the School Facilities on the School Site, all as provided therein and in the Master Lease; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, by resolution of the Board of Directors of the Issuer, the Issuer has determined (a) to issue its \$19,135,000 aggregate principal amount of Local Building Authority of Alpine School District, Utah County, Utah, Lease Revenue Bonds, Series 2018 (the "*Series 2018 Bonds*"), to provide funds for the purpose of (i) paying a portion of the costs of acquiring, constructing and improving the School Facilities on the School Site (the School Facilities and the School Site are collectively referred to hereinafter as the "*Leased Property*"), for the use, occupancy and operation thereof by the Board of Education and any permitted sublessees as provided in the Master Lease, (ii) providing a portion of capitalized interest to pay interest accruing on the Series 2018 Bonds during the period of acquisition, construction and improvement of the Leased Property, and (iii) paying costs of issuance relating to the issuance, sale and delivery of the Series 2018 Bonds and (b) to lease the Leased Property to the Board of Education in consideration of certain base rentals and additional rentals to be paid as hereinafter described which will be sufficient (so long as the Board of Education extends the term of the Master Lease for each successive one-year renewal term) to pay the principal of, and premium, if any, and interest on, the Series 2018 Bonds and certain other costs and expenses as hereinafter described; and

WHEREAS, it is anticipated that additional amounts may be necessary to complete or improve the Leased Property or for other specified purposes and as a result thereof provision should be made for the issuance of additional parity bonds from time to time (hereinafter referred to as the "*Additional Bonds*"), which Additional Bonds together with the Series 2018 Bonds are hereinafter collectively referred to as the "*Bonds*"; and

WHEREAS, the execution and delivery of this Indenture and the Master Lease and the issuance of the Series 2018 Bonds under the Act have been in all respects duly and validly authorized by resolution duly passed and approved by the Board of Directors of the Issuer subject to approval of the issuance of the Series 2018 Bonds and the terms thereof by resolution duly passed and approved by the governing body of the Board of Education; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, by resolution duly adopted by the governing body of the Board of Education, the Board of Education has heretofore approved the issuance of the Series 2018 Bonds and the terms thereof; and

WHEREAS, the proceeds of sale of the Bonds are to be held hereunder and applied by the Trustee in accordance with the terms hereof, including, to the extent provided herein, for the acquisition, construction and improvement of the Leased Property in accordance with the terms hereof and of the Master Lease; and

WHEREAS, the Series 2018 Bonds and the Trustee’s certificate of authentication to be endorsed thereon are to be in substantially the following form, and any Additional Bonds and the Trustee’s certificate of authentication thereon are also to be in substantially the following form (except as to redemption, sinking fund and other provisions peculiar to such Additional Bonds), with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

[FORM OF SERIES 2018 BOND]

REGISTERED
NUMBER R-____

REGISTERED
\$_____

**UNITED STATES OF AMERICA
STATE OF UTAH**

**LOCAL BUILDING AUTHORITY OF
ALPINE SCHOOL DISTRICT, UTAH COUNTY, UTAH
LEASE REVENUE BOND, SERIES 2018**

INTEREST RATE	MATURITY DATE	DATED DATE
_____ %	_____, _____	March 22, 2018

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT: ----- DOLLARS -----

KNOW ALL MEN BY THESE PRESENTS that the Local Building Authority of Alpine School District, Utah County, Utah, a Utah nonprofit corporation, (the “*Issuer*”) acting as a public entity and instrumentality of the State of Utah performing essential governmental functions on behalf of the Board of Education (the “*Board of Education*”) of Alpine School District, Utah County, Utah (the “*District*”), for value received, hereby promises to pay, but only from the Trust Estate as provided in the Indenture (hereinafter defined), to the registered owner identified hereon, or registered assigns, on the maturity date specified hereon, upon presentation and surrender hereof, the principal amount specified hereon (the “*Principal Amount*”), and in like manner to pay to the registered owner hereof interest on the balance of the Principal Amount from time to time

remaining unpaid from the Bond Interest Payment Date (as defined in the Indenture) next preceding the date of registration and authentication hereof, unless this Bond is registered and authenticated as of a Bond Interest Payment Date, in which event the Principal Amount shall bear interest from such Bond Interest Payment Date, or unless this Bond is registered and authenticated prior to the first Bond Interest Payment Date, in which event the Principal Amount shall bear interest from the dated date specified above (the “*Dated Date*”), or unless, as shown by the records of the Trustee (hereinafter defined), interest on the Bonds is in default, in which event the Principal Amount shall bear interest from the date to which such interest has been paid in full, or unless no interest has been paid on this Bond, in which event the Principal Amount shall bear interest from the Dated Date, at the rate specified hereon (calculated on the basis of a year of 360 days consisting of twelve 30-day months) semiannually thereafter on March 15 and September of each year, commencing September 15, 2018, until payment in full of the Principal Amount, except as the provisions set forth in the Indenture with respect to redemption prior to maturity may become applicable hereto, and to pay interest on overdue principal at the lesser of the rate of ten percent (10%) per annum or the maximum rate permitted by law from the date on which such principal becomes due until the same is paid. The principal of and premium, if any, on this Bond shall be payable at the principal corporate trust office of the Trustee in Salt Lake City, Utah, or at the principal corporate trust office of its successor, upon presentation and surrender hereof, and interest on this Bond shall be paid to the person in whose name this Bond is registered (the “*registered owner*”) in the registration books of the Issuer maintained by the Trustee (the “*Register*”) as of the close of business on the first day of the month in which each Bond Interest Payment Date occurs (the “*Regular Record Date*”) and shall be paid by check or draft drawn on the Trustee or its successor and mailed on the Bond Interest Payment Date to the registered owner hereof at the address on the Register or at such other address as is furnished to the Trustee in writing by the registered owner hereof prior to the Regular Record Date. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner hereof as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner hereof as of the close of business on a Special Record Date (as defined in the Indenture) for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest and notice of the Special Record Date shall be given to the registered owner hereof not less than ten days prior thereto. The principal of, and premium, if any, and interest on, the Bonds shall be paid in lawful money of the United States of America.

Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Indenture or the Master Lease, as applicable.

This Bond is one of the first series of Bonds (the “*Series 2018 Bonds*”), limited in aggregate principal amount to \$19,135,000, issued or to be issued under and by virtue of the Local Building Authority Act, of Title 17D, Chapter 2 Utah Code Annotated 1953, as amended, (the “*Act*”) and under and pursuant to, and equally and ratably with said other Bonds secured by, the Indenture of Trust, dated as of March 1, 2018 (the “*Indenture*”), between the Issuer and ZB, National Association, dba Zions Bank, as Trustee (the “*Trustee*”), for the purpose of financing certain costs of certain projects pursuant to the Act consisting of the acquisition, construction and improvement on a certain tract of land located in Orem, in Utah County, Utah (the “*School Site*”) of an elementary school and related improvements, facilities, fixtures, chattels, equipment,

appliances, furniture, furnishings, machinery, inventory, supplies and maintenance and repair equipment (the “*School Facilities*”) for the Board of Education (the “*Lessee*”).

As provided in the Indenture, the Issuer may hereafter issue Additional Bonds (as defined in the Indenture) from time to time under certain terms and conditions contained therein, and, if issued, such Additional Bonds will rank *pari passu* with the Series 2018 Bonds.

Pursuant to the Indenture, the Base Rentals (defined below) are assigned to the Trustee to secure the payment of principal of, premium, if any, and interest on the Bonds. Additionally, the Issuer has granted a security interest in its interest in the School Facilities and the School Site pursuant to a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement, dated as of March 1, 2018 (the “*Deed of Trust*”), by and among the Issuer, the Trustee, as trustee under the Deed of Trust and the Trustee as beneficiary under the Deed of Trust, to the Trustee to further secure its obligations under the Indenture. Copies of the Indenture and the Deed of Trust are on file at the principal corporate trust office of the Trustee in Salt Lake City, Utah, and reference is hereby made to the Indenture for a description of the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds, a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges, the rights with respect thereto, the issuance of Additional Bonds and the other terms and conditions upon which the Bonds are or may be issued and secured, to all of the provisions of which the owner hereof, by the acceptance of this Bond, does hereby assent and agree.

Under that certain Master Lease Agreement, dated as of March 1, 2018 (the “*Lease*”), the School Site and the School Facilities (collectively, the “*Leased Property*”) have been leased by the Issuer to the Lessee, and the Lessee has agreed to pay directly to the Trustee (as assignee of the Issuer) the base rental payments (the “*Base Rentals*”) commencing on the later of the date the acquisition, construction and improvement of the Leased Property is completed and the Leased Property is available for use, occupancy and operation as provided in the Master Lease or September, 2011, in consideration of the Lessee’s right to use, occupy and operate the Leased Property. In addition to the Base Rentals, the Lessee has agreed to make certain other payments (the “*Additional Rentals*”) sufficient to pay the fees and expenses of the Trustee, certain insurance premiums, taxes, utility charges, costs of maintenance and repair and other expenses expressly required to be paid by the Lessee under the Master Lease.

The term of the Master Lease is subject to annual renewal with respect to the rights and obligations of the Lessee. The obligation of the Lessee to pay the Base Rentals and the Additional Rentals (collectively, the “*Rentals*”) under the Master Lease will terminate in the event that the governing body of the Lessee fails or refuses to appropriate, specifically with respect to the Master Lease, moneys sufficient to pay all the Base Rentals and reasonably estimated Additional Rentals for the next succeeding renewal term of the Master Lease or in the event of the unavailability of such moneys for such purpose for any other reason. In the event that the term of the Master Lease is terminated as to the Lessee’s possessory rights in the Leased Property as a result of the occurrence of any event described in the foregoing sentence (herein referred to as an “*Event of Nonappropriation*”) or is terminated by reason of the occurrence of an Event of Default (as defined in the Master Lease), the principal of and interest on the Bonds will be payable from such moneys, if any, as may be available for such purpose, including any moneys received by the Trustee from

foreclosure on and liquidation, reletting or sale of the Leased Property as provided in the Indenture and the Deed of Trust. Under certain circumstances, the principal of and interest on the Bonds may also be payable from the net proceeds of title or casualty insurance policies, performance bonds of contractors for the School Facilities, or condemnation awards, or the net proceeds received as a consequence of default under construction contracts with respect to the School Facilities.

The Bonds are issuable solely as fully-registered Bonds, without coupons, in denominations of \$5,000 (“*Authorized Denominations*”).

This Bond is transferable, as provided in the Indenture, only upon the Register, by the registered owner hereof in person or by such owner’s attorney duly authorized in writing upon surrender of this Bond to the Trustee together with a duly executed written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney. Upon such transfer, a new Bond or Bonds of the same aggregate principal amount and Series, designation, maturity and interest rate as the surrendered Bond will be issued to the transferee in exchange therefor, all subject to the terms and conditions set forth in the Indenture. The Issuer, the Trustee and any paying agent and registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond is overdue, for the purpose of receiving payment of or on account of principal or redemption price hereof and interest due hereon and for all other purposes, and neither the Issuer, the Trustee nor any paying agent and registrar shall be affected by any notice to the contrary.

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

The Bonds maturing on or after March 15, 2028 are subject to redemption at the option of the Issuer on March 15, 2027 (the “*First Redemption Date*”), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as will be selected by the Issuer, upon notice given as provided in the Resolution and described below, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the redemption date. Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

The Series 2018 Bonds maturing on March 15, 2030 are subject to sinking fund redemption in the following amounts and on the following dates:

PAYMENT DATE (MARCH 15)	PRINCIPAL AMOUNT
2029	\$1,025,000
2030*	1,055,000*

* Stated maturity.

Any Bond subject to redemption shall be redeemed as provided in and subject to the terms of the Indenture.

Upon the termination of the Lessee's possessory interests in the Leased Property under the Master Lease by reason of the occurrence of an Event of Nonappropriation or an Event of Default, the Trustee shall give notice to the Lessee to vacate the Leased Property immediately (but in no event earlier than the expiration of the Initial Term or the then current Renewal Term for which the Lessee has paid or appropriated moneys sufficient to pay all Rentals due for such Initial Term or Renewal Term, in the case of an Event of Nonappropriation) and shall have the right, at its option, without any further demand or notice, (a) to terminate the Master Lease or the Lessee's possessory rights thereunder (without otherwise terminating the Master Lease), re-enter the Leased Property and eject all parties in possession thereof therefrom and relet the Leased Property or then or at any time thereafter commence proceedings for the foreclosure on and liquidation, reletting or sale of the Leased Property in the manner permitted by law and as otherwise provided in the Indenture and the Deed of Trust; (b) to exercise any of the remedies provided to the Trustee upon the occurrence of an Event of Default under the Indenture as the Trustee shall determine to be in the best interests of the Bondowners and as are consistent with the terms and provisions for the exercise of such remedies provided in the Indenture and the Deed of Trust, including but not limited to the exercise of such remedies as the Trustee may be entitled to as a secured party under the Utah Uniform Commercial Code; or (c) to take any action at law or in equity deemed necessary or desirable to enforce its and the Bondowners' rights with respect to the Leased Property and the Lessee. All moneys then held in any fund or account under the Indenture shall be held by the Trustee for the benefit of the owners of the Bonds, except as otherwise provided in the Indenture. The net proceeds received on such foreclosure, liquidation, reletting or sale and such other moneys shall be applied as provided in the Indenture. A BONDOWNER SHOULD NOT ANTICIPATE THAT IT WILL BE POSSIBLE TO FORECLOSE ON THE LEASED PROPERTY AND LIQUIDATE, RELET OR SELL THE LEASED PROPERTY AFTER THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION OR AN EVENT OF DEFAULT FOR AN AMOUNT EQUAL TO THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS THEN OUTSTANDING PLUS ACCRUED INTEREST THEREON. The Indenture and ownership of any interest in the Leased Property following foreclosure is subject to Permitted Encumbrances.

The Trustee may waive an Event of Nonappropriation or an Event of Default under certain circumstances as provided in the Master Lease and the Indenture.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before their stated maturity dates, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

Any consent or request by the registered owner of this Bond shall be conclusive and binding upon such registered owner and upon all future registered owners of this Bond and on any

Bond issued upon the transfer or exchange of this Bond whether or not notation of such consent or request is made upon this Bond.

THIS BOND IS ISSUED WITH THE INTENT THAT THE LAWS OF THE STATE OF UTAH SHALL GOVERN ITS LEGALITY, VALIDITY, ENFORCEABILITY AND CONSTRUCTION. THIS BOND AND THE PREMIUM, IF ANY, AND THE INTEREST HEREON SHALL BE PAYABLE SOLELY OUT OF BASE RENTALS RECEIVED BY THE TRUSTEE (AS ASSIGNEE OF THE ISSUER) UNDER THE MASTER LEASE. NOTHING HEREIN SHALL BE CONSTRUED AS REQUIRING THE STATE OF UTAH OR ANY POLITICAL SUBDIVISION OF THE STATE OF UTAH TO PAY THIS BOND OR THE PREMIUM (IF ANY) OR INTEREST HEREON OR TO APPROPRIATE ANY MONEY TO PAY THE SAME. PURSUANT TO SECTION 17D-2-505 OF THE ACT, THE ISSUER HAS SECURED THIS BOND AND THE PREMIUM, IF ANY, AND THE INTEREST HEREON BY THE INDENTURE, PURSUANT TO WHICH THE MONEYS IN CERTAIN FUNDS AND ACCOUNTS CREATED THEREBY ARE PLEDGED TO THE PAYMENT OF THIS BOND AND THE PREMIUM, IF ANY, AND INTEREST HEREON, TOGETHER WITH ALL OTHER SECURITY PROVIDED BY THE INDENTURE AND THE DEED OF TRUST, INCLUDING A LIEN ON THE LEASED PROPERTY AND ON THE LEASEHOLD ESTATE CREATED UNDER THE MASTER LEASE. NEITHER THIS BOND NOR THE INTEREST HEREON SHALL CONSTITUTE OR GIVE RISE TO A GENERAL OBLIGATION OR LIABILITY OF, OR A CHARGE AGAINST, THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER, THE LESSEE, THE STATE OF UTAH OR ANY POLITICAL SUBDIVISION OF THE STATE OF UTAH. THE ISSUER HAS NO TAXING POWER.

THE OBLIGATION OF THE LESSEE TO MAKE PAYMENTS OF BASE RENTALS AND OTHER AMOUNTS UNDER THE MASTER LEASE IS ANNUALLY RENEWABLE AS PROVIDED THEREIN. THE OBLIGATION OF THE LESSEE TO MAKE SUCH PAYMENTS WILL NOT CONSTITUTE A DEBT OF THE LESSEE, THE STATE OF UTAH OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE ISSUANCE OF THE BONDS NOR THE EXECUTION AND DELIVERY OF THE MASTER LEASE DIRECTLY OR CONTINGENTLY OBLIGATE THE LESSEE TO APPROPRIATE ANY MONEY TO PAY RENTALS UNDER THE MASTER LEASE OR TO PAY ANY RENTALS BEYOND THOSE APPROPRIATED FOR THE LESSEE'S THEN CURRENT FISCAL YEAR OR OBLIGATE THE STATE OF UTAH OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE LESSEE TO THE EXTENT PROVIDED IN THE MASTER LEASE) TO PAY ANY RENTALS DUE TO THE ISSUER UNDER THE TERMS OF THE MASTER LEASE. NO PERSON EXECUTING THE BONDS OR THE MASTER LEASE SHALL BE SUBJECT TO PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS OR THE EXECUTION OF THE MASTER LEASE.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution or statutes of the State of Utah and by the Act and the Indenture to exist, to have happened or to have been performed precedent to or in connection with the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the issue of the Series 2018 Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said Constitution and statutes.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the Local Building Authority of Alpine School District, Utah County, Utah has caused this Bond to be signed in its name and on its behalf by its President and

attested by its Secretary and has caused its corporate seal to be imprinted hereon, all as of the Dated Date.

LOCAL BUILDING AUTHORITY OF ALPINE SCHOOL
DISTRICT, UTAH COUNTY, UTAH

By _____
President

ATTEST:

By _____
Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds of the issue described in the within-mentioned Indenture and is one of the Lease Revenue Bonds, Series 2018, of the Local Building Authority of Alpine School District, Utah County, Utah.

ZB, NATIONAL ASSOCIATION, DBA ZIONS BANK,
as Trustee

By _____
Authorized Officer

Date of registration and authentication: _____, 2018.

TRUSTEE, BOND REGISTRAR AND PAYING
AGENT:

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

[FORM OF ASSIGNMENT]

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	UNIF TRAN MIN ACT—
TEN ENT	—	as tenants by the entirety	_____ Custodian _____
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) under Uniform Transfers to Minors Act of _____ (State)

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

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

[Empty rectangular box for Social Security or Other Identifying Number of Assignee]

Insert Social Security or Other
Identifying Number of Assignee

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of the LOCAL BUILDING AUTHORITY OF ALPINE SCHOOL DISTRICT, UTAH COUNTY, UTAH and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

SIGNATURE: _____

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other “signature guarantee program” as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

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

; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid and binding trust instrument have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the owners thereof, the sum of Ten Dollars lawful money of the United States of America to it duly paid by the Trustee at or before the execution and delivery of these presents, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of, and premium, if any, and interest on, the Bonds outstanding hereunder from time to time, according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, transfer, convey, assign, pledge and hypothecate unto the Trustee, its successors in trust and assigns, forever, and grants to the Trustee, its successors in trust and assigns, forever, a security interest in, except any Excepted Property (as hereinafter defined) hereinafter expressly excepted from the lien hereof, all and singular the following described properties, rights, interests and privileges (hereinafter sometimes collectively referred to as the “*Trust Estate*”):

GRANTING CLAUSE FIRST

The right, title and interest of the Issuer in and to the real estate situated in Utah County, State of Utah, as more particularly described in *Exhibit A* attached hereto, TOGETHER WITH (a) the entire interest of the Issuer in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed or placed, upon such real estate, including all right, title and interest of the Issuer, if any, in and to all building material, building equipment and fixtures of every kind and nature whatsoever on any of said real estate or in any building, structure or improvement now or hereafter standing on said real estate, which are classified as fixtures under applicable law and which are used in connection with the operation, maintenance or protection of said buildings, structures and improvements as such, whether or not the same are used in connection with the operation of any business conducted upon any of said real estate, and the reversion or reversions, remainder or remainders, in and to any of said real estate, and together with the entire interest of the Issuer in and to all and singular the tenements, hereditaments, easements, rights-of-way, rights, privileges and appurtenances to said real estate, belonging or in any wise appertaining thereto, including without limitation the entire right, title and interest of the Issuer in, to and under any streets, ways, alleys, gores or strips of land adjoining said real estate, and all claims or demands whatsoever of the Issuer either in law or in equity, in possession or

expectancy of, in and to said real estate, it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or is hereafter acquired by the Issuer and is affixed or attached or annexed to said real estate, shall be and remain or become and constitute a portion of said real estate and the security covered by and subject to the lien of this Indenture, and together with all rents, income, revenues, issues and profits thereof, and the present and continuing right to make claim for, collect, receive and receipt for any and all of such rents, income, revenues, issues and profits arising therefrom or in connection therewith; (b) all appurtenances, easements, water and water rights belonging to or used upon or in connection with said real estate (however represented), pumps, pumping plants, pipes, flumes and ditches, rights-of-way and other rights used in connection therewith or as a means of access thereto, whether now or hereafter owned or constructed or placed thereupon; (c) all the equipment acquired by the Issuer with the proceeds of the Bonds and constituting a part of the School Facilities and any other interest in personal property hereafter acquired by the Issuer for use in connection with the School Facilities, together with all additions thereto and replacements, renewals and substitutions therefore; (d) all the estate, interest, right, title, property or other claim or demand of every nature whatsoever in and to the Trust Estate, including specifically, but without limitation, all deposits made with or other security given to utility companies by the Issuer with respect to the Trust Estate and claims or demands relating to insurance or condemnation awards which the Issuer now has or may hereafter acquire, including all advance payments of insurance premiums made by the Issuer with respect thereto; and (e) all right, title and interest of the Issuer in and to all ground leases, leases, subleases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whereby any person, corporation or business or governmental entity has agreed to pay money or any consideration for the use, possession or occupancy of the premises hereby conveyed or subject to the lien hereof, or any part or portion thereof or space therein, and all rents, income, profits, benefits, advantages and claims against guarantors under any of the foregoing.

GRANTING CLAUSE SECOND

All right, title, interest, estate, claims and demands of the Issuer in and to the Revenues and as lessor in, to and under the Master Lease, including any and all extensions or renewals of the term thereof, together with all rights, powers, privileges, options and other benefits of the Issuer as lessor under the Master Lease, including, without limitation:

(a) the immediate and continuing right to receive and collect all Base Rentals, Additional Rentals (if any) payable pursuant to Section 4.01(b)(ix) of the Master Lease, amounts to be paid into the Bond Fund pursuant to Section 10.01 of the Master Lease from rentals or other payments by permitted sublessees, assignees and transferees, insurance proceeds (including any moneys derived from any self-insurance program), condemnation awards, performance bonds, proceeds from any foreclosure on the Leased Property or liquidation, reletting or sale of the Leased Property, and other payments, tenders and security now or hereafter payable or receivable by the Issuer under the Master Lease pursuant thereto;

(b) the right to make all waivers and agreements and to enter into any amendments relating to the Master Lease or any provision thereof; and

(c) the right to take such action upon the occurrence of an Event of Default or an Event of Nonappropriation with respect to the Master Lease or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default or an Event of Nonappropriation with respect to the Master Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Master Lease or by law, and to do any and all other things whatsoever which the Issuer or any lessor is or may be entitled to do under the Master Lease;

it being the intent and purpose hereof that the assignment and transfer to the Trustee of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Trustee shall have the right to collect and receive all Revenues, Base Rentals, and any other sums payable under the Master Lease (except Additional Rentals, other than Additional Rentals payable pursuant to Section 4.01(b)(ix) of the Master Lease) and other moneys receivable with respect to the leasing, use, occupancy and operation of the Leased Property, all for application in accordance with the provisions hereof at all times during the period from and after the date of this Indenture until the Interests Hereby Secured have been fully paid and discharged; *provided, however*, that the assignment made by this Clause shall not impair or diminish any obligation of the Issuer under the provisions of the Master Lease.

GRANTING CLAUSE THIRD

The Funds (as hereinafter defined), including moneys and obligations therein, held by the Trustee (except moneys or obligations deposited with or paid to the Trustee for payment or redemption of Bonds that are deemed no longer to be outstanding hereunder) pursuant to the terms of this Indenture.

GRANTING CLAUSE FOURTH

Any and all other moneys and securities from time to time held by the Trustee under the terms of this Indenture and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the Issuer or by anyone in its behalf or with its written consent to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

To the extent that the Trust Estate is not comprised of real property, this Indenture constitutes or shall be treated as constituting a security agreement, so that the Trustee shall have and may enforce a security interest to secure payments of all sums due or to become due under this Indenture in any or all of the aforesaid fixtures, accessions, machinery, equipment, tangible personal property, accounts, contract rights and general intangibles and other articles of property, real, personal and mixed, now owned or hereafter acquired, in addition to, but not in limitation of the lien upon the same as part of the realty imposed by the foregoing provisions hereof, such security interest to attach at the earliest moment permitted by law.

EXCEPTED PROPERTY

There is, however, expressly excepted and excluded from the lien and operation of this Indenture the following described property of the Issuer, now owned or hereafter acquired (herein sometimes referred to as “*Excepted Property*”):

- A. The last day of the term of the leasehold estate created under the Master Lease; *provided, however*, that the Issuer covenants and agrees that it will hold each such last day in trust for the use and benefit of the Bondowners and that it will dispose of each such last day from time to time in accordance with such written order as the Trustee in its discretion may give;
- B. Property installed by the Lessee or by any sublessee or licensee of the Lessee as provided in Section 9.03 of the Master Lease; and
- C. Amounts in the Board Proceeds Subaccount in the Acquisition Fund.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in said Trust Estate and assigns forever;

SUBJECT, HOWEVER, to Permitted Encumbrances (as defined in Article I hereof);

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Series 2018 Bonds and Additional Bonds, if any, from time to time, issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the others of the Bonds, except as expressly provided herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest and premium, if any, due or to become due thereon at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof from Base Rentals received under the Master Lease and otherwise from the Trust Estate hereunder, and shall cause the payments to be made into the Bond Fund as required under Article IV hereof from Base Rentals received under the Master Lease and otherwise from the Trust Estate hereunder, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments and subject to the next succeeding paragraph this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights and interests, including, without limitation, the Base Rentals, revenues and

receipts, hereby assigned or pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and the respective owners, from time to time, of the Bonds as follows (subject, however, to the provisions of Section 205 hereof):

ARTICLE I

DEFINITIONS

All words and phrases defined in Article I of the Master Lease shall have the same meaning when used in this Indenture. In addition, the following words and phrases shall have the following meanings for all purposes of this Indenture:

“*Acquisition*” (and other forms of the word “*acquire*”), when used with respect to any portion of the Project, shall mean and include, without limitation, the acquisition, construction, installation, improvement, renovation and extension of the Project in accordance with the applicable Project Documents.

“*Acquisition Fund*” shall mean the fund created by Section 407 hereof.

“*Act*” shall mean the Local Building Authority Act, being Chapter 2 of Title 17D, Utah Code Annotated 1953, as amended.

“*Additional Bonds*” shall mean additional parity Bonds authorized to be issued by the Issuer pursuant to the terms and conditions of Section 214 hereof.

“*Agency Agreement*” shall mean that certain Construction Agency Agreement, dated as of March 1, 2018, between the Issuer and the Lessee, as the Issuer’s agent for purposes of causing the Acquisition of the Project.

“*Authorized Denominations*” shall mean denominations of \$5,000.

“*Base Rental Payment Dates*” shall mean each and every date on which any Base Rentals are payable pursuant to the Master Lease.

“*Base Rentals*” shall mean the total of the amounts payable by the Lessee as Base Rentals pursuant to Section 4.01(a) of the Master Lease.

“*Board Proceeds Subaccount*” shall mean the account by that name established in the Acquisition Fund pursuant to Section 407 hereof.

“*Bond*” or “*Bonds*” shall mean one or more of the Series 2018 Bonds of the Issuer to be issued hereunder and, unless the context otherwise indicates, any Additional Bonds authenticated and delivered from time to time hereunder.

“*Bond Fund*” shall mean the fund created by Section 402 hereof.

“*Bond Interest Payment Dates*” shall mean March 15 and September of each year so long as any of the Bonds are outstanding, commencing September 15, 2018.

“*Bondowner*” or “*owner of Bonds*”, or any similar term, shall mean the Person in whose name a Bond is registered in the Register.

“*Bond Payment Date*” shall mean a Bond Interest Payment Date and/or a Bond Principal Payment Date.

“*Bond Principal Payment Date*” means March 15 of each year, commencing March 15, 2020.

“*Business Day*” shall mean any day except a Saturday, Sunday or other day on which banks in The City of New York, New York or Salt Lake City, Utah are authorized to close.

“*Capitalized Interest Fund*” shall mean the fund created by Section 402 hereof.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

“*Completion Certificate*” shall mean the certificate (including attachments thereto) delivered by or at the direction of an Authorized Lessee Representative pursuant to Section 5.08(b) of the Master Lease and Section 409 hereof evidencing completion of the Project, the establishment of the Completion Date, acceptance of the Leased Property by the Lessee and certain other matters.

“*Completion Date*” shall mean the date of completion of the Project within the meaning of Section 17D-2-401 of the Act and of final acceptance of the Leased Property by the Lessee, all as evidenced by the delivery of the Completion Certificate.

“*Contractor*” shall mean such reputable contractor or contractors designated as general contractor for the School Facilities.

“*Costs of Acquisition*” with respect to the Project shall mean those items authorized by Section 17D-2-102(10) of the Act which the Lessee, in its own capacity, or in its capacity as agent to the Issuer pursuant to the Agency Agreement, or the Issuer has paid or shall be required to pay under the terms of any contract or contracts for the Project and the financing thereof and all expenses preliminary and incidental thereto incurred by the Issuer or the Lessee (as such agent) in connection therewith and with the issuance of the Bonds, including but not limited to the following:

- (a) obligations of the Lessee or the Issuer incurred for labor, materials and equipment in connection with the Project;

(b) the cost of performance or other bonds and any and all types of insurance (including but not limited to title insurance) that may be necessary or appropriate to have in effect during the course of the Project;

(c) all costs of planning and designing the School Facilities, including architectural, planning, engineering, legal and fiscal advisors' fees and the costs incurred by the Lessee or the Issuer for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper and timely completion of the Project, including costs of preparing and securing all Project Documents and site preparation;

(d) all Costs of Issuance;

(e) payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a Project Contract;

(f) the cost of equipment and furnishings for the School Facilities and all other costs authorized by the Act which are considered to be a part of the costs of the School Facilities in accordance with generally accepted accounting principles and which will preserve the tax-exempt status of the Series 2018 Bonds;

(g) any sums required to reimburse the Issuer or the Lessee for advances by either of them for any of the above items or for any other costs incurred and for work done by either of them which are properly chargeable to a capital account in respect of the Project, including sums required to reimburse the Issuer or the Lessee for advances for costs incurred pursuant to clause (i) hereafter;

(h) such amounts as the governing body of the Issuer shall find to be necessary to provide necessary working capital in connection with the Project, which amounts under this clause (h) shall not exceed \$250,000 in the aggregate; and

(i) all other amounts which shall be required to be paid under the terms of any Project Contract, including but not limited to such amounts as are payable by the Lessee to the Issuer in accordance with the Ground Lease, so long as such amounts are authorized under the Act.

“Costs of Issuance” shall mean all items of expense directly or indirectly payable by or reimbursable to the Issuer or the Lessee relating to the financing of the Project hereunder, including, but not limited to, all costs paid or incurred by the Lessee or the Issuer at any time prior to or after delivery of the Bonds with respect to the issuance, sale and delivery of the Bonds, including, but not limited to, initial or acceptance fees and expenses of the Trustee, the Paying Agent and the Registrar, costs of legal and other professional services, including but not limited to financial advisor fees and expenses, costs of underwriting the Bonds (including underwriting fees or bond discount), costs of preparing the Operative Agreements and any supplements to any thereof and any other documents in connection with the authorization, issuance and sale of the

Bonds, rating agency fees and expenses, municipal bond insurance premiums, recording and filing fees, costs of title insurance, printing and engraving and other fees and costs in connection therewith.

“Deed of Trust” means that certain Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement, dated as of March 1, 2018, among the Issuer, the Trustee, as trustee under the Deed of Trust and the Trustee, as beneficiary under the Deed of Trust.

“Event of Default” is defined in Section 901 hereof.

“Fiscal Year” shall mean the twelve-month period used from time to time by the Lessee for its financial accounting purposes, such period currently extending from July 1 to the next succeeding June 30.

“Funds” shall mean all of the funds and accounts created hereunder and held by the Trustee, including but not limited to the Acquisition Fund, the Bond Fund, the Capitalized Interest Fund, the Redemption Fund and the Insurance Fund.

“Ground Lease” shall mean that certain Ground Lease, dated as of the date hereof, between the Issuer and the Lessee, pursuant to which the Lessee agrees to lease to the Issuer, and the Issuer agrees to lease from the Lessee, the School Site.

“Indenture” shall mean this Indenture of Trust, and any amendments and supplements hereto as herein provided.

“Insurance Fund” shall mean the fund created by Section 413 hereof.

“Interests Hereby Secured” shall mean the principal of and interest and premium, if any, on the Bonds and all additional amounts and other sums at any time due and owing from or required to be paid by or on behalf of the Issuer under the terms of the Bonds or this Indenture or by the Lessee pursuant to the terms of the Master Lease.

“Issuer” shall mean the Local Building Authority of Alpine School District, Utah County, Utah, a Utah nonprofit corporation, and any body which succeeds to its powers, duties or functions.

“Leased Property” shall mean, collectively, the School Facilities and the School Site, leased and to be leased to the Lessee pursuant to the Master Lease.

“Lessee” shall mean the Board of Education of Alpine School District, Utah County, Utah, a duly organized and existing body corporate and a political subdivision of the State of Utah in its capacity as lessee under the Master Lease, and any public body or public corporation succeeding to its rights and obligations under the Master Lease. Any reference herein to the “governing body” of the Lessee shall refer to the Board of Education of Alpine School District, Utah County, Utah, and to any successor governing body as authorized by applicable law.

“*Lien*” shall mean any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on common law, statute or contract, and including but not limited to the security interest or lien arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes.

“*Master Lease*” shall mean that certain Master Lease Agreement, dated as of the date hereof, between the Lessee and the Issuer with respect to the Lessee’s leasing of the Leased Property described therein from the Issuer, including the *Exhibits* and *Schedules* attached thereto and incorporated therein, and any amendments and supplements thereto as therein and herein provided.

“*Net Proceeds*”, when used with respect to any performance or payment bond proceeds, or proceeds (including, but not limited to, any moneys derived from any self-insurance program) from policies of insurance required by the Master Lease, or any condemnation award, or any proceeds resulting from default under a Project Contract (including but not limited to any such proceeds realized as liquidated damages) with respect to the Leased Property, or proceeds from any foreclosure on the Leased Property or liquidation, reletting or sale of the Leased Property, shall mean the amount remaining after deducting all expenses (including attorneys’ fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

“*Notice*” or “*notice*” shall mean a written notice meeting the requirements of this Indenture mailed by first-class mail, postage prepaid, or sent by facsimile or other electronic means, to the owners of specified Bonds, at the addresses shown in the Register.

“*Officer’s Certificate*” when used with respect to the Lessee shall mean a certificate signed by an Authorized Lessee Representative or, when used with respect to the Issuer or the Lessor, an Authorized Lessor Representative, and delivered to the Trustee.

“*Operative Agreements*” shall mean, collectively, the Master Lease, the Ground Lease, the Deed of Trust, the Tax Certificate, the Agency Agreement and this Indenture.

“*Outstanding*” when used with respect to Bonds shall mean all Bonds which have theretofore been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled and delivered to the Registrar or delivered to the Registrar for cancellation;

(b) Bonds for the payment or redemption of which cash funds or Government Obligations (as defined in Article VII hereof) or, with respect to the Bonds, United States Obligations (as defined in Article VII hereof) in the necessary amount shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds) in trust for the owners of such Bonds; *provided* that if such Bonds are to be redeemed prior to the stated maturity date thereof, notice of such redemption shall have been duly given pursuant to the provisions of this Indenture or arrangements

satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture;

provided, however, that in determining whether the owners of a requisite aggregate principal amount of Bonds outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the provisions hereof or of the Master Lease, Bonds which are owned by or on behalf of the Issuer or the Lessee shall be disregarded for the purpose of any such determination, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer or the Lessee.

"Paying Agent" shall mean the agent appointed by the Trustee, at the direction of the Issuer, as agent of the Trustee to serve as the paying agent or place of payment for the principal of and interest and premium, if any, on the Bonds, and any successor designated pursuant to this Indenture, or in the event that at any time no such agent shall be appointed, the Trustee.

"Permitted Encumbrances" shall have the meaning assigned to such term in the Master Lease.

"Person" shall mean one or more individuals, estates, joint ventures, joint-stock companies, partnerships, associations, corporations, trusts or unincorporated organizations, and one or more governments or agencies or political subdivisions thereof.

"Project Contracts" shall mean (a) any contract or contracts between the Lessee (acting in its own capacity with respect to the Acquisition of that portion of the Project Acquired prior to the date hereof and in its capacity as the Issuer's agent pursuant to the Agency Agreement with respect to any portion of the Acquisition of the Project to be Acquired after the date hereof) or the Issuer and any Contractor or Contractors and between any Contractor or subcontractor and his immediate subcontractor regarding the School Facilities and (b) any other contract or contracts entered into by the Lessee or the Issuer relating to the Acquisition of the Project, including without limitation the Ground Lease, a copy of each of which is or will be on file with the Lessee.

"Project" shall mean the Acquisition of the School Facilities.

"Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Redemption Fund" shall mean the fund created by Section 607 hereof.

"Register" is defined in Section 206 hereof.

“*Registrar*” shall mean the agent appointed by the Trustee, at the direction of the Issuer, as agent of the Trustee to keep the books for the registration of the Bonds and for the registration of transfer and exchange of the Bonds, and any successor appointed by the Trustee, at the direction of the Issuer, or in the event that at any time no such agent shall be appointed, the Trustee.

“*Regular Record Date*” shall mean, with respect to any Bond Interest Payment Date, the first day of the month in which Bond Interest Payment Date occurs.

“*Revenues*” shall mean (a) all Net Proceeds, if any, of casualty insurance (including any moneys derived from any self-insurance program), title insurance, performance bonds, condemnation awards and awards resulting from defaults under Project Contracts (including amounts realized as liquidated damages) in connection with the Project, not applied to the repair, restoration, modification, improvement or replacement of the Leased Property; (b) all Net Proceeds, if any, derived from any sale of the Leased Property pursuant to a foreclosure pursuant to the Indenture and reletting or sale of the Leased Property thereafter pursuant to the Indenture or any other proceeds realized upon the exercise of any other remedies hereunder; (c) the Base Rentals; (d) any portion of the proceeds of sale of the Bonds deposited into the Bond Fund or the Capitalized Interest Fund to pay accrued interest or capitalized interest on the Bonds; (e) any earnings on moneys on deposit in the Bond Fund and the Capitalized Interest Fund to the extent such earnings are available as provided herein for application for the purposes for which such Funds have been established hereunder; (f) all other revenues derived from the Master Lease, except Additional Rentals (other than those Additional Rentals (if any) payable pursuant to Section 4.01(b)(ix) of the Master Lease); and (g) any other moneys to which the Trustee may be entitled for the benefit of the Bondowners, including but not limited to any amounts to be paid into the Bond Fund pursuant to Section 10.01 of the Master Lease from rentals or other payments by permitted sublessees, assignees and transferees.

“*School Facilities*” has the meaning assigned to such term in the Master Lease.

“*School Site*” shall mean those certain tracts of land situated in Utah County, Utah and more particularly described in *Exhibit A* attached hereto.

“*Series*” shall mean all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to Section 209 or 606 hereof.

“*Series 2018 Bonds*” shall mean the Issuer’s Lease Revenue Bonds, Series 2018 issued hereunder.

“*Special Record Date*” shall mean a special date fixed to determine the names and addresses of owners of Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as provided in Section 204(b) hereof.

“*Tax Certificate*” shall mean any agreement or certificate of the Issuer and the Lessee which the Issuer and the Lessee may execute in order to establish and assure the excludability from gross income for federal income tax purposes of interest on the Bonds.

“*Trust Estate*” shall have the meaning stated in the habendum to the Granting Clauses of the Indenture and shall include the properties, rights, interests and privileges described in the Granting Clauses this Indenture.

“*Trustee*” shall mean ZB, National Association, dba Zions Bank, Salt Lake City, Utah, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

ARTICLE II

THE BONDS

Section 201. Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Series 2018 Bonds that may be issued hereunder is hereby expressly limited to \$19,135,000 except as provided in Section 209 hereof; *provided, however*, that Additional Bonds may be issued as provided in Section 214 hereof.

Section 202. Issuance of the Series 2018 Bonds. (a) In order to provide funds to finance the Costs of Acquisition of the Project and to provide moneys for deposit into the Capitalized Interest Fund to be used for the respective purposes for which such Funds are herein created and to be administered, there is hereby authorized to be issued a Series of Bonds in the aggregate principal amount of \$19,135,000, which Series of Bonds is hereby designated as “Local Building Authority of Alpine School District, Utah County, Utah, Lease Revenue Bonds, Series 2018.” The Series 2018 Bonds shall be dated as of their date of issuance, and shall bear interest from the Bond Interest Payment Date next preceding the date of registration and authentication thereof, unless such Series 2018 Bond is registered and authenticated as of a Bond Interest Payment Date, in which event such Series 2018 Bond shall bear interest from such Bond Interest Payment Date, or unless such Bond is registered and authenticated prior to the first Bond Interest Payment Date, in which event such Series 2018 Bond shall bear interest from the dated date specified on the Series 2018 Bonds, or unless, as shown by the records of the Trustee, interest on the Series 2018 Bonds is in default, in which event the Series 2018 Bonds shall bear interest from the date to which such interest has been paid in full, or unless no interest on the Series 2018 Bonds has been paid, in which event the Series 2018 Bonds shall bear interest from such dated date of the Bonds. The Trustee shall insert the date of registration and authentication of each Bond in the place provided for such purpose in the certificate of authentication on each Bond. Interest on the Bonds shall be payable on each Bond Interest Payment Date and shall be calculated on the basis of a year of 360 days consisting of twelve 30-day months.

The Series 2018 Bonds shall be dated as of the Issue Date, shall mature on the dates and shall bear interest at the rates per annum set forth below. Interest shall be calculated on the basis of a year of 360 days comprised of twelve 30-day months.

<u>DUE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
<u>MARCH 15</u>	<u>AMOUNT</u>	<u>RATE</u>
2020	\$700,000	3.000
2021	700,000	5.000
2022	730,000	5.000
2023	770,000	5.000
2024	810,000	5.000
2025	850,000	5.000
2026	890,000	5.000
2027	935,000	5.000
2028	985,000	4.000
2030	2,080,000	3.000
2031	1,085,000	3.000
2032	1,115,000	3.125
2033	1,150,000	3.125
2034	1,185,000	3.250
2035	1,225,000	3.250
2036	1,265,000	3.375
2037	1,310,000	3.500
2038	1,350,000	3.500

(b) The Bonds shall be signed on behalf of the Issuer by the official manual or facsimile signature of its President and attested by the official manual or facsimile signature of its Secretary, *provided, however*, that at least one signature of an authorized officer of the Issuer or of the Trustee required or permitted by the terms of this Indenture to be placed on the Bonds shall be a manual signature, and its seal shall be thereunto affixed by the Secretary of the Issuer, which may be by a facsimile of the Issuer’s seal which is imprinted upon the Bonds. Any such facsimile signature shall have the same force and effect as if said President or Secretary, as the case may be, had manually signed each of said Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any officer who shall have signed or attested any of the Bonds shall cease to be such officer before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the Issuer, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the Issuer as though such person who signed or attested the same had continued to be such officer of the Issuer. Also, any Bond may be signed or attested on behalf of the Issuer by any person who on the actual date of the execution of such Bond shall be the proper officer of the Issuer, although on the nominal date of such Bond any such person shall not have been such officer of the Issuer.

(c) The Bonds shall be issuable only as fully registered Bonds without coupons in Authorized Denominations. The Bonds shall be lettered “R” and shall be numbered consecutively from 1 upward.

Section 203. Place of Payment. (a) The principal of and premium, if any, on the Bonds shall be payable at the principal corporate trust office of the Trustee in Salt Lake City, Utah, upon presentation and surrender thereof.

(b) Interest on the Bonds shall be paid to the Person who is the registered owner thereof as of the close of business on the Regular Record Date for such Bond Interest Payment Date and shall be paid by check or draft drawn on the Trustee, as Paying Agent, and mailed on the Bond Interest Payment Date to the registered owner thereof at the address on the Register or at such other address as is furnished to the Trustee in writing by the registered owner thereof prior to the Regular Record Date, notwithstanding the cancellation of any such Bond upon any exchange or transfer thereof subsequent to the Regular Record Date and prior to such Bond Interest Payment Date, but any such interest not so timely paid or duly provided for shall cease to be payable to the Person who is the registered owner thereof as of the close of business on the Regular Record Date and shall be payable to the Person who is the registered owner thereof as of the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Bonds not less than ten days prior thereto to each such owner as shown on the Register, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

(c) The principal of, and premium, if any, and interest on, the Bonds shall be paid in lawful money of the United States of America.

Section 204. Limited Obligation; Covenants to Charge Rentals and Budget and Appropriate for Base Rentals and Additional Rentals. (a) The Issuer has leased the Leased Property to the Lessee pursuant to the Master Lease, and the Lessee is required pursuant thereto to pay Base Rentals while it uses, operates and occupies the Leased Property in an amount equal to the principal of, and premium, if any, and interest on, the Bonds as they become due (including the mandatory sinking fund deposit amounts payable pursuant to Section 203 hereof) and Additional Rentals in connection with the Leased Property and the operation thereof. The Issuer covenants to charge Base Rentals and Additional Rentals under the Master Lease sufficient in amount for such purposes and to pay any other obligations hereunder which are to be paid from Base Rentals or Additional Rentals. Except to the extent provided in the Master Lease, neither the State of Utah nor any political subdivision thereof is obligated to pay any Rentals due to the Issuer for the Lessee's use, occupancy and operation of the Leased Property.

(b) The Bonds, together with the interest and premium, if any, thereon, are not general obligations of the Issuer, but are limited obligations and, except for the security provided by this Indenture pursuant to Section 17D-2-505 of the Act, are payable solely from the Base Rentals received under the Master Lease and certain other amounts received under the Master Lease and this Indenture, including such interest on the Bonds as may be payable from the Capitalized Interest Fund. Pursuant to Section 17D-2-505 of the Act, the Bonds shall be and hereby are secured by the Trust Estate which is hereby specifically pledged, hypothecated, assigned and otherwise secured, subject to Permitted Encumbrances, for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, and premium, if any, and interest on, the Bonds, except as may be otherwise expressly authorized in this Indenture. Neither the full faith

and credit nor the taxing powers of the State of Utah or any political subdivision of such State is pledged to the payment of the principal of, or premium, if any, or interest on, the Bonds or other costs appertaining thereto. The Bonds and the interest and premium, if any, thereon shall not now nor shall ever constitute an indebtedness of the Issuer, the State of Utah or any political subdivision of such State within the meaning of any state constitutional provision or limitation nor give rise to or be a general obligation or liability of nor a charge against the general credit or taxing powers of the State of Utah or any political subdivision of the State of Utah.

THE OBLIGATION OF THE LESSEE TO PAY BASE RENTALS AND OTHER AMOUNTS UNDER THE MASTER LEASE IS ANNUALLY RENEWABLE AS PROVIDED THEREIN. NEITHER THE OBLIGATION OF THE LESSEE TO MAKE SUCH PAYMENTS NOR THE BONDS WILL CONSTITUTE A DEBT OF THE ISSUER, THE LESSEE, THE STATE OF UTAH OR ANY POLITICAL SUBDIVISION OF THE STATE OF UTAH. NEITHER THE ISSUANCE OF THE BONDS NOR THE EXECUTION AND DELIVERY OF THE MASTER LEASE DIRECTLY OR CONTINGENTLY OBLIGATE THE LESSEE TO APPROPRIATE ANY MONEY TO PAY RENTALS UNDER THE MASTER LEASE OR TO PAY ANY RENTALS BEYOND THOSE APPROPRIATED FOR THE LESSEE'S THEN CURRENT FISCAL YEAR. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE LESSEE'S OFFICERS AND AGENTS, NOR OFFICERS, TRUSTEES OR AGENTS OF THE ISSUER, NOR ANY PERSONS EXECUTING THE BONDS OR THE MASTER LEASE, SHALL BE LIABLE PERSONALLY ON THE BONDS OR THE MASTER LEASE OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS OR THE EXECUTION OF THE MASTER LEASE.

(c) The Master Lease further provides that, during the term of the Master Lease, the Lessee will (i) include in its annual tentative budget prepared in accordance with applicable law an item for expenditure of an amount necessary (after taking into account any moneys then legally available for such purpose which are then on deposit in the Bond Fund) to pay the Base Rentals and reasonably estimated Additional Rentals for the Leased Property during the next succeeding Renewal Term, and (ii) take such further action (or cause the same to be taken) as may be necessary or desirable to assure that the final budget submitted to the governing body of the Lessee for its consideration seeks an appropriation of moneys sufficient to pay such Base Rentals and Additional Rentals for each such Renewal Term. The Master Lease further provides that if the Lessee fails to pay any such Rentals, it must immediately quit and vacate the Leased Property and its obligation to pay any Rentals (except for Rentals theretofore appropriated and then available for such purpose) shall thereupon terminate. No judgment for money damages may be entered against the State of Utah nor against any political subdivision thereof for failure to pay such Rentals or any other amounts, except for Rentals theretofore appropriated and then available for such purpose, other moneys and property subject to the lien of the Indenture or as otherwise expressly provided in the Master Lease. No deficiency judgment may be entered against the Issuer, the State of Utah or any political subdivision of such State on foreclosure of any lien created by this Indenture or on sale of the Leased Property pursuant to a foreclosure or liquidation pursuant to this Indenture or reletting or sale of the Leased Property thereafter pursuant to the Indenture, except as otherwise expressly provided in the Master Lease. Neither the State of Utah nor any political subdivision thereof, other than the Lessee to the extent provided in the Master Lease, is obligated to pay the principal of, or premium, if any, or interest on, any Bond.

Section 205. The Register. The Issuer shall cause to be kept at the principal corporate trust office of the Trustee, as Registrar, a register for the registration, exchange and transfer of Bonds (herein called the “*Register*”). The names and addresses of the owners of the Bonds, the transfers and exchanges of the Bonds and the names and addresses of the transferees of all Bonds shall be registered in the Register. The Issuer shall cause this Indenture to constitute a “system of registration” for all purposes of the Registered Public Obligations Act of the State of Utah, Chapter 7 of Title 15 of the Utah Code Annotated 1953, as amended. For the purposes of such Registered Public Obligations Act, this Indenture shall constitute a “system of registration” as such term is defined in said Act.

Section 206. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or become obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee and any such executed certificate upon any such Bond shall be conclusive evidence that such Bonds have been authenticated and delivered under this Indenture. The Trustee’s certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds of any Series issued hereunder.

Section 207. Form of Bonds. The Bonds issued under this Indenture shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

Section 208. Transfers and Exchanges of Bonds; Lost, Stolen, Destroyed or Mutilated Bonds. (a) The owner of any Bond may transfer such Bond only upon the surrender thereof for cancellation at the principal corporate trust office of the Trustee, except as provided in Section 209(d) hereof. Thereupon, the Issuer shall execute in the name of the transferee a new Bond or Bonds in aggregate principal amount equal to the original principal amount of the Bonds so surrendered, the principal amount thereof bearing interest at the same rate or rates as borne by the Bond or Bonds so surrendered and of the same Series, designation and maturity as the Bond or Bonds so surrendered, and the Trustee shall authenticate and deliver such new Bond or Bonds to such transferee.

(b) The owner of any Bond may at any time surrender such Bond at the principal corporate trust office of the Trustee in exchange for an equal aggregate principal amount of Bonds of the same Series, designation and maturity, and the principal amount thereof bearing interest at the same rate or rates as borne by the Bond or Bonds so surrendered, in the form of fully registered Bonds in any authorized denominations.

(c) All Bonds presented or surrendered for transfer or exchange shall be accompanied by a written instrument or instruments of assignment or transfer, in form satisfactory to the Trustee, duly executed by the owner or by such owner’s attorney duly authorized in writing. Neither the Issuer nor the Trustee shall be required (i) to issue, register the transfer of or exchange any Bond during the period from the Regular Record Date or the Special Record Date, as the case may be, for a Bond Interest Payment Date to such Bond Interest Payment Date, (ii) to issue, register the

transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the date of the mailing of a notice of redemption of Bonds selected for redemption under Article VI hereof and ending at the close of business on the day of such mailing or (iii) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part.

(d) If any Bond shall become mutilated, the Issuer, at the expense of the owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it. All such cancelled Bonds shall be burned or otherwise destroyed by the Trustee, and a certificate of destruction evidencing such burning or other destruction shall be furnished by the Trustee to the Issuer. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Issuer and the Trustee and, if such evidence be satisfactory to both and indemnity as required by the Act or Utah law and satisfactory to the Trustee shall be given, the Issuer, at the expense of the owner thereof, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof). Any Bond issued under the provisions of this subsection (d) in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an additional contractual obligation of the Issuer, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Bonds of the same Series secured by the Indenture. Neither the Issuer nor the Trustee shall be required to treat both the original Bond and any duplicate Bond as being outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds outstanding hereunder, but both the original and duplicate Bond shall be treated as one and the same.

(e) Upon the issuance of a new Bond pursuant to Section 209(a), (b) or (d) hereof, the Trustee may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by the Trustee, and the Trustee may require the Bondowner requesting such transfer or exchange to pay such transfer fee as the Trustee at the time customarily charges for such service.

Section 209. Cancellation of Bonds. All Bonds surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Trustee for cancellation and, when surrendered to the Trustee, shall be cancelled by it, and no Bonds shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Indenture and as permitted by law. All such cancelled Bonds shall be burned or otherwise destroyed by the Trustee, and a certificate of destruction evidencing such burning or other destruction shall be furnished by the Trustee to the Issuer.

Section 210. Ownership. The Person in whose name any Bond shall be registered shall be deemed and treated as the owner thereof for all purposes of this Indenture, and neither the Issuer, the Trustee, the Paying Agent nor the Registrar shall be affected by any notice to the contrary.

Payment of or on account of the principal of, and premium, if any, and interest on, the Bonds shall be made only to or upon the order in writing of such registered owner or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge such Bond to the extent of the sum or sums paid. For the purpose of any request, direction or consent hereunder, the Trustee, the Paying Agent and the Registrar may deem and treat the registered owner of any Bond as the owner and holder thereof without production of such Bond.

Section 211. Delivery of the Series 2018 Bonds; Application of Proceeds of Series 2018 Bonds. (a) Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Series 2018 Bonds to be issued in the aggregate principal amount of \$19,135,000 and deliver them to the purchasers thereof as may be directed by the Issuer as hereinafter in this Section provided.

Prior to the delivery on original issuance by the Trustee of the Bonds, there shall be or have been delivered to the Trustee:

- (i) an original duly executed counterpart of each of the Operative Agreements;
- (ii) a copy, duly certified by the Secretary of the Issuer, of the resolution adopted and approved by the Board of Directors of the Issuer authorizing the execution and delivery by the Issuer of each of the Operative Agreements and the issuance, sale, execution and delivery of the Series 2018 Bonds;
- (iii) a copy, duly certified by the Business Administrator of the Lessee, of the resolution adopted and approved by the governing body of the Lessee approving the issuance of the Series 2018 Bonds and the terms thereof, approving the Indenture and authorizing the execution and delivery by the Lessee of each of the Operative Agreements to which the Lessee is a party;
- (iv) evidence that the insurance required by Article VII of the Master Lease has been obtained;
- (v) a request and authorization to the Trustee on behalf of the Issuer and signed by the President and Secretary of the Issuer to authenticate and deliver the Series 2018 Bonds to the purchasers therein identified upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization equal to the purchase price of the Series 2018 Bonds plus accrued interest (if any) thereon to the date of delivery;
- (vi) an ALTA mortgagee title insurance policy, or commitment therefor, insuring the first lien of this Indenture on the Leased Property (*provided, however*, that such lien may be subject to Permitted Encumbrances), and showing the Trustee as the named insured;
- (vii) a certificate of the architect or engineer responsible for planning and designing the School Facilities which sets forth the estimated useful life of the School Facilities in compliance with Section 17D-2-302 of the Act;

(viii) a written opinion of counsel to the Lessee as to the due organization and existence of the Lessee, the legal, valid and binding nature of the Master Lease and the Ground Lease as against the Lessee, and such other matters as may be reasonably required by the purchasers of the Series 2018 Bonds; and

(x) a written opinion of counsel to the Issuer as to the due organization and existence of the Issuer, the legal, valid and binding nature of the Indenture, the Master Lease, the Deed of Trust and the Ground Lease, as against the Issuer, and such other matters as may be reasonably required by the purchasers of the Series 2018 Bonds.

(b) The proceeds of sale of the Series 2018 Bonds shall be paid over to the Trustee and deposited to the credit of the Bond Fund, the Acquisition Fund and the Capitalized Interest Fund, as provided under Article IV hereof.

Section 212. Temporary Bonds. Pending preparation of the definitive Bonds, any Bonds delivered under this Indenture may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be in such principal amounts of authorized denominations as may be determined by the Issuer and the purchasers thereof, shall be in registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Issuer and be authenticated by the Trustee upon the same conditions and in substantially the same manner as definitive Bonds. If the Issuer delivers temporary Bonds, it shall execute and furnish definitive Bonds without delay and, thereupon, the temporary Bonds shall be surrendered for cancellation in exchange therefor at the principal corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, of the same Series and maturity or maturities and bearing interest at the same rate or rates. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered pursuant hereto.

Section 213. Additional Bonds. At any time while there is no Event of Default under this Indenture or the Master Lease and so long as no Event of Nonappropriation has occurred and is then continuing, Additional Bonds may be issued for the purposes set forth in Section 5.07 of the Master Lease. If it is determined by the Lessee that Additional Bonds should be issued, the Lessee may file with the Issuer and the Trustee an estimate indicating the amount of costs to be incurred for the purposes for which Additional Bonds may be issued.

Thereupon, the Issuer and the Lessee may from time to time, agree upon and approve the issuance and delivery of Additional Bonds in such amount as shall be determined by said parties. All Additional Bonds shall be secured by the lien of this Indenture and rank *pari passu* with the Bonds, and, unless provided otherwise in a supplement to this Indenture, shall be in substantially the same form as the Series 2018 Bonds, but shall bear such date or dates, bear such interest rate or rates, have such maturity date or dates, redemption dates and redemption premiums, and be issued at such prices as shall be approved in writing by the Issuer and the Lessee; *provided, however,* that (a) principal of the Additional Bonds shall be payable on March 15 of each year in which principal falls due, and the interest thereon shall be payable on March 15 and September of

each year during the term thereof and (b) no such Additional Bonds shall have a maturity date later than March 15, 2038, unless the final Renewal Term of the Master Lease expiring on or before such date is extended, in which case such maturity date shall be within the earliest extended final Renewal Term of the Master Lease.

Upon the execution and delivery in each instance of appropriate supplements to this Indenture and to the Master Lease, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate, such Additional Bonds and deliver them to the purchasers thereof as may be directed by the Issuer as hereinafter provided in this Section. Prior to the delivery on original issuance by the Trustee of each Series of such Additional Bonds, there shall be or have been delivered to the Trustee:

(a) a written statement by the Lessee approving (i) the issuance and delivery of such Series of Additional Bonds and (ii) any other matters to be approved by the Lessee pursuant to Section 5.07 of the Master Lease and this Section;

(b) a copy, duly certified by the Secretary of the Issuer, of the resolution adopted and approved by the Board of Directors of the Issuer authorizing (i) the execution and delivery of a supplement to this Indenture, the amendment to the Master Lease and, if necessary, the amendments to the Agency Agreement, (ii) the issuance, sale, execution and delivery of such Series of Additional Bonds and (iii) if necessary, the execution and delivery of a ground lease with respect to any land to be leased to the Issuer for the purpose of financing any improvements thereon with the proceeds of sale of such Series of Additional Bonds;

(c) a request and authorization to the Trustee on behalf of the Issuer and signed by the President and Secretary of the Issuer to authenticate and deliver such Series of Additional Bonds in the aggregate principal amount designated therein to the purchasers therein identified upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization equal to the purchase price of such Series of Additional Bonds plus accrued interest (if any) thereon to the date of delivery;

(d) an original duly executed counterpart of a supplement to this Indenture, an amendment (if necessary) to the Agency Agreement, a ground lease (if necessary) as described in clause (iii) of subparagraph (b) above and a Tax Certificate (if necessary) with respect to such Series of Additional Bonds;

(e) an ALTA mortgagee title insurance policy (or commitment therefor) or a date-down endorsement (or commitment therefor) to the ALTA mortgagee title insurance policy issued in connection with the original Project and, if required by the Lessee, to the ALTA leasehold title insurance policy issued as provided in Section 212(a)(vi) hereof, which endorsement shall insure to the date of issuance of such Series of Additional Bonds and the recording of the supplement to the Indenture the continuing validity of the lien thereof, as modified by the supplement to the Indenture, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement shall increase the amount of title insurance coverage thereunder to an amount

not less than the principal amount of the Additional Bonds plus the principal amount of other Bonds then-outstanding issued as provided in Section 212(a)(vi) hereof, and insuring that the leasehold interest to the School Site is vested in the Issuer, title to the leasehold estate under the Master Lease is vested in the Lessee and, if such is the case, title to the leasehold estate under any ground lease executed in connection with such Series of Additional Bonds is vested in the Issuer, subject in each instance to Permitted Encumbrances, and naming the Trustee as an insured;

(f) A copy, duly certified by the Board of Education Recorder of the Lessee, of the resolution adopted and approved by the governing body of the Lessee approving the issuance of such Series of Additional Bonds and the terms thereof;

(g) an original duly executed counterpart of an amendment to the Master Lease providing, among other things, for adjusting (i) the Base Rentals payable by the Lessee under Section 4.01(a) thereof following the refunding or completion of acquisition or construction for which such Additional Bonds are issued to include payment of principal of and interest on such Additional Bonds and (ii) the allocation of the portions of the Base Rental attributable to the improvements, facilities and properties the Acquisition of which is being financed from the proceeds of sale of such Series of Additional Bonds, which allocation shall be set forth as an attachment to *Schedule I* to the Master Lease;

(h) a written opinion of counsel to the Lessee as to the legal, valid and binding nature of the amendment to the Master Lease, as against the Lessee, and such other matters as may be reasonably required by the purchasers of such Series of Additional Bonds;

(i) a written opinion of counsel to the Issuer as to the legal, valid and binding nature of the amendment to the Master Lease and the supplement to this Indenture, as against the Issuer, and such other matters as may be reasonably required by the purchasers of such Series of Additional Bonds; and

(j) a certificate of the Issuer, stating that as of the date of such delivery no event or condition has happened or exists and is continuing, or is happening or existing, which constitutes, or which, with notice or lapse of time or both, would constitute, an Event of Default under the Indenture or the Master Lease and there has not occurred and is then continuing an Event of Nonappropriation.

The proceeds of sale of each Series of Additional Bonds shall be deposited by the Trustee in the appropriate funds.

ARTICLE III

GENERAL COVENANTS

Section 301. Payment of Bonds. The Issuer hereby covenants to pay promptly the principal of (whether at maturity, by operation of mandatory sinking fund redemptions, by

acceleration or call for redemption or otherwise), and premium, if any, and interest on, the Bonds at the places, on the dates and in the manner provided herein and in every Bond issued under this Indenture according to the true intent and meaning thereof; *provided, however*, that such obligations are not general obligations of the Issuer but are limited obligations payable solely from the Revenues, which Revenues are hereby specifically pledged to such purposes in the manner and to the extent provided herein, and nothing in the Bonds or in this Indenture shall be construed as pledging any funds or assets of the Issuer other than those mortgaged, assigned and pledged hereby. The Bonds, the premium, if any, and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Issuer, and the Issuer shall not be obligated to pay the principal of, and premium, if any, and interest on, the Bonds or other costs incident thereto except from the Revenues pledged therefor. The Issuer has no taxing power.

Section 302. Performance of Issuer's Covenants; Authority. The Issuer shall faithfully observe and perform at all times any and all covenants, conditions and agreements on its part contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its Board of Directors pertaining thereto; *provided, however*, that the liability of the Issuer under any such covenant, condition or agreement for any breach or default by the Issuer thereof or thereunder shall be limited solely to the Revenues. The Issuer represents that (a) it is duly authorized under the Constitution and laws of the State of Utah, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture, to mortgage the property described in and mortgaged hereby and to assign the Master Lease and to pledge the Revenues in the manner and to the extent herein set forth; (b) all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken (or if Additional Bonds are issued pursuant to Section 214 hereof will be duly taken as provided therein); and (c) the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

Section 303. Payment of Taxes, Charges, Insurance, etc. The Issuer shall cause the Lessee pursuant to the Master Lease to maintain certain insurance and pay all lawful taxes, assessments and charges at any time levied or assessed against or with respect to the Leased Property or the Revenues, or any part thereof, which might impair or prejudice the lien and priority of this Indenture; *provided, however*, that nothing contained in this Section 303 shall require the maintenance of insurance or payment of any such taxes, assessments or charges if the same are not required to be maintained or paid under the provisions of Section 7.01 or 8.01 of the Master Lease. The Issuer shall maintain such insurance and pay such taxes, assessments and charges to the same extent as provided in Sections 7.01 and 8.01 of the Master Lease, respectively, as if said Sections were herein set forth in full, if and to the extent that the Lessee fails to maintain such insurance or pay such taxes, assessments or charges, but the liability hereby imposed on the Issuer shall only be paid from the Trust Estate as herein provided.

Section 304. Maintenance and Repair. Pursuant to the provisions of Section 6.01 of the Master Lease, respectively, the Lessee has agreed at its own expense to maintain, manage and operate the Leased Property in good order, condition and repair, and the Lessee may, at its own expense, make from time to time additions, modifications or improvements to the Leased Property under the terms and conditions set forth in Section 9.01 of the Master Lease.

Section 305. Recordation of the Master Lease, Deed of Trust and Security Instruments. The Issuer shall cause the Deed of Trust, the Master Lease and all supplements thereto as well as such other security instruments, financing statements, continuation statements and all supplements thereto and other instruments as may be required from time to time to be kept recorded and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the owners of the Bonds and the rights of the Trustee hereunder and to perfect the lien of, and the security interest created by, the Indenture.

Section 306. Inspection of Project Books. The Issuer covenants and agrees that all books and documents in the possession of the Issuer relating to the Project and the Revenues derived from the Leased Property and the leasing thereof shall at all times be open to inspection by such accountants or other agents as the Trustee may from time to time designate.

Section 307. Rights Under the Master Lease. The Master Lease, a duly executed counterpart of which has been filed with the Trustee sets forth the covenants and obligations of the Issuer and the Lessee, including provisions that subsequent to the initial issuance of Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, the Master Lease may not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the concurring written consent of the Trustee, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Lessee under the Master Lease.

Section 308. List of Bondowners. The Trustee shall keep on file a list of names and addresses of the owners of all Bonds, together with the principal amount and numbers of such Bonds. At reasonable times and under reasonable regulations established by the Trustee, such list may be inspected and copied by designated representatives of the Issuer, the Lessee or owners of not less than 10% in aggregate principal amount of Bonds then outstanding, such possession or ownership and the authority of such designated representatives to be evidenced to the reasonable satisfaction of the Trustee. The Trustee shall mail any notices which it is required to furnish Bondowners pursuant to the terms of this Indenture to all names and addresses on such list.

Section 309. Warranty. The Issuer has the right, power and authority to grant a security interest in the Trust Estate to the Trustee for the uses and purposes herein set forth. The Issuer warrants that there is no financing statement or other filed or recorded instrument in which the Issuer is named as, or which the Issuer has signed as, debtor now on file in any public office covering any of the Trust Estate excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein, and that the lien and security interest herein created have been duly perfected and are prior to any other.

Section 310. Further Assurances. The Issuer will, at the Lessee's expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the lien and security interest being herein provided for in the Trust Estate, whether now owned or held or hereafter acquired, including but not limited to executing or causing to be executed such financing statements and continuation statements as shall be necessary under applicable law to perfect and maintain the security interest being herein provided for in the Trust Estate. Without limiting the foregoing, but in furtherance of the security

interest herein granted in the Revenues and other sums due and to become due under the Master Lease, the Issuer covenants and agrees that it will notify the Lessee of this Indenture pursuant to Section 11.02 of the Master Lease, and that it will direct such Lessee to make all payments of Base Rentals, Additional Rentals provided in Section 4.01(b)(ix) of the Master Lease and other sums due and to become due under the Master Lease directly to the Trustee or as the Trustee may direct or as may be otherwise provided in the Master Lease.

Section 311. Actions with Respect to Trust Estate. The Issuer will not:

(a) declare a default or exercise the remedies of the seller or lessor, as the case may be, under, or terminate, modify or accept a surrender of, or offer or agree to any termination, waiver, modification or surrender of, the Master Lease (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any Lien (other than the security interest and lien of this Indenture) to secure the payment of indebtedness upon the leasehold or other estate created by the Master Lease or any part of any thereof; or

(b) receive or collect or permit the receipt or collection of any payment under the Master Lease prior to the date for the payment thereof provided for by the Master Lease or assign, transfer or hypothecate (other than to the Trustee hereunder) any Revenues or other payment then due or to accrue in the future under the Master Lease in respect of the Leased Property; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Trustee hereunder) its interest in the Leased Property or any part thereof or interest therein or in any amount to be received by it from the disposition of the Leased Property except as herein provided under Article IX, and except as provided in the Master Lease.

Section 312. Power of Attorney in Respect of the Master Lease. The Issuer does hereby irrevocably constitute and appoint the Trustee its true and lawful attorney with an interest and full power of substitution, for it and in its name, place and stead (a) to ask, demand, collect, receive and receipt for any and all rents, income and other sums which are assigned under the Granting Clauses hereof, and (b) without limiting the provisions of the foregoing clause (a) hereof, during the continuance of any Event of Default under this Indenture, to exercise any remedies available under the Master Lease as fully as the Issuer could itself do, and to perform all other necessary or appropriate acts with respect to any such remedies, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Issuer or otherwise, which the Trustee may deem necessary or appropriate to protect and preserve the right, title and interest of the Trustee (but only to the extent specifically provided herein) in the Master Lease and to the Revenues under the Master Lease and other sums and the security intended to be afforded hereby, whether or not the Issuer is in default hereunder.

ARTICLE IV

REVENUES AND FUNDS

Section 401. Source of Payment of Bonds. The Bonds herein authorized and all payments by the Issuer hereunder do not constitute or give rise to a pecuniary liability of the Lessee under the Master Lease or a charge against its general credit or taxing powers, but are limited obligations payable solely from the Revenues all as provided herein. The Issuer has no taxing power.

The Base Rentals that the Lessee is required to pay in accordance with Section 4.01(a) of the Master Lease and the Additional Rentals that the Lessee is required to pay in accordance with Section 4.01(b)(ix) of the Master Lease are to be remitted directly to the Trustee for the account of the Issuer and deposited into the Bond Fund as provided in the Master Lease. Such payments, sufficient in amount to insure the prompt payment of the principal of (including mandatory sinking fund deposits pursuant to Section 203 hereof), and premium, if any, and interest on, the Bonds (so long as the Lessee appropriates sufficient moneys annually to pay Rentals accruing during each succeeding Renewal Term under the Master Lease) are pledged to secure the payment of such principal of, and premium, if any, and interest on, the Bonds. Said pledge shall constitute a first and exclusive lien on the Base Rentals and such Additional Rentals provided in the Master Lease for the payment of the principal of, and premium, if any, and interest on, the Bonds in accordance with the terms hereof and thereof and otherwise for the benefit of the Interests Hereby Secured.

Section 402. Creation of Bond Fund and the Capitalized Interest Fund. There is hereby created by the Issuer and ordered established with the Trustee an irrevocable trust fund to be designated “*Local Building Authority of Alpine School District, Utah County, Utah Lease Revenue Bonds Bond Fund,*” which shall be used to pay the principal of and interest on the Bonds as herein provided, except as may otherwise be required by any Tax Certificate. There is also hereby created by the Issuer and ordered established with the Trustee an irrevocable trust fund to be designated “*Local Building Authority of Alpine School District, Utah County, Utah Lease Revenue Bonds Capitalized Interest Fund,*” which shall be used to pay interest on the Bonds as herein provided, except as may otherwise be required by any Tax Certificate.

Section 403. Payments into Bond Fund and the Capitalized Interest Fund. (a) There shall be deposited into the Bond Fund, as and when received, the following:

- (i) any amount in the Capitalized Interest Fund to be paid into the Bond Fund in accordance with Section 403(b) hereof;
- (ii) any amount in the Acquisition Fund to be paid into the Bond Fund in accordance with Section 408(c) or 409 hereof;
- (iii) all Base Rentals;
- (iv) any other amount to be deposited therein pursuant to any other provisions hereof; and

(v) all other moneys received by the Trustee under and pursuant to any of the provisions of the Master Lease (including but not limited to any amounts to be paid into the Bond Fund pursuant to Sections 10.01(b) and 11.01 thereof) or otherwise which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund.

(b) There shall be deposited into the Capitalized Interest Fund (i) the amount specified in Section 408(a)(i) hereof, (ii) earnings on investments of moneys in the Capitalized Interest Fund, which earnings shall automatically upon receipt thereof by the Trustee be deposited by the Trustee into such Capitalized Interest Fund in the manner and the amount described in Section 501 hereof, except as the Trustee may be otherwise directed pursuant to any Tax Certificate and (iii) all other moneys received by the Trustee under and pursuant to any provisions of this Indenture which are required or which are accompanied by directions that such moneys are to be paid into the Capitalized Interest Fund. The Lessee has agreed to cause the interest component of the Base Rentals prior to the Completion Date to be paid from the moneys in the Capitalized Interest Fund in accordance with the terms herein provided. The Trustee shall transfer automatically on each Bond Interest Payment Date to the Bond Fund from the Capitalized Interest Fund any moneys necessary to pay interest on the Bonds then coming due. The Trustee shall use moneys in the Capitalized Interest Fund for the payment of a portion of interest on the Series 2018 Bonds as herein provided payable on or before September 15, 2019. Any moneys remaining in the Capitalized Interest Fund after September 15, 2019 shall without further authorization be transferred by the Trustee for deposit into the Acquisition Fund, subject to any Tax Certificate.

(c) The Issuer hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding, the Issuer will deposit, or cause to be paid to the Trustee for deposit, into the Bond Fund and the Capitalized Interest Fund for its account, sufficient sums from the amounts derived from the Master Lease, but only to the extent provided therein, promptly to meet and pay the principal of, and premium, if any, and interest on, the Bonds as the same become due and payable. Nothing herein shall be construed as requiring the Issuer to use any funds or revenues for such purpose from any source other than funds or revenues described above.

Section 404. Use of Moneys in Bond Fund. Except as provided in Section 411 hereof or as may otherwise be required by any Tax Certificate, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds.

Section 405. Custody of Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby irrevocably authorizes and directs the Trustee to withdraw sufficient moneys from the Bond Fund on each Bond Payment Date to pay the principal of and interest on the Bonds as the same become due and payable, or to make mandatory sinking fund deposits pursuant to Section 203 hereof, which authorization and direction the Trustee hereby accepts.

Section 406. Notice of Nonpayment of Base Rentals; Notice of Failure to Deliver Notice of Extension of Term of Lease. (a) The Trustee shall give written notice as soon as practicable, but in no event later than five (5) days, after the applicable Base Rental Payment Date, to the Lessee

in the event any Base Rentals are not paid when due on the applicable Base Rental Payment Date and shall specify the amount of the Base Rentals not so paid.

(b) The Trustee shall give telephonic notice, promptly confirmed in writing, on or before June 10 of each year during the term of the Master Lease, to the Lessee if the Trustee has not theretofore received the notice from the Lessee required by Section 3.01 of the Master Lease and otherwise make the written inquiry of the Lessee as provided in Section 3.01 of the Master Lease.

Section 407. Creation of Acquisition Fund. There is hereby created by the Issuer and ordered established with the Trustee an irrevocable trust fund to be designated “*Local Building Authority of Alpine School District, Utah County, Utah Lease Revenue Bonds Acquisition Fund,*” which shall be expended in accordance with the provisions of the Master Lease and this Article IV.

Section 408. Disposition of Proceeds of Sale of Series 2018 Bonds; Disbursements from Acquisition Fund. (a) The proceeds of the issuance and delivery of the Bonds, together with certain moneys of the Lessee, shall be deposited as follows:

(i) to the Capitalized Interest Fund, an amount equal to \$907,229.72; and

(ii) to the Acquisition Fund, the balance of the proceeds to be received from the sale of the Series 2018 Bonds (\$18,750,000.00).

(b) Except as provided in Section 408(c) hereof and so long as no Event of Nonappropriation or Event of Default shall occur and be continuing and the Lessee’s right (as agent to the Issuer under the Agency Agreement) to control the Project has not otherwise been terminated pursuant to the Master Lease or the Agency Agreement, the Trustee is hereby authorized and directed to make payments as requested by the Lessee from the Acquisition Fund to pay the Costs of Acquisition, to make each disbursement otherwise required by the applicable provisions of the Master Lease and to issue its checks therefor, upon receipt of a written requisition or requisitions signed by an Authorized Lessee Representative in substantially the form attached hereto as *Exhibit C*.

If any requisition includes an item for payment for labor or to contractors, builders or materialmen, a certificate shall be attached to the requisition, signed on behalf of the Issuer and the Lessee by an Authorized Lessee Representative stating that (1) obligations as stated on the requisition have been properly incurred, (2) such work was actually performed and such materials, supplies or equipment were actually furnished or installed in or about the construction or equipping of the School Facilities or at a storage site for the School Facilities and (3) either such materials, supplies or equipment are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition.

(c) In the event that sufficient moneys are not on deposit in the Bond Fund on a Bond Interest Payment Date, the Trustee is hereby authorized to withdraw moneys held in the Acquisition Fund for deposit into the Bond Fund to the extent necessary to make full payment of interest then coming due on the Bonds after applying moneys then held in the Capitalized Interest

Fund to pay such interest then coming due. The Trustee shall deposit such moneys into the Bond Fund. Upon receipt by the Trustee of any late Base Rentals for which moneys had theretofore been withdrawn from the Acquisition Fund and deposited into the Bond Fund as provided in this Section 408(c), the Trustee shall deposit a portion or all of such Base Rentals into the Acquisition Fund in an amount equal to the amount so withdrawn therefrom.

(d) In the event that the Project is not completed on or prior to September, 2011, or if an Event of Nonappropriation or an Event of Default shall occur prior to the delivery of the Completion Certificate, the Trustee shall take such actions as may be authorized with respect to moneys then remaining in the Acquisition Fund pursuant to Sections 5.01(c) and 5.01(d) of the Master Lease as the Trustee may deem appropriate in the best interests of the owners of the Bonds.

(e) So long as no Event of Nonappropriation or Event of Default occurs under the Master Lease and so long as the Lessee's right to control the Project has not otherwise been terminated as provided in the Master Lease or the Agency Agreement, moneys on deposit in the Acquisition Fund shall be subject to the beneficial interest of the Lessee as provided herein and in the Master Lease.

Section 409. Acquisition of the Project; Delivery of Completion Certificate. The completion of the Acquisition of the Project under the Master Lease, the payment or provision made for payment of all Costs of Acquisition under the Master Lease and the acceptance of the Leased Property by the Lessee shall be evidenced by the filing with the Trustee of the Completion Certificate of an Authorized Lessee Representative stating that, to the best of the Lessee's knowledge based upon the representations of the engineers, vendors, suppliers, contractors, architects and other consultants for the Project and except for any amounts estimated by such Authorized Lessee Representative to be necessary for payment of any Costs of Acquisition not then due and payable, the Acquisition of the Project has been completed (within the meaning of the Act) and the Leased Property has been accepted by the Lessee. Notwithstanding the foregoing, such Certificate shall not, and shall state that it does not, prejudice any rights against third parties which exist on the date of such Certificate or which may subsequently come into being. Acquisition of the Project shall be considered completed (within the meaning of the Act) upon delivery to the Lessee (in its capacity as agent to the Issuer pursuant to the Agency Agreement) by the architect or engineer responsible for the Project of a Certificate of Substantial Completion in the customary form of the American Institute of Architects with respect to such Project, at which time the Lessee shall deliver the Completion Certificate described above in this Section 409 to the Trustee. Such Certificate of Substantial Completion shall be attached to the Completion Certificate delivered to the Trustee. On September 15, 2019, any moneys remaining in the Acquisition Fund (except any amount that the Lessee shall have directed the Trustee to retain for any Cost of Acquisition not then due and payable and except as otherwise may be required by any Tax Certificate) shall without further authorization be transferred by the Trustee for deposit into the Bond Fund and applied by the Trustee as directed by the Lessee to the payment of debt service on the Bonds.

Section 410. Moneys to be Held in Trust; Nonpresentment of Bonds. (a) All moneys required to be deposited with or paid to the Trustee for account to any Fund referred to in any provision of this Indenture shall be held by the Trustee in trust, and except for moneys deposited

with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by the Trustee or the Paying Agent, constitute part of the Trust Estate and be subject to the lien or security interest created hereby, except as otherwise may be required by any Tax Certificate.

(b) If any Bonds are not presented for payment when due, if funds sufficient to pay such Bonds shall have been made available to the Trustee for the benefit of the owners thereof, the Trustee shall hold such funds without liability for interest, for the benefit of the owners of such Bonds, who shall be restricted exclusively to such funds for any claim of whatever nature on or with respect to such Bonds. Any moneys deposited with and held by the Trustee for the benefit of such claimants, if any, for four years after the date upon which so deposited shall be repaid to the Lessee upon its written demand, and thereupon and thereafter no such claimant shall have any rights to or in respect of such moneys against the Trustee.

Section 411. Repayment to the Lessee from Bond Fund and Redemption Fund. Any amounts remaining in the Bond Fund and the Redemption Fund after payment or provision for payment in full of the principal of, and premium, if any, and interest on, the Bonds and all other amounts required to be paid hereunder or under the Master Lease shall be paid immediately to the Lessee, subject to the requirements of Section 410(b) hereof and any Tax Certificate.

Section 412. Creation of Insurance Fund. There is hereby created by the Issuer and ordered established with the Trustee an irrevocable trust fund to be designated “*Local Building Authority of Alpine School District, Utah County, Utah Lease Revenue Bonds Insurance and Condemnation Award Fund,*” which shall be used as provided in Section 413 hereof.

Section 413. Use of Moneys in Insurance Fund. All Net Proceeds of performance or payment bonds, proceeds (including any moneys derived from any self-insurance program) from policies of insurance required by the Master Lease or condemnation awards, or any proceeds resulting from a default under a Project Contract (except liquidated damages, which shall be disposed of in accordance with Section 10.01(b) of the Master Lease) or any other contract relating to the Leased Property which are received by the Trustee shall be deposited into the Insurance Fund. An Authorized Lessee Representative in accordance with Section 10.01 of the Master Lease shall file an Officer’s Certificate with the Trustee, within ninety (90) days after the occurrence of the event giving rise to such Net Proceeds, directing the application and disbursement of such funds, subject to any applicable provisions of any Tax Certificate, as follows:

(a) to the prompt repair, replacement, restoration, modification or improvement of the damaged or destroyed portion of the Leased Property if such Officer’s Certificate states that such Net Proceeds, together with any other funds lawfully available to the Lessee for such purpose, are sufficient to pay in full the costs of such repair, replacement, restoration, modification or improvement, and the Trustee is hereby authorized to disburse moneys from such Insurance Fund as so directed by such Authorized Lessee Representative upon receipt of evidence satisfactory to the Trustee of the application of such funds for such purpose; or

(b) to the payment, in whole or in part, of the principal of the Bonds, but only upon receipt of such Officer's Certificate of the Authorized Lessee Representative, and the Trustee is hereby authorized to withdraw moneys from such Insurance Fund and deposit them into the Bond Fund to be applied to such payment in accordance with Section 10.01 of the Master Lease.

ARTICLE V

INVESTMENT OF MONEYS

Section 501. Permitted Investments. Subject to compliance with the terms and provisions of any Tax Certificate, any moneys held as part of the Acquisition Fund, the Bond Fund, the Insurance Fund, the Redemption Fund or any accounts in any thereof or in any other fund or account hereunder shall be invested and reinvested by the Trustee to the extent permitted by law, at the written direction of the Lessee, but only so long as no Event of Default has occurred and is continuing (or by the Trustee after the occurrence and during the continuance of any such Event of Default) in any of the following permitted investments maturing not later than such times as shall be necessary to provide moneys when needed for payments to be made from each such Fund or other fund or account:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(b) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following federal agencies (including evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations provided that such evidences of direct ownership have been created by or at the direction of the obligated federal agency); provided that such obligations are backed by the full faith and credit of the United States of America:

- (i) Farmers Home Administration (FmHA)
Certificates of beneficial ownership;
- (ii) Federal Housing Administration Debentures (FHA);
- (iii) General Services Administration
Participation certificates;
- (iv) Governmental National Mortgage Association
(GNMA or "Ginnie Mae")
GNMA — guaranteed mortgage-backed bonds
GNMA — guaranteed pass-through obligations
(participation certificates)

- (v) U.S. Maritime Administration Guaranteed Title XI financing;
and
- (vi) U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds.

(c) The Utah State Treasurer’s pooled investment fund (commonly known as the “PTIF Fund”).

All such investments shall at all times be a part of the Fund from whence the moneys used to acquire such investments shall have come. In computing the amount in any fund or account hereunder, investments permitted by this Section 501 shall be valued at the market price thereof at least annually by the Trustee on or before June 10 of each year. All income and profits on such investments, shall be credited to, and all losses thereon shall be charged against, such funds and accounts equal to each fund’s or account’s respective proportionate contribution thereto. Any such investments shall be made and held by or under the control of the Trustee. Any such investments shall be made by the Trustee in such manner as to assure the availability of moneys to make disbursements from the Acquisition Fund on the anticipated dates of disbursement for the Project and to make payments of the principal of, and premium, if any, and interest on, the Bonds at the times and in the amounts as provided therein. The Trustee may make any and all such investments through its trust department or the bond department of any bank or trust company under common control with the Trustee. The Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in (a) the Acquisition Fund is insufficient to pay a disbursement in accordance with Section 408 hereof or (b) the Bond Fund is insufficient to pay the Bondowners at the times and in the amounts as provided herein.

ARTICLE VI

REDEMPTION OF BONDS

Section 601. Optional Redemption. The Series 2018 Bonds maturing on or after March 15, 2028 are subject to redemption at the option of the Issuer on March 15, 2027 (the “*First Redemption Date*”), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as will be selected by the Issuer, upon notice given as provided in the Resolution and described below, at a redemption price equal to 100% of the principal amount of the Series 2018 Bonds to be redeemed, plus accrued interest thereon to the redemption date. Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

Section 602. Mandatory Sinking Fund Redemption. The Series 2018 Bonds maturing on March 15, 2030 are subject to mandatory redemption (“*Mandatory Sinking Fund Redemption*”) by operation of sinking fund installments, in such manner as the Trustee may determine, at a price

equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, on the dates and in the principal amounts as follows:

PAYMENT DATE (MARCH 15)	PRINCIPAL AMOUNT
2029	\$1,025,000
2030*	1,055,000*

* Stated Maturity

Section 603. Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation. The Series 2018 Bonds shall be subject to redemption prior to maturity in whole or in part from time to time, in inverse order of maturity, on such date or dates as the Trustee shall determine as hereinafter provided, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date (to the extent that funds are available for such purpose as described herein), but without premium, in the event that (i) the Facilities are damaged or destroyed, in whole or in part, or the Leased Property or any portion thereof is taken in a condemnation proceeding, or certain events occur with respect to the title to the Leased Property or construction defects in the Facilities as described in Section 10.01(a) of the Lease, (ii) the Net Proceeds of any insurance policy, performance bond or condemnation award, or the Net Proceeds received as a consequence of defaults under any Project Contract (excluding liquidated damages), plus all amounts required to be paid as deductibles thereunder, made available by reason of one or more such occurrences, and any other legally available moneys, shall be insufficient to pay in full the cost of rebuilding, replacing or repairing the Leased Property and (iii) the Lessee elects, pursuant to the Lease, to waive its obligation to rebuild, repair or replace the affected portion of the Leased Property by depositing such Net Proceeds into the Redemption Fund for application to the redemption of the then outstanding Bonds in accordance with Section 10.01(c) of the Lease and Section 415 hereof. If Series 2018 Bonds are called for redemption pursuant to this Section 603(a), the Series 2018 Bonds to be redeemed shall be redeemed on such date or dates as the Trustee may determine to be in the best interests of the Bondowners; *provided, however*, that, if a foreclosure sale of the Mortgaged Property shall have occurred, the Trustee shall not call the Series 2018 Bonds for redemption pursuant to this Section 603 until at least six months have elapsed from the date of such foreclosure sale.

Section 604. Transfer to Redemption Fund Upon Extraordinary Redemption. On such redemption date or dates determined as provided in this Article hereof, the Trustee shall transfer all moneys into the Redemption Fund in accordance with the provisions of Section 607 hereof to be used by the Trustee to redeem the Bonds on such redemption date or dates to the extent necessary after giving effect to all moneys transferred to the Redemption Fund.

Section 605. Partial Redemption of Bonds. In the case of a partial redemption of Bonds when Bonds of denominations greater than \$5,000 are then outstanding, then for all purposes in connection with such partial redemption, each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not

all, of the \$5,000 units of face value represented by any Bond is to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units (given by the Trustee), the owner of such Bond shall forthwith surrender such Bond to the Trustee (a) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption and (b) for exchange, without charge to the owner thereof, for a new Bond or Bonds of the same Series, designation, maturity and interest rate and in any of the authorized denominations, at the option of the owner thereof, of the aggregate principal amount of the unpaid balance of the principal amount of the Bond to be so redeemed. If the owner of any such Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Trustee for redemption and exchange as aforesaid, the principal amount of such Bond to be redeemed shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such Bond to be redeemed represented by such \$5,000 unit or units of face value on and after the redemption date and (funds sufficient for the payment of the redemption price having been deposited with the Trustee and being available for the redemption of said unit or units on the redemption date) such Bond shall not be entitled to the benefit or security of this Indenture to the extent of the portion of its principal amount (and accrued interest thereon after the redemption date) represented by such \$5,000 unit or units of face value nor shall new Bonds be thereafter issued corresponding to said unit or units. Bonds shall be redeemed only in the principal amount of \$5,000 each or any whole multiple thereof.

With respect to any partial redemption of Bonds of less than a particular maturity of Bonds, the particular Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall determine to be fair and equitable.

Section 606. Redemption Fund. There is hereby created by the Issuer and ordered established with the Trustee an irrevocable trust fund to be designated “*Local Building Authority of Alpine School District, Utah County, Utah Lease Revenue Bonds Redemption Fund.*” All moneys to be used for redemption of Bonds shall be deposited in the Redemption Fund. Said moneys shall be set aside in the Redemption Fund solely for the purpose of redeeming the principal of the Bonds in advance of their scheduled maturity date, except as may otherwise be required by any Tax Certificate, and shall be applied on or after the date designated for redemption of the principal of, and premium, if any, and interest on, the Bonds to be redeemed, as the case may be, upon presentation and surrender of such Bonds.

Section 607. Notice of Redemption; Deposit of Moneys. (a) Notice of the call for any redemption shall be given by the Trustee (upon being satisfactorily indemnified as to expenses) in writing by registered or certified mail, return receipt requested, at least five days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the Register; *provided, however,* that failure to give such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner actually receives the notice. Each notice of redemption shall state:

- (i) the redemption date;

- (ii) the redemption price;
- (iii) the source of the funds to be used for such redemption, if known by the Trustee;
- (iv) the principal amount of the Bonds to be redeemed;
- (v) if less than all of the outstanding Bonds of any Series are to be redeemed, the certificate numbers and the respective principal amount of the Bonds to be redeemed;
- (vi) that on the redemption date the redemption price and interest accrued to the redemption date will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after the redemption date; and
- (vii) the name and address of the Person to which such Bonds are to be surrendered for payment of the redemption price.

(b) If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all Bonds called for redemption, which moneys are or will be available for redemption of Bonds, such notice shall state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

(c) On or prior to the date fixed for any redemption of Bonds the moneys required for such redemption shall be deposited with the Trustee by the Lessee in accordance with the Master Lease. The principal of the Bonds called for redemption shall cease to bear interest after the specified redemption date, *provided* that sufficient funds for redemption are on deposit with the Trustee at that time.

Section 608. Redemption of All Outstanding Bonds. In the event that the principal of all Bonds then outstanding is to be redeemed, the Trustee shall, without further authorization, deposit into the Redemption Fund all moneys then remaining in the Acquisition Fund, the Capitalized Interest Fund and the Insurance Fund, with advice to the Lessee and the Issuer of such action, such deposit to be made on the date fixed for redemption.

Section 609. Revised Schedule of Base Rentals. Upon partial redemption or the issuance of Additional Bonds pursuant to Section 214 hereof, the Issuer shall provide the Trustee and the Lessee with a revised schedule of Base Rentals which schedule shall take into account such redemption or issuance and shall be and become for all purposes thereafter *Schedule I* to the Master Lease setting forth the Base Rentals.

ARTICLE VII

DISCHARGE OF LIEN

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid or provision for the unconditional payment made from any source, to or for the Bondowners all principal of, and premium, if any, and interest on, the Bonds at the times and in the manner stipulated therein and herein, and if the Issuer shall not then be in default in any of the other covenants and promises in the Bonds and in this Indenture expressed or implied as to be kept, performed and observed by it or on its part, and if the Lessee shall not then be in default in any of its covenants and promises in the Master Lease expressed or implied as to be kept, performed and observed by it or on its part, and if the Issuer shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions hereof, then all rights and obligations of the Issuer, the Lessee and the Trustee under this Indenture and the Master Lease shall terminate and be of no further force and effect and the Trustee shall cancel and discharge this Indenture and the Master Lease and execute and deliver to the Issuer such instruments in writing as shall be requisite to cancel and discharge the lien hereof, and reconvey, release, assign and deliver unto the Issuer any and all the estate, right, title and interest in and to any property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of this Indenture, except (a) amounts in the Bond Fund required to be paid to the Lessee pursuant to Section 411 hereof, (b) moneys or securities held by the Trustee for the payment of the principal of, or premium, if any, or interest on, the Bonds and (c) any moneys to be paid pursuant to any Tax Certificate.

Any Bond shall be deemed to be paid, or any portion thereof shall be deemed to be paid, within the meaning of this Article VII when payment of the principal of, and premium, if any, and interest on, the Bonds (or such portion thereof) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Obligations, as defined hereinafter in this Article VII, which are not callable at the option of the issuer thereof prior to their maturity and which mature and bear interest in such amounts and at such times as will provide such amounts and at such times as will insure the availability of sufficient moneys to make such payment on and prior to the redemption date or maturity date, as the case may be; *provided, however*, that if the Bonds are not to be paid on the next succeeding Bond Payment Date, proper notice of redemption shall have been previously mailed as provided in Section 608 hereof or the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to mail notice of redemption as provided in Section 608 hereof; *provided, further, however*, that the Issuer shall deliver to the Trustee a cash flow report that the amount of moneys and Government Obligation deposited with the Trustee, including interest earnings thereon, are sufficient to pay the principal of and interest on the Bonds to be redeemed when due. At such time as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of registration and exchange of Bonds and of any such payment from such moneys or Government Obligations.

Any moneys so deposited with the Trustee as provided in this Article VII may, at the direction of the Issuer, be invested and reinvested only in Government Obligations, maturing in

the amounts and at the times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to this Article VII which is not required for the payment of the principal of, or premium, if any, or interest on, the Bonds 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.

For the purposes of this Article VII the term “*Government Obligations*” shall mean direct general obligations of, or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, the guarantee of which constitutes the full faith and credit obligation of the United States of America.

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

Anything in Article XII hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to this Article VII for the payment of principal of, or premium, if any, or interest on, the Bonds and such principal, premium or interest shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the owner of each of the Bonds affected thereby.

ARTICLE VIII

POSSESSION, USE AND PARTIAL RELEASE OF LEASED PROPERTY

Section 801. Subordination of Lease to the Indenture. As provided in Section 11.05 of the Master Lease, the Master Lease and the Lessee’s interest in the Leased Property and its interest as lessee under the Master Lease shall at all times be subject to the lien of this Indenture, *provided, however,* that so long as no Event of Default hereunder or an Event of Nonappropriation has occurred and is then continuing the Master Lease shall remain in full force and effect notwithstanding such subordination, and the Lessee shall not be disturbed by the Issuer or the Trustee in its possession, use and enjoyment of the Leased Property during the term of the Master Lease or in the enjoyment of its rights under the Master Lease.

Section 802. Release of School Site. Reference is made to the provisions of the Master Lease, including without limitation Section 13.01(b) thereof, whereby the Issuer and the Lessee have reserved the right to withdraw certain portions of the School Site from the terms of the Master Lease and the lien hereof upon compliance with the terms and conditions of the Master Lease. The Trustee shall release from the lien of this Indenture any such portions of the School Site upon compliance with the provisions of the Master Lease and as provided in Section 1404 hereof.

Section 803. Granting or Release of Easements. Reference is made to the provisions of the Master Lease, including without limitation Section 13.01(c) thereof, whereby the Lessee may grant or release easements and take other action upon compliance with the terms and conditions of the Master Lease. The Trustee shall execute or confirm the grants or releases of easements, licenses, rights-of-way and other rights and privileges permitted by Section 13.01(c) of the Master Lease upon compliance with the provisions of the Master Lease and as provided in Section 1404 hereof.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 901. Events of Default Defined. The occurrence of any of the following events shall constitute an “Event of Default” under this Indenture:

(a) Default in the payment of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity date thereof, by acceleration or call for redemption or otherwise; or

(b) Default in the payment of any interest on any Bond when the same shall become due and payable; or

(c) The occurrence of any Event of Nonappropriation or Event of Default as each such term is defined in the Master Lease; or

(d) Subject to the provisions of Section 914 hereof, default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in this Indenture or in the Bonds contained and the continuance thereof for a period of thirty (30) days after written notice to the Issuer and the Lessee given by the Trustee or to the Trustee, the Issuer and the Lessee by the owners of not less than a majority in aggregate principal amount of Bonds then outstanding.

Section 902. Remedies Upon Default. Upon the occurrence and continuance of any Event of Default hereunder, but subject always to Article X hereof, the Trustee shall have all the rights and remedies with respect to the Trust Estate as the Issuer, as lessor, has against the Leased Property and the Lessee under the pertinent provisions of the Master Lease and subject to the restrictions and limitations therein provided. Upon the occurrence and continuance of any Event of Default, the Trustee may and shall, at the written request of Bondowners of not less than 25% in aggregate principal amount declare the principal amount of the Bonds then outstanding to be immediately due and payable, whereupon such principal amount shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding; *provided, however*, that no such acceleration shall change or otherwise affect the Lessee’s obligation under the Master Lease to pay Rentals only during the terms of the Master Lease and in the amounts and at the times as provided in the Master Lease. The Trustee

shall give notice of such declaration of acceleration to the Lessee and the Issuer and shall give notice thereof to owners of all Bonds then outstanding.

Upon the occurrence and continuance of any Event of Default specified in subsection (a), (b), (c) or (d) of Section 901 hereof the Trustee shall, without any action on the part of the owners of the Bonds, or upon the occurrence and continuance of an Event of Default specified in subsection (e) of Section 901 hereof and the written request of Bondowners of not less than 25% in aggregate principal amount of Bonds then outstanding the Trustee shall, give notice to the Lessee to vacate the Leased Property immediately as provided in the Master Lease, with or without terminating the term of the Master Lease thereunder except as to the Lessee's possessory interests in the Leased Property under the Master Lease. The Trustee may, and at the written request of Bondowners of not less than 25% in aggregate principal amount of Bonds then outstanding shall, execute a written notice of default and an election to cause the Issuer's interest in the Leased Property or any portion thereof to be sold (subject to any reversionary rights of the Board that may be retained in the School Site under the Ground Lease) to satisfy the obligations of the Issuer under this Indenture in accordance with the provisions of the Deed of Trust and/or may cause a sale of personal property as provided by law and take one or any combination of the following additional remedial steps:

(a) The Trustee may terminate the Master Lease or the Lessee's possessory rights thereunder (without otherwise terminating the Master Lease), and re-enter the Leased Property, eject all parties in possession thereof therefrom and relet the Leased Property, all as provided in Section 15.02(a) of the Master Lease;

(b) The Trustee may, subject to compliance with the applicable provisions of the "one action rule" set forth in Chapter 37 of Title 78 of the Utah Code Annotated 1953, as amended, recover from the Lessee:

(i) the portion of Base Rentals and Additional Rentals which are or would otherwise have been payable under the Master Lease during any period in which the Lessee continues to use, occupy and operate the School Facilities or any portion thereof; and

(ii) Base Rentals and Additional Rentals which are or would otherwise have been payable by the Lessee under the Master Lease during the remainder, after the Lessee vacates the School Facilities, of the Initial Term or the Renewal Term in which such Event of Default occurs for which Term the Lessee had lawfully appropriated moneys for purposes of paying such Base Rentals and Additional Rentals; *provided, however*, that if the Trustee does not proceed to sell the Leased Property reasonably promptly after such Event of Default, the Trustee shall be obligated to the Lessee to use commercially reasonable efforts to lease or sublease the Leased Property upon such terms and conditions the Trustee deems commercially reasonable, for the remainder of such Initial Term or Renewal Term, and the Net Proceeds of such leasing shall be offset against the amount recoverable from the Lessee under this subparagraph (ii);

(c) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Leased Property or any part thereof, in its own name or in the name of the Issuer, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Leased Property, or part thereof or interest or space therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Leased Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorneys' fees, upon any obligations secured hereby, all in such order as the Trustee may determine. The entering upon and taking possession of the Leased Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Leased Property or the collection, receipt and application of rents, issues or profits, the Trustee shall be entitled to exercise every right and remedy provided for in the Master Lease or this Indenture or now or hereafter permitted by law upon occurrence of any Event of Default;

(d) In conformity with Section 312(b) hereof, exercise all rights of the Issuer in its capacity as lessor under the Master Lease, including the right to lease all or any part of the Leased Property in the name and for the account of the Issuer, to collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel and any charges of the Trustee hereunder, any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it wise to pay and all expenses and costs of repairs and improvements to the Leased Property as hereinafter described and apply the remainder of the moneys so received in accordance with Section 908 hereof. Upon the occurrence and continuance of an Event of Default hereunder, the Issuer, upon demand of the Trustee, shall forthwith surrender possession of the Leased Property, together with the books and records of the Issuer pertaining thereto, and including the rights to hold, operate and manage the same, and rights from time to time to make all needful repairs and improvements as the Trustee may deem wise; and

(e) Exercise any or all of the remedies available to a secured party under applicable law, with respect to property subject to this Indenture. Without limiting the generality of the foregoing, the Trustee shall have the right to take possession of any personal property or fixtures subject to the lien of this Indenture and to take such other measures as the Trustee may deem as necessary for the care, protection, preservation and marketing of said personal property and fixtures. The Trustee may require the Lessee to assemble any such personal property or fixtures and make the same available to the Trustee at a place to be designated by the Trustee which is reasonably convenient to the Trustee and the Lessee. It is agreed that a commercially reasonable manner of disposition of

personal property includes, without limitation, disposition with the real property in the manner provided above.

A judgment requiring a payment of money may be entered against the Lessee by reason of an Event of Default hereunder only as to the liabilities described in paragraph (b) above. Notwithstanding anything set forth in the Master Lease or herein to the contrary, any Event of Default consisting of a failure by the Lessee to vacate the School Facilities by the expiration of the Initial Term or the Renewal Term during which an Event of Nonappropriation occurs shall not result in any liability for Base Rentals or Additional Rentals allocable to any period other than the period in which the Lessee continues to use, occupy and operate the School Facilities or any portion thereof and to that extent only.

Section 903. Other Remedies. (a) Upon the occurrence of an Event of Default, the Trustee may, as an alternative, either after entry or without entry, pursue any available remedy by suit at law or equity to enforce the payment of the principal of, and premium, if any, and interest on, the Bonds then outstanding, including, without limitation, foreclosure and mandamus and an action for specific performance of any agreement herein contained.

(b) Upon the occurrence of an Event of Default, if requested to do so by the owners of at least 25% in aggregate principal amount of Bonds then outstanding and if indemnified as provided herein, the Trustee shall exercise such one or more of the rights and powers conferred by this Article as the Trustee, upon being advised by counsel, shall deem most expedient in the interests of the Bondowners; *provided* that the obligation of the Trustee to accelerate the principal of the Bonds shall be subject to Section 902 hereof.

Section 904. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Issuer or of the Bondowners under this Indenture, the Trustee, as a matter of right and after at least five (5) days notice to the Issuer, and without regard to the then value of the Leased Property or the interest of the Issuer, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Leased Property, and the Issuer hereby irrevocably consents to such appointment and, to the extent permitted by law, waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of the Trustee in case of entry as provided in Section 902 hereof and shall continue as such and exercise all such powers until the date of confirmation of sale of the Leased Property unless such receivership is sooner terminated.

Section 905. Remedies Not Exclusive. The Trustee shall be entitled to enforce payments and performance of any obligations secured hereby and to exercise all rights and powers under this Indenture or under the Master Lease or other agreement or any laws now or hereafter in force, notwithstanding some or all of the said obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Indenture nor its enforcement whether by court action or other powers herein contained shall prejudice or in any manner affect the Trustee's right to realize upon or enforce any other security now or hereafter held by the Trustee, it being agreed that the Trustee shall be entitled to enforce this Indenture and any other security now or hereafter held by the

Trustee in such order and manner as it may in its absolute discretion determine. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by this Indenture or the Master Lease or to which it may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Trustee and the Trustee may pursue inconsistent remedies.

Section 906. Limitation on Remedies. (a) Notwithstanding anything herein to the contrary or in the Deed of Trust, no deficiency judgment upon foreclosure or exercise of other remedies as herein or in the Deed of Trust provided may be entered against the Issuer or the Lessee or the State of Utah or any of its political subdivisions, *provided* that the Lessee shall remain liable to pay Rentals for any period that it uses, occupies and operates the School Facilities, and the Trustee shall be entitled to recover such Rentals from the Lessee as provided in Section 902(b) hereof.

(b) No breach of any covenant or agreement herein or in the Master Lease shall impose any general obligation or liability upon, nor a charge against, the Lessee or the general credit or taxing power of the State of Utah or any of its political subdivisions.

Section 907. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be deposited in the Bond Fund. After payment of costs and expenses of foreclosure and liquidation, reletting or sale or suit, if any, and of all proper expenses, liabilities and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Trustee or the owner or owners of the Bonds, and of all taxes, assessments or liens superior to the lien of these presents, subject to which any such liquidation, reletting or sale may have been made, and of all Additional Rentals subject to the lien hereof owed and of all amounts advanced by the Trustee to protect the Leased Property or any of its and the Bondowners' rights with respect thereto, all moneys in the Bond Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable:

First, to the payment of amounts, if any, payable to the United States Treasury pursuant to the Tax Certificate; and

Second, to the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, 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, except as to any difference in the respective rates of interest specified in the Bonds; and

Third, to the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on any of 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 this Indenture), in the order of their due dates, with interest on such Bonds at the respective rates specified therein from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then first to the payment of such interest ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of principal due on such date, to the Persons entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Fourth, to the payment of all other sums secured hereby; and

Fifth, to the extent permitted by law, to the payment to the Persons entitled thereto of the unpaid interest on overdue installments of interest ratably, according to the amounts of such interest due on such date, without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied *first* to the payment of amounts, if any, payable to the United States Treasury pursuant to the Tax Certificate and *second* to the payment of the principal and interest then due and unpaid upon the Bonds, 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 over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of subsection (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Bond 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 to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever the principal of, and premium, if any, and interest on, all Bonds have been paid under the provisions of this Section 908 and all expenses and charges of the Trustee have been

paid, any balance remaining in the Bond Fund, or any other fund established hereunder, shall be paid to the Lessee as provided in Section 411 hereof, except as may be otherwise required by any Tax Certificate.

Notwithstanding anything herein to the contrary, the Trustee shall be entitled to relet the Leased Property in conjunction with or following foreclosure proceedings for such period as is necessary for the Trustee to obtain sufficient moneys to pay the principal of, and premium, if any, and interest on, the Bonds in full, and the obligations of the Trustee with respect to the owners of the Bonds and the receipt and disbursement of funds shall continue until the lien of this Indenture is discharged or foreclosed as herein provided. The termination or expiration of the term of the Master Lease as to the Lessee's possessory rights thereunder, of itself, shall not discharge the lien of this Indenture.

Section 908. Right of Bondowners to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the owners of a majority in aggregate principal amount of the Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 909. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this 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 proceeding relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit (subject to the provisions of Section 908 hereof) of the owners of the then outstanding Bonds.

Section 910. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Trustee, the Lessee and the Bondowners shall be restored to their former positions and rights hereunder respectively with regard to the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 911. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds, and shall do so upon the written request of the owners of (a) more than 50% in aggregate principal amount of all Bonds then outstanding in respect of which a default exists in the payment of principal and/or premium, if any, and/or interest, or (b) more than 50% in aggregate principal amount of all Bonds then outstanding in the case of any other Event of Default; *provided, however*, that there shall not be waived (i) any Event of Default in the payment of the principal of any outstanding Bonds at the date of payment of the final maturity or mandatory sinking fund payment specified therein 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 (including any interest on overdue principal at the rate provided in Section 202(a) hereof) or all arrears of payments of principal and premium, if any, when due, as the case may be, 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 proceedings 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 Lessee and the Bondowners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 912. Rights and Remedies of Bondowners. Except in the case of a failure of the Trustee to accelerate payment of principal of the Bonds pursuant to Section 902 hereof, no owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Trustee has been notified, or of which it is deemed to have notice, (b) such default has become an Event of Default and the owners of at least 25% in aggregate principal amount of Bonds then outstanding have made written request to the Trustee and have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) such owners have offered to the Trustee indemnity as provided for herein and (d) the Trustee thereafter has failed or refused to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name or in the name of such owners. Such notification, request and offer of indemnity as set forth above, at the option of the Trustee, shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner herein provided and for the equal benefit of the owners of all Bonds then outstanding. Nothing in this Indenture shall, however, affect or impair the right of any Bondowner to enforce, by action at law or in equity, payment of the principal of, and premium, if any, and interest on, any Bond at and after the maturity thereof, or upon the date fixed for redemption or (subject to the provisions of Section 902 hereof) upon the same being declared due prior to maturity, as herein provided, or the obligation of the Issuer to pay the principal of, and premium, if any, and interest on, each of the Bonds issued hereunder to the respective owners thereof at the time, place, from the source and in the manner expressed herein and in the Bonds.

ARTICLE X

THE TRUSTEE

The Trustee accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions hereof, including the following, to all of which the Issuer and the respective owners of the Bonds at any time outstanding by their acceptance thereof agree:

Section 1001. Duties of the Trustee. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture.

Following an Event of Default, the Trustee is under no obligation to enforce the Indenture or the Master Lease with respect to which such Event of Default has occurred except as it may be directed pursuant to Section 1002(i) hereof; *provided however* that the Trustee shall continue at all times to perform its customary duties as provided herein.

Section 1002. Trustee's Liability. No provision of this Indenture shall be construed to relieve the Trustee from liability for its gross negligence or willful misconduct, except that:

(a) the Trustee shall not be liable except for the performance of such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee but the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture;

(b) in the absence of bad faith on the part of the Trustee, the Trustee may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon, any resolution, Officer's Certificate, opinion of counsel, certificate, request, notice, consent, waiver, order, signature guaranty, notarial seal, stamp, acknowledgment, verification, appraisal, report or other paper or document believed by the Trustee to be genuine and to have been signed, affixed or presented by the proper party or parties;

(c) in the absence of bad faith on the part of the Trustee, whenever the Trustee, or any of its agents, representatives, experts or counsel, shall consider it necessary or desirable that any matter be proved or established, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate; *provided, however*, that the Trustee, or such agent, representative, expert or counsel, may require such further and additional evidence and make such further investigation as it or they may consider reasonable;

(d) the Trustee may consult with counsel and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance with such advice or opinion of counsel;

(e) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction or request of the owners of the Bonds;

(f) the Trustee shall not be liable for any error of judgment made in good faith by an officer of the Trustee;

(g) the Trustee shall not be deemed to have knowledge of any Event of Default (except an Event of Default under Sections 901(a) or 901(b) hereof or Section 15.01(a) or

15.01(b) of the Master Lease) hereunder or under the Master Lease unless and until the Trustee shall have received written advice thereof from the owner of any Bond, the Issuer or the Lessee;

(h) whether or not an Event of Default shall have occurred, the Trustee shall not be under any obligation to take any action under this Indenture which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it by the security afforded to it by the terms of this Indenture, unless and until it is requested in writing so to do by one or more owners of Bonds outstanding hereunder and furnished, from time to time as it may require, with reasonable security and indemnity;

(i) whether or not an Event of Default shall have occurred, whenever it is provided in this Indenture that the Trustee consent to any act or omission by any Person or that the Trustee exercise its discretion in any manner, the Trustee may (but need not) seek the written acquiescence of the owner or owners of at least a majority in aggregate principal amount of the Bonds then outstanding and, unless written evidence of such acquiescence has been received by the Trustee, it shall be fully justified in refusing so to consent or so to exercise its discretion, *provided, however*, the owners of not less than a majority in principal amount of the Bonds from time to time outstanding have the right, upon furnishing to the Trustee such indemnification as the Trustee shall reasonably request, by an instrument in writing delivered to the Trustee, to determine which of the remedies herein set forth shall be adopted and to direct the time, method and place of conducting all proceedings to be taken under the provisions of this Indenture for the enforcement thereof or of the Bonds; *provided further*, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceedings so directed may not lawfully be taken or would be prejudicial to owners of Bonds not parties to such direction;

(j) the Bondowners shall not have any right to institute any action or proceedings at law or in equity for the execution and enforcement of the trusts hereby created unless, within sixty (60) days after a direction in writing by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, the Trustee has failed or refused to institute the action on behalf of such Bondowners;

(k) IN NO EVENT SHALL THE TRUSTEE BE LIABLE TO ANY PARTY OR THIRD PARTY FOR SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, LOST PROFITS OR LOSS OF BUSINESS ARISING UNDER OR IN CONNECTION WITH THIS INDENTURE, EVEN IF PREVIOUSLY INFORMED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF THE FORM OF ACTION; AND

(l) the Trustee shall not sell, mortgage, transfer, assign or hypothecate its interest herein or in the Revenues or the Leased Property or any part of any thereof or any interest therein or in any amount to be received by it from the disposition of any of the Leased Property, except as provided herein with respect to the enforcement of its rights and remedies hereunder.

Section 1003. No Responsibility of Trustee for Recitals. (a) The recitals and statements contained herein and in the Bonds shall be taken as the recitals and statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same, nor shall the Trustee have any responsibility for or any liability with respect to any disclosure, warranty, representation or concealment or failure to disclose in connection with the offering, solicitation, sale or distribution of the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Bonds secured hereby, the security hereby or thereby afforded, the interest of the Issuer in the Trust Estate or the descriptions thereof, or the filing or recording or registering of this Indenture, or any other document. The Trustee shall not be required to undertake any act or duty to insure or cause the Project or the Leased Property to be insured or to maintain, repair or otherwise take care of any of the Leased Property.

(c) The Trustee shall not be concerned with or accountable to anyone for the use or application of any deposited moneys which shall be released or withdrawn in accordance with the provisions of this Indenture or of any Property or the proceeds thereof which shall be released from the lien hereof in accordance with the provisions of this Indenture.

(d) The Trustee shall not be liable to anyone for any delay in the Project, or for any default on the part of any supplier or manufacturer thereof, or for any defect in any portion of the Leased Property or in the title thereto, nor shall anything herein be construed as a warranty on the part of the Trustee in respect thereof or as a representation in respect of the title thereto.

Section 1004. Compensation and Expenses of Trustee; Indemnification. The Trustee shall be entitled to reasonable compensation for its services hereunder (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and to reimbursement for all reasonable expenses incurred hereunder, and as Registrar and Paying Agent, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Trustee may employ in connection with the exercise and performance of its powers and duties hereunder.

The Lessee will indemnify and save the Trustee harmless against any liabilities, not arising from the Trustee's own default or gross negligence or bad faith, which it may incur in the exercise and performance of its rights, powers, trusts, duties and obligations hereunder, but only from lawfully appropriated moneys available for such purpose and payable as Additional Rentals under the Master Lease.

Section 1005. Status of Moneys Received. All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law or as provided herein, and may be deposited by the Trustee under such general conditions as may be prescribed by law in the Trustee's general banking department, and the Trustee shall be under no liability for interest on any moneys received by it hereunder. The Trustee and any affiliated corporation may become the owner of any Bond secured hereby and be interested in any financial transaction with the Issuer or the Lessee, or the Trustee may act as depositary or otherwise

in respect of other securities of the Issuer or the Lessee, all with the same rights which it would have if it were not the Trustee.

Section 1006. Resignation of Trustee. The Trustee may resign and be discharged from the trusts created hereby by delivering sixty (60) days' prior written notice thereof to the Issuer, the Lessee and all owners of Bonds at the time outstanding. Such resignation shall take effect only upon the appointment of a successor Trustee and the acceptance of such appointment by such successor Trustee.

Section 1007. Removal of Trustee. The Issuer shall, at the written direction of the Lessee, remove the Trustee by an instrument or instruments in writing executed by the Issuer and delivered to the Trustee, specifying the removal, *provided* that such removal shall take effect only upon the appointment of a successor Trustee and the acceptance of such appointment by such successor Trustee.

Section 1008. Appointment of Successor Trustee. In case at any time the Trustee shall resign or be removed or become incapable of acting, a successor Trustee may be appointed by the owners of not less than a majority in aggregate principal amount of the Bonds at the time outstanding by an instrument or instruments in writing executed by such Bondowners and filed with such successor Trustee, the Issuer and the Lessee.

Until a successor Trustee shall be so appointed by the Bondowners, the Issuer shall appoint a successor Trustee to fill such vacancy, by an instrument in writing executed by the Issuer and delivered to the successor Trustee. If all or substantially all of the Trust Estate shall be in the possession of one or more receivers, trustees, liquidators or assignees for the benefit of creditors, then such receivers, trustees, custodians, liquidators or assignees for the benefit of creditors may, by an instrument in writing delivered to the successor Trustee, appoint a successor Trustee. Promptly after any such appointment, the Issuer, or any such receivers, trustees, custodians, liquidators or assignees, as the case may be, shall give notice thereof, and to each owner of the Bonds at the time outstanding.

Any successor Trustee so appointed by the Issuer, or such receivers, trustees, custodians, liquidators or assignees, shall immediately and without further act be superseded by a successor Trustee appointed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding.

If a successor Trustee shall not be appointed pursuant to this Section within sixty (60) days after a vacancy shall have occurred in the office of the Trustee, the owner of any Bond or such retiring Trustee (unless the retiring Trustee is being removed) may apply to any court of competent jurisdiction to appoint a successor Trustee, and such court may thereupon, after such notice, if any, as it may consider proper, appoint a successor Trustee.

Section 1009. Succession of Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the predecessor Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed, conveyance or transfer, shall become vested with the title to the Trust Estate, and with all the

rights, powers, trusts, duties and obligations of the predecessor Trustee in the trust hereunder, with like effect as if originally named as Trustee herein.

Upon the request of any such successor Trustee, however, the Issuer and the predecessor Trustee shall execute and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee the predecessor Trustee's interest in the Trust Estate and all such rights, powers, trusts, duties and obligations of the predecessor Trustee and the predecessor Trustee shall also assign and deliver to the successor Trustee any Property subject to the lien of this Indenture which may then be in its possession.

Section 1010. Eligibility of Trustee. Every Trustee so provided hereunder shall be a state or national bank or trust company or a corporation with trust powers in good standing organized under the laws of the United States of America or of any state thereof, having a capital, surplus and undivided profits aggregating at least \$10,000,000, if there be such a bank, trust company or corporation willing and able to accept such trust upon reasonable and customary terms.

In case the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 1006 hereof.

Section 1011. Successor Trustee by Merger. Any corporation into which the Trustee may be merged or with which it may be consolidated or converted, or any corporation resulting from any merger, consolidation or conversion to which the Trustee shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Trustee as a whole or substantially as a whole, if eligible as provided in Section 1010 hereof, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto, anything to the contrary contained herein notwithstanding.

Section 1012. Co-Trustees. At any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Issuer and the Trustee jointly shall have power, and shall execute and deliver all instruments, to appoint one or more persons approved by the Trustee, to act as co-Trustee, or co-Trustees, jointly with the Trustee, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such interest in the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable.

Section 1013. Notice to the Lessee of Investment Earnings and Payments from Capitalized Interest Fund; Annual Reports by Trustee; Notice of Estimated Additional Rentals. (a) Not less than thirty (30) days prior to each applicable Base Rental Payment Date, the Trustee shall prepare and mail a statement of account to the Lessee notifying the Lessee of the amounts of investment earnings then held in the Bond Fund and the Capitalized Interest Fund and available to be applied as a credit against the Lessee's Base Rentals due on the next succeeding Base Rental Payment Date as provided in Section 4.07 of the Master Lease and the amount of Base Rentals due on such

next succeeding Base Rental Payment Date. The Lessee shall be entitled to a credit for such amounts against the payment of Base Rentals next coming due under the Master Lease as provided in Section 4.07 of the Master Lease.

(b) The Trustee shall make annual reports to the Issuer and the Lessee of all moneys received and expended by it in such form as shall be agreed on by the Issuer, the Lessee and the Trustee.

(c) Prior to April 1 of each year during the term of the Master Lease, the Trustee shall propose and submit to the Lessee a statement estimating the amount of Additional Rentals set forth in Section 401(b)(i), (ii) and (iii) of the Master Lease that are expected to become due during the next succeeding Renewal Term (assuming for this purpose only that the governing body of the Lessee will elect to extend the term of the Master Lease for such Renewal Term), which statement will detail the items constituting such Additional Rentals. With respect to each such statement estimating the amount of Additional Rentals prepared by the Trustee as provided herein, the Trustee shall not be required to make or be deemed to have made any representation that such estimate will be sufficient to pay all Additional Rentals which will become due during the ensuing Renewal Term. In no event shall the Trustee be liable to the Issuer, the Lessee or the owners of the Bonds in connection with any such estimate so long as the Trustee is acting in accordance with the standard specified in Section 1002 hereof.

Section 1014. Designation and Succession of Paying Agents and Registrar; Agreement with Paying Agent. (a) Pursuant to the provisions hereof, the Trustee hereby appoints itself as the initial Paying Agent for the Bonds, with its principal corporate trust office in Salt Lake City, Utah. Any bank or trust company with or into which any Paying Agent or Registrar may be merged or consolidated, or to which the assets and business of such Paying Agent or Registrar may be sold, shall be deemed the successor of such Paying Agent or Registrar, respectively, for the purposes of this Indenture. If the position of Paying Agent shall become vacant for any reason, the Issuer shall appoint a bank or trust company located in the same city as such Paying Agent to fill such vacancy. In addition to any Registrars appointed pursuant to Section 1015 hereof, the Trustee may appoint such Registrars (subject to the provisions of Section 1016 hereof) as it deems appropriate. The Lessee shall have the right at any time to direct the Trustee to appoint or remove any Paying Agent or Registrar.

The appointment and designation of any Paying Agent, other than the Trustee, shall become effective upon the filing of written notice of such appointment and designation, together with a certified copy of the written acceptance of such appointment and designation, with the Trustee and the Registrar. Any Paying Agent, other than the Trustee, shall designate in writing to the Trustee and the Registrar its principal office for purposes of this Indenture. Any Paying Agent may at any time resign by giving written notice of resignation to the Trustee, the Registrar, the Issuer and the Lessee. The Issuer may terminate the agency of any Paying Agent at any time by giving written notice of termination to such Paying Agent, the Trustee and the Registrar.

The appointment of a Registrar other than the initial appointment of a Registrar under this Indenture shall become effective upon the last to occur of the filing of written notice of such appointment, together with a certified copy of a written acceptance of such appointment, with the

Issuer or the giving of a notice of such appointment to all Bondowners. Any Registrar may at any time resign or be removed as provided in Section 1016 hereof.

The Paying Agent and the Registrar shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in Section 1002 hereof with respect to the Trustee insofar as such provisions may be applicable.

The Trustee will cause each Paying Agent, other than the Trustee, to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(a) hold all sums held by it for the payment of principal of, and premium, if any, and interest on, the Bonds, in trust for the benefit of the Bondowners entitled thereto until such sums shall be paid to such Bondowners or otherwise disposed of as herein provided;

(b) keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Lessee and the Trustee at all reasonable times; and

(c) upon the written request of the Trustee, forthwith deliver to the Trustee all sums so held in trust by such Paying Agent.

The Issuer shall cooperate with the Trustee and the Lessee to cause the necessary arrangements to be made and to be thereafter continued whereby funds derived from the sources specified in Sections 403, 404 and 605 hereof will be made available for the payment when due of the principal of, and premium, if any, and interest on, the Bonds as presented at the principal corporate trust office of the Paying Agent.

Section 1015. Registrar. Pursuant to the provisions hereof, the Trustee hereby appoints itself as the initial Registrar for the Bonds, with its principal corporate trust office in Salt Lake City, Utah. The Issuer shall appoint any other Registrar for the Bonds, subject to the conditions set forth in Section 1016 hereof. Any Registrar, other than the Trustee, shall designate to the Trustee its principal office and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Trustee and the Lessee at all reasonable times.

Section 1016. Qualifications of Registrar; Resignation; Removal. The Registrar shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$10,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Registrar may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Issuer, the Trustee and the Lessee and giving notice to

the Bondowners. The Registrar may be removed at any time by an instrument, signed by the Issuer, filed with the Registrar and the Trustee.

In the event of the resignation or removal of the Registrar, the Registrar shall deliver any Bonds and the registration books held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Issuer shall fail to appoint a Registrar hereunder, or in the event that the Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed a successor as Registrar, the Trustee shall *ipso facto* be deemed to be the Registrar for all purposes of this Indenture until the appointment by the Issuer of the Registrar or successor Registrar, as the case may be.

ARTICLE XI

LIMITATIONS OF LIABILITY

Section 1101. Limitations of Liability of Issuer. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Indenture shall be deemed to be the respective limited covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any officer, trustee, employee or agent of the Issuer, nor of any incorporator, trustee, employee or agent of any successor corporation to the Issuer, in its individual capacity. No recourse shall be had against any such individual, either directly or otherwise under or upon any obligation, covenant, stipulation, promise or agreement contained herein or in any other document executed in connection herewith. Any and all personal liability or obligation, whether in common law or in equity or by reason of statute or constitution or otherwise, of any such person is hereby expressly waived and released by the Bondowners as a condition to and consideration for the issuance of the Bonds and the execution of this Indenture and the Operative Agreements. The Trustee and the Bondowners agree to look solely to the Trust Estate, including the Leased Property and the Revenues, for the payment of said interests or the satisfaction of such liability; *provided, however,* nothing herein contained shall limit, restrict or impair the rights of the Bondowners or the Trustee to exercise all rights and remedies provided under this Indenture or the Master Lease or otherwise realize upon the Trust Estate; and *provided further* that the Trustee may join the Issuer and the Lessee and their officers, trustees, agents and employees, in their capacities as officers, trustees, agents and employees of the Issuer or the Lessee, as defendants in any legal action it undertakes to enforce its rights and remedies hereunder.

Section 1102. Limitations of Liability of Lessee. Nothing herein shall be construed to require the governing body of the Lessee to appropriate any money for the performance of any obligation hereunder or under the Master Lease. No provision hereof shall be construed or interpreted as creating a general obligation or other indebtedness of the State of Utah or any political subdivision of the State of Utah within the meaning of any constitutional or statutory debt limitation. Neither the execution, delivery and performance of the Master Lease nor the issuance

of the Bonds directly or indirectly obligates the Lessee to make any payments hereunder or under the Master Lease beyond those appropriated for the Lessee's then current Fiscal Year.

ARTICLE XII

SUPPLEMENTAL INDENTURES; WAIVERS

Section 1201. Supplemental Indentures Without Bondowner Consent. The Issuer and the Trustee from time to time and at any time with the prior written consent of the Lessee, but without the consent of or notice to any Bondowners and subject to the restrictions in this Indenture contained, may enter into an indenture or indentures supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Issuer;

(b) to subject to the lien of this Indenture additional Property and Revenues hereafter acquired by the Issuer and intended to be subjected to the lien of this Indenture and to correct and amplify the description of any Property and Revenues subject to the lien of this Indenture;

(c) to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(d) to cure any ambiguity or cure, correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture or to make such other provisions in regards to matters or questions arising under this Indenture or any supplemental indenture as shall not adversely affect the interest of any Bondowner;

(e) to comply with any additional requirements necessary to comply with the Code; or

(f) to authorize the issuance of Additional Bonds, subject to Section 214 hereof;

and the Issuer covenants to perform all requirements of any such supplemental indenture. No restriction or obligation imposed upon the Issuer may, except as otherwise provided in this Indenture, be waived or modified by such supplemental indentures or otherwise.

Section 1202. Waivers and Consents by Bondowners; Supplemental Indentures with Bondowners' Consent. Upon the prior written waiver or consent of the owners of at least 66-2/3% in aggregate principal amount of the Bonds then outstanding, (a) the Issuer may take any action prohibited, or omit the taking of any action required, by any of the provisions of this Indenture or any indenture supplemental hereto, or (b) the Issuer and the Trustee may enter into an indenture

or indentures supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Indenture or of any indenture supplemental hereto or modifying in any manner the rights and obligations of the owners of the Bonds and the Issuer; provided, that no such waiver or supplemental indenture shall (i) impair or affect the right of any owner to receive payments or prepayments of the principal of, and premium, if any, and interest on, such owner's Bond, as therein and herein provided, without the consent of such owner, (ii) permit the creation of any Lien with respect to any of the Trust Estate, without the consent of the owners of all the Bonds at the time outstanding, (iii) effect the deprivation of the owner of any Bond of the benefit of the lien of this Indenture upon all or any part of the Trust Estate without the consent of such owner, (iv) reduce the aforesaid percentage of the aggregate principal amount of Bonds, the owners of which are required to consent to any such waiver or supplemental indenture pursuant to this Section, without the consent of the owners of all of the Bonds at the time outstanding or (v) modify the rights, duties or immunities of the Trustee without the consent of the Trustee and the owners of all of the Bonds at the time outstanding.

Section 1203. Notice of Supplemental Indentures. Promptly after the execution by the Issuer and the Trustee of any supplemental indenture or agreement pursuant to the provisions of Section 1201 or 1202 hereof, the Trustee shall give a conformed copy thereof to each owner of the Bonds. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or agreement.

Section 1204. Opinion of Counsel Conclusive as to Supplemental Indentures. The Trustee is hereby authorized to join with the Issuer in the execution of any such supplemental indenture authorized or permitted by the terms of this Indenture and to make the further agreements and stipulations which may be therein contained, and the Trustee may receive an opinion of counsel selected by the Trustee (which may be counsel for the Lessee or the Issuer) as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article XII complies with the requirements of this Article XII.

ARTICLE XIII

AMENDMENT OF LEASE

Section 1301. Amendments to Lease Not Requiring Consent of Bondowners. The Issuer and the Lessee may, with the prior written consent of the Trustee, but without the consent of or notice to the Bondowners, consent to any amendment, change or modification of the Master Lease as may be required (a) by the provisions of the Master Lease (including those required by Sections 13.01 and 13.02 thereof) or this Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission in the Master Lease; (c) in order to more precisely identify the Leased Property or any portion thereof or to add additional or substituted improvements or properties acquired in accordance with the Master Lease and the Indenture; (d) in connection with any other change in the Master Lease which, in the judgment of the Trustee, is not materially adverse to the Trustee or the Bondowners; (e) for the purposes of complying with additional requirements necessary to comply with the Code or (f) in connection with the issuance of Additional Bonds.

Section 1302. Amendments to Lease Requiring Consent of Bondowners. Except for the amendments, changes or modifications as provided in Section 1301 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Master Lease without mailing of notice and the prior written approval or consent of the owners of not less than 66-2/3% in aggregate principal amount of the Bonds at the time outstanding given as in Section 1408 provided. If at any time the Issuer and the Lessee shall request the consent of the Trustee to any such proposed amendment, change or modification of the Master Lease, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided by Section 1203 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondowners.

ARTICLE XIV

MISCELLANEOUS

Section 1401. Successors and Assigns; Parties in Interest. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Indenture contained by or on behalf of the Issuer or of the Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not; and, other than the Lessee, no other person, firm or corporation shall have any right, remedy or claim under or by reason of this Indenture. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Lessee and the Bondowners any legal or equitable right, remedy or claim under or in respect to this Indenture. All covenants, stipulations, promises and agreements in the Indenture contained by or on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee and the Bondowners.

Section 1402. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Indenture shall not render any other provision or provisions herein contained unenforceable or invalid, *provided* that nothing contained in this Section 1402 shall be construed to amend or modify the immunities of the Issuer in its individual capacity provided for in Section 1101 hereof, to amend or modify the immunities of the Lessee provided for in Section 1102 hereof or to amend or modify any limitations or restrictions on the Trustee or any Bondowner or their respective successors or assigns under Article X hereof.

Section 1403. Communications. All communications provided for herein shall be in writing. Communications to the Issuer, the Trustee or the Lessee shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when duly mailed by registered or certified mail addressed as follows:

If to the Issuer:

Local Building Authority of Alpine School District,
Utah County, Utah
575 North 100 East
American Fork, Utah 84003
Attention: Secretary-Treasurer

If to the Trustee:

ZB, National Association, dba Zions Bank
One South Main Street, 12th Floor
Salt Lake City, Utah 84133
Attention: Corporate Trust Department

If to the Lessee:

Board of Education of Alpine School District,
Utah County, Utah
575 North 100 East
American Fork, Utah 84003
Attention: Business Administrator

or to the Issuer, the Trustee and the Lessee at such other respective address as the Issuer, the Trustee or the Lessee may designate by notice duly given in accordance with this Section to the other parties. It shall be sufficient service of any notice or other paper on any Bondowner if such notice is given. In case by reason of the suspension of registered or certified mail service, it shall be impracticable to give notice by registered or certified mail of any event to the Lessee or the Issuer when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be sufficient giving of such notice.

Section 1404. Release. The Trustee shall release this Indenture and the lien and security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all Interests Hereby Secured have been fully paid or discharged, except that the Trustee shall (a) partially release the lien and security interest granted hereby with respect to that portion of the School Site released from the Master Lease pursuant to Section 13.01(b) of the Master Lease, and (b) confirm and grant or release any easement, license, right-of-way or other right or privilege as provided in Section 13.01(c) of the Master Lease.

Section 1405. Counterparts. This Indenture may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Indenture.

Section 1406. Governing Law. This Indenture and the Bonds shall be construed in accordance with and governed by the laws of the State of Utah.

Section 1407. Headings. Any headings or captions preceding the text of the several Articles, Sections and Subsections hereof are intended solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

Section 1408. Consents, etc., of Bondowners. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondowners may be in any number of concurrent documents of similar tenor and may be executed by such Bondowners in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any Person of any such writing may be proved by the certification of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the Person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the Register.

For all purposes of this Indenture and of the proceedings for the enforcement hereof, such Person shall be deemed to continue to be the owner of such Bond until the Trustee shall have received notice in writing to the contrary.

Section 1409. Payments Due on Sundays and Holidays. In any case where the date of maturity of principal of the Bonds or a Bond Interest Payment Date, or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of interest, principal or premium, if any, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity, Bond Interest Payment Date or the date fixed for redemption, as the case may be, and no interest shall accrue for the period after such date.

Section 1410. Action by the Lessee. Whenever it is herein provided or permitted for any action to be taken by the Lessee, such action may be taken by an Authorized Lessee Representative under the Master Lease unless the context clearly indicates otherwise.

(Signature page follows.)

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be duly executed by its officers thereunto duly authorized, and ZB, National Association, dba Zions Bank, in evidence of its acceptance of the trusts hereby created, has caused this Indenture to be executed on its behalf by one of its Vice President's, all as of the day and year first above written.

ISSUER:

LOCAL BUILDING AUTHORITY OF ALPINE
SCHOOL DISTRICT, UTAH COUNTY, UTAH

By _____
President

ATTEST:

By _____
Secretary

TRUSTEE:

ZB, NATIONAL ASSOCIATION, DBA ZIONS BANK,
as Trustee

By _____
Its _____

EXHIBIT A

**DESCRIPTION OF REAL ESTATE
REFERRED TO IN GRANTING CLAUSE FIRST**

The tracts of land constituting the School Site is located in Utah County, State of Utah, and are more particularly described as follows:

[To come].

EXHIBIT B

[ATTACH DEBT SERVICE SCHEDULE]

EXHIBIT C

[FORM OF WRITTEN REQUISITION]

EXHIBIT D

COSTS OF ISSUANCE FOR SERIES 2018 BONDS

PAYEE	AMOUNT	PURPOSE
George K. Baum & Company	\$_____	Financial Advisor
ZB, National Association, dba Zions Bank	\$_____	Trustee
Farnsworth Johnson PLLC	\$_____	Bond Counsel
Moody's Investors Service, Inc.	\$_____	Rating Agency

WHEN RECORDED PLEASE RETURN TO:

Brandon T. Johnson
Farnsworth Johnson PLLC
180 North University Avenue, Suite 260
Provo, Utah 84601

MASTER LEASE AGREEMENT

DATED AS OF MARCH 1, 2018

BETWEEN

LOCAL BUILDING AUTHORITY OF ALPINE SCHOOL DISTRICT, UTAH COUNTY, UTAH

Lessor,

AND

BOARD OF EDUCATION OF ALPINE SCHOOL DISTRICT,
UTAH COUNTY, UTAH,

Lessee.

As set forth in Sections 4.05 and 11.02(c) hereof, the interest of the Local Building Authority of Alpine School District, Utah County, Utah in this Master Lease Agreement and all Base Rentals and certain other amounts receivable hereunder have been assigned to ZB, National Association, dba Zions Bank, as Trustee under that certain Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement, dated as of March 1, 2018, among the Local Building Authority of Alpine School District, Utah County, Utah, ZB, National Association, dba Zions Bank, as trustee, and ZB, National Association, dba Zions Bank, as beneficiary and are subject to the lien and security interest of ZB, National Association, dba Zions Bank, as Trustee.

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but is only for convenience of reference.)

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MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT, dated as of March 1, 2018 (the "*Lease*"), by and between the LOCAL BUILDING AUTHORITY OF ALPINE SCHOOL DISTRICT, UTAH COUNTY, UTAH (the "*Lessor*"), a Utah nonprofit corporation acting as a public entity and instrumentality of the State of Utah, whose mailing address is 575 North 100 East, American Fork, Utah 84003, and the BOARD OF EDUCATION OF ALPINE SCHOOL DISTRICT, UTAH COUNTY, UTAH (the "*Lessee*"), a duly organized and existing body corporate and a political subdivision of the State of Utah, whose mailing address is 575 North 100 East, American Fork, Utah 84003.

WITNESSETH:

WHEREAS, the Lessee desires the Lessor to undertake certain costs of the acquisition, construction and improvement of certain projects pursuant to the Local Building Authority Act, Title 17D, Chapter 2 Utah Code Annotated 1953, as amended (the "*Act*"), consisting of the construction on a certain tract of land situated in Utah County, Utah and more particularly described in *Exhibit A* attached hereto (the "*School Site*") of an elementary school on behalf of the Lessee and the inhabitants of Alpine School District (the "*District*"), and all related improvements, facilities, properties and appurtenances thereto (the foregoing being collectively referred to herein as the "*School Facilities*"); and

WHEREAS, the Lessee, as owner of marketable fee simple title to the School Site, has agreed to lease to the Lessor, and the Lessor has agreed to lease from the Lessee, the School Site pursuant to that certain Ground Lease, dated as of the date hereof, between the Lessor and the Lessee; and

WHEREAS, the Lessor is willing to sublease the School Site and to lease the School Facilities to the Lessee, and the Lessee desires to lease the School Facilities from the Lessor and sublease the School Site from the Lessor, upon the terms and conditions and for the purposes set forth herein; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, by resolution duly adopted by the governing body of the Lessee, the Lessee has heretofore approved (prior to commencement of the acquisition and construction of the School Facilities), the plans, specifications and estimated costs for the School Facilities; and

WHEREAS, the Lessor and the Lessee are empowered to enter into this Lease pursuant to applicable law, including particularly Section 17D-2-401, Utah Code Annotated 1953, as amended;

NOW THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES AND AGREEMENTS HEREIN CONTAINED, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. All words and phrases defined in Article I of the Indenture shall have the same meaning when used in this Lease. In addition, the following words and phrases shall have the following meanings for all purposes of this Lease:

“*Acquisition*” (and other forms of the word “*acquire*”), when used with respect to any portion of the School Facilities, shall mean and include, without limitation, the acquisition, construction, installation, improvement, renovation and extension of the School Facilities in accordance with the applicable Project Documents.

“*Additional Rentals*” shall mean the amount or amounts payable by the Lessee pursuant to Section 4.01(b) hereof.

“*Agency Agreement*” shall mean that certain Construction Agency Agreement, dated as of March 1, 2018, between the Lessor and the Lessee, as the Lessor’s agent for purposes of causing the Acquisition of the School Facilities.

“*Authorized Lessee Representative*” shall mean the person or persons at the time designated, by written certificate furnished to the Lessor and the Trustee, as the person or persons authorized to act on behalf of the Lessee. Such certificate shall contain the specimen signature of such person or persons, shall be signed on behalf of the Lessee by the President of the Board, and may designate an alternate or alternates. The Authorized Lessee Representative may, but need not, be an employee of the Lessee.

“*Authorized Lessor Representative*” shall mean the person or persons at the time designated, by written certificate furnished to the Lessee and the Trustee, as the person or persons authorized to act on behalf of the Lessor. Such certificate shall contain the specimen signature of such person or persons, shall be signed on behalf of the Lessor by its President or Vice President and may designate an alternate or alternates. The Authorized Lessor Representative may, but need not, be an employee of the Lessor.

“*Base Rental Payment Commencement Date*” shall mean the date Acquisition of the School Facilities is completed (within the meaning of the Act) and the Leased Property is available for use, occupancy and operation, as evidenced by the delivery of the Completion Certificate, or September 15, 2018, whichever is later, which is the date on which the Lessee becomes obligated to commence payment of Base Rentals hereunder pursuant to Section 4.01(a) hereof, other than advance payments of Base Rentals pursuant to Section 4.01(a) hereof from proceeds of the sale of the Bonds deposited into the Capitalized Interest Fund.

“*Base Rental Payment Date*” shall mean the first day of each June and December during the term of the Lease.

“*Base Rentals*” shall mean the amount or amounts (comprising a principal component and an interest component) payable by the Lessee pursuant to Section 4.01(a) hereof in consideration of the use and enjoyment of the Leased Property during the term of this Lease, on the dates and in the amounts as set forth in the Base Rental Payment Schedule specified in *Schedule I* attached hereto and as such *Schedule I* may be revised hereafter in accordance with Section 610 of the Indenture. In the event of a partial redemption of Bonds or the issuance of Additional Bonds as provided in the Indenture, the Base Rentals are to be recalculated by the Lessor and provided to the Trustee and the Lessee and shall be binding upon the Lessee as more fully set forth in Section 4.01(a) hereof and Section 610 of the Indenture.

“*Board*” means the Board of Education of the Lessee.

“*Bond Counsel*” shall mean Farnsworth Johnson PLLC or an attorney or a firm of attorneys (which is mutually acceptable to the Lessee and the Trustee) of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“*Capital Actually Invested*” shall mean, with respect to the School Facilities, the principal amount of all outstanding Bonds issued to finance the Costs of Acquisition relating to the School Facilities, plus premium, if any, and interest thereon and any fees and expenses which must be paid to retire the then outstanding Bonds, less all amounts held in the Bond Fund which are to be applied to the payment of the then outstanding Bonds and of such fees and expenses, all costs of transferring title to the Leased Property to the Lessee and all costs of dissolving the Lessor, including, but not limited to, all organizational and incorporation expenses, filing fees, carrying charges, legal fees, architects’ fees, contractors’ fees, financial advisory fees and all other reasonable costs and expenses incidental thereto.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

“*Contractor*” shall mean such reputable contractor or contractors designated as general contractor for the School Facilities.

“*Deed of Trust*” means that certain Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement, dated as of March 1, 2018, among the Lessor, the Trustee, as trustee under the Deed of Trust and the Trustee, as beneficiary under the Deed of Trust.

“*District*” means Alpine School District, Utah County, Utah.

“*Event of Default*” shall mean one or more of the events described in Section 15.01 hereof.

“*Event of Nonappropriation*” shall mean a nonrenewal of the term of the Lease by the Lessee, determined by the failure or refusal of the governing body of the Lessee to appropriate, specifically with respect to the Lease, moneys sufficient (after taking into account any moneys legally available for such purpose to pay the Base Rentals and reasonably estimated Additional

Rentals (calculated as provided in Section 4.01(b) hereof) for the next succeeding Renewal Term as provided herein or determined by the unavailability of such moneys for such purpose for any other reason. The existence or nonexistence of an Event of Nonappropriation shall be determined as of the date on which the governing body of the Lessee fails or refuses to adopt a final budget in accordance with applicable law which appropriates sufficient moneys to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term as contemplated by Section 3.01 hereof or on any earlier or later date on which the Trustee receives written notice from the Lessee that the governing body of the Lessee has failed or refused to make such appropriations and the term of the Lease will not be renewed; *provided, however*, that the Trustee may waive any Event of Nonappropriation which is cured by the Lessee within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the owners of the Bonds, except as otherwise provided in Section 4.09(a) hereof. Notwithstanding anything herein to the contrary, the Lessee's failure or refusal to adopt a final budget in accordance with applicable law on or before June 30 during the term of the Lease which appropriates sufficient moneys to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term shall constitute an Event of Nonappropriation.

"Fiscal Year" shall mean the twelve-month period used from time to time by the Lessee for its financial accounting purposes, such period currently extending from July 1 to the next succeeding June 30.

"Ground Lease" shall mean that certain Ground Lease, dated as of the date hereof, between the Lessor and the Lessee, pursuant to which the Lessee agrees to lease to the Lessor, and the Lessor agrees to lease from the Lessee, the School Site and School Facilities.

"Indenture" shall mean that certain Indenture of Trust, Mortgage, Assignment of Lease Agreement and Security Agreements, dated as of the date hereof, between the Lessor, as trustor, mortgagor and debtor, and the Trustee, as trustee, mortgagee and secured party, and any amendments and supplements thereto as therein provided.

"Initial Term" shall have the meaning specified in Section 3.01 hereof.

"Lease" shall mean this Master Lease Agreement, including the *Exhibits* and *Schedules* attached hereto and incorporated herein, and any amendments and supplements hereto as herein and in the Indenture provided.

"Leased Property" shall mean, collectively, the School Facilities and the School Site leased and to be leased to the Lessee pursuant hereto.

"Lessee" shall mean the Board of Education of Alpine School District, Utah County, Utah, a duly organized and existing body corporate and a political subdivision of the State of Utah in its capacity as lessee under the Lease.

"Lessee's Counsel" shall mean the duly appointed attorney of the Board or his designee, who regularly or by special appointment represents the Lessee in legal matters.

“*Lessor*” shall mean the Local Building Authority of Alpine School District, Utah County, Utah, a Utah nonprofit corporation acting as a public entity and instrumentality of the State of Utah performing essential governmental functions on behalf of the Lessee, and any successor to the duties or functions of the Lessor.

“*Permitted Encumbrances*” shall mean, as of any particular time, (a) liens for taxes, assessments and other governmental charges not then delinquent; (b) this Lease, the Indenture, the Ground Lease and any financing statements naming the Lessor or the Lessee as debtor and naming the Lessor or the Trustee as secured party now or hereafter filed to perfect the lien and security interests granted by the Indenture, the Deed of Trust and this Lease; (c) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an Authorized Lessee Representative certifies to the Trustee will not materially interfere with or impair the operations being conducted in or on the Leased Property (or, if no operations are being conducted therein or thereon, the operations for which the Leased Property was designed or last modified); (d) any mechanic’s, laborer’s, materialmen’s, supplier’s or vendor’s lien or right in respect thereof if payment is not yet due and payable under the contract in question; (e) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Leased Property and (i) as do not, in the opinion of the architect supervising the Acquisition of the School Facilities, certified in writing to the Trustee, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Lessor or the Lessee or (ii) are adequately insured against by a title insurance policy reasonably satisfactory to the Trustee and the Lessee; (f) any liens or encumbrances being contested as provided in Section 8.01(c) or 9.01(b) hereof; and (g) any listed items in the title policy described in Section 212(a)(ii) of the Indenture.

“*Plans and Specifications*” shall mean the plans and specifications prepared for and showing the School Facilities, as and when they are approved by the Lessee, the same being duly certified by the Authorized Lessee Representative, which plans and specifications are on file at the principal office of the Lessee and shall be available for reasonable inspection by the Lessor, the Trustee and their duly authorized representatives.

“*Project*” shall mean the acquisition and construction of the School Facilities.

“*Project Contracts*” shall mean (a) any contract or contracts between the Lessee (acting in its own capacity with respect to the Acquisition of that portion of the School Facilities Acquired prior to the date hereof and in its capacity as the Lessor’s agent pursuant to the Agency Agreement with respect to the Acquisition of any portion of the School Facilities to be Acquired after the date hereof) or the Lessor and any Contractor or Contractors and between any Contractor or subcontractor and his immediate subcontractor regarding the School Facilities and (b) any other contract or contracts entered into by the Lessee or the Lessor relating to the Acquisition of the School Facilities, including without limitation the Ground Lease, a copy of which is or will be on file with the Lessee.

“*Project Documents*” shall mean (a) the Plans and Specifications, including change orders (if any) as permitted by Section 5.04 hereof; (b) the survey of the School Site Building Site, prepared by a registered land surveyor in accordance with standard requirements for land title

surveys, showing the location of all improvements, easements, encroachments and other encumbrances on the School Site; (c) any necessary permits for the Project, including any building permits and certificates of occupancy; (d) the Project Contracts and the contract with any project manager for the Project; (e) policies of title, casualty, public liability and workers' compensation insurance, or certificates thereof, as required by the Lease with respect to the Leased Property; (f) performance and payment bonds with respect to the Project; (g) the executed contract with the architect hired by the Lessee in connection with the preparation of the Plans and Specifications and (h) any and all other documents executed by or furnished to the Lessee or a Contractor in connection with the Project.

“*Renewal Term*” shall have the meaning specified in Section 3.01 hereof.

“*Rentals*” shall mean the total amount of the Base Rentals and the Additional Rentals payable during the Initial Term and each Renewal Term hereunder.

“*School Facilities*” shall mean (i) the elementary school to be constructed on the School Site on behalf of the Lessee and the inhabitants of the District and all related improvements, facilities, properties and appurtenances thereto and (ii) any additional projects Acquired pursuant to this Lease.

“*School Site*” shall mean those certain tracts of land situated in Utah County, Utah and more particularly described in *Exhibit A* attached hereto.

“*Term of the Lease*” or “*term of this Lease*” with respect to the possessory interest of the Lessee shall mean the Initial Term and any Renewal Terms as to which the Lessee exercises its option to renew the term of the Lease as provided in Section 3.01 hereof, subject to the provisions hereof concerning termination of certain of the Lessee's obligations hereunder.

“*Trustee*” shall mean ZB, National Association, dba Zions Bank, of Salt Lake City, Utah, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

ARTICLE II

DEMISE

Section 2.01. Demise of the Leased Property. The Lessor does hereby rent, lease and demise to the Lessee, and the Lessee does hereby take, accept and lease from the Lessor, the Leased Property, subject to Permitted Encumbrances, on the terms and conditions and for the purposes herein set forth, together with all easements, rights and appurtenances in connection therewith or thereto belonging, to have and to hold for the term of the Lease.

ARTICLE III

TERM OF THE LEASE

Section 3.01. Commencement of the Term of the Lease. The initial term of this Lease shall commence as of March 1, 2018, and shall expire at midnight on June 30, 2018 (the “*Initial Term*”), subject to the Lessee’s option to extend the term of this Lease for additional and consecutive one-year renewal terms commencing July 1, 2018, and a final renewal term commencing July 1, 2037, and ending March 15, 2038 (herein referred to individually as the “*Renewal Term*” and collectively as the “*Renewal Terms*”), and subject to Section 3.02 hereof. The terms and conditions of this Lease during any Renewal Term shall be the same as the terms and conditions during the Initial Term, except that the Base Rentals will be as specified in *Schedule I* attached hereto, respectively, for each such Renewal Term, as such *Schedule* may be revised as provided in Section 610 of the Indenture. Each option shall be exercised by the adoption by the governing body of the Lessee, on or prior to March 15 of each year, of a final budget in accordance with applicable law which appropriates, specifically with respect to the Lease, moneys sufficient (after taking into account any moneys legally available for such purpose which are then on deposit in the Bond Fund) to pay the Base Rentals and reasonably estimated Additional Rentals (calculated as provided in Section 4.01(b) hereof) for the next succeeding Renewal Term as provided herein. The adoption of such final budget, after the holding of such public hearing and compliance with the procedures required by applicable law, shall constitute the specified notice within the meaning and for the purposes of Section 17D-2-402 of the Act and automatically extend the term of the Lease for the succeeding Renewal Term without any further action required by any officers or officials of the Lessee.

Within ten (10) days after the adoption of such final budget, the Lessee shall deliver written notice (which notice may be substantially in the form attached hereto as *Exhibit B*) to the Trustee stating that the Lessee has extended the term of this Lease for the succeeding Renewal Term, describing in reasonable detail the actions taken by the governing body of the Lessee (if such actions are then required to pay any Rentals hereunder or, if no such actions are then required, explaining the reasons therefor) to appropriate funds sufficient for the purpose of paying the Base Rentals and reasonably estimated Additional Rentals (calculated as provided in Section 4.01 hereof) to become due during such succeeding Renewal Term. Unless the Trustee shall have previously received the foregoing notice applicable to the next succeeding Renewal Term, the Trustee shall, on or prior to March 15 of each year, make written inquiry of the Lessee as to whether the Lessee has extended the term of this Lease and whether the governing body of the

Lessee shall have made the appropriation necessary to pay the Base Rentals and reasonably estimated Additional Rentals to become due during such succeeding Renewal Term.

The Lessee shall deliver written notice to the Trustee as soon as practicable, but in no event later than the expiration of the Initial Term or the then current Renewal Term, stating (if such is the case) that the governing body of the Lessee has failed or refused to appropriate, specifically with respect to the Lease, moneys sufficient to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term and stating what actions the Lessee and its officials propose to take with respect to the Lease, the Leased Property and any budgetary procedures for any Rentals that may thereafter accrue. The option hereby granted may not be exercised at any time during which an Event of Default or an Event of Nonappropriation (except as otherwise provided in Section 4.09 hereof) has occurred and is then continuing under any of the terms of this Lease; *provided, however*, that if the Event of Default complained of (money payments excepted) is of such nature that the same is curable but not within the period allowed for curing such Event of Default, then the right of the Lessee to exercise the option hereby granted shall not be suspended if the Lessee shall have promptly commenced within such period to comply with the provisions hereof which shall have been breached by it and if and so long as the Lessee shall, with diligence and continuity, proceed to cure such Event of Default within a period not exceeding ninety (90) days from the date on which the event occurred that gave rise to such Event of Default.

In the event the governing body of the Lessee is precluded, pursuant to the provisions of Section 59-2-923, Utah Code Annotated 1953, as amended, from adopting a final budget on or prior to March 155 of any year, the Trustee may waive an Event of Non-Appropriation occurring as a result of the failure to so adopt a final budget, provided that the Trustee receives assurances satisfactory to the Trustee that the final budget will be adopted on the earliest date allowable under applicable law and will include the appropriation to pay Rentals described in the preceding paragraph, and provided further that any Rentals which become due and payable pursuant to the terms of this Lease prior to the adoption of such final budget shall be paid by the Lessee in accordance with the tentative budget adopted by the governing body of the Lessee, as authorized pursuant to Section 59-2-923, Utah Code Annotated 1953, as amended.

Section 3.02. Expiration or Termination of the Term of the Lease. The term of the Lease will expire or terminate, as appropriate, as to the Lessee's right of possession of the Leased Property as described in Section 3.03 hereof upon the first to occur of any of the following events: (a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation (which is not thereafter waived by the Trustee as herein provided); (b) an Event of Default and a termination of the term of the Lease as to the possessory interest of the Lessee by the Trustee as herein provided; (c) discharge of the Indenture as therein provided; or (d) March 16, 2038, which date constitutes the day following the last Bond Principal Payment Date of the final Renewal Term of the Lease, or such later date as all Rentals required hereunder and the Bonds shall be paid; *provided, however*, that nothing herein shall be construed to extend the term of the Lease beyond the estimated useful life of the Leased Property as certified pursuant to Section 17D-2-302 of the Act prior to the issuance of the Series 2018 Bonds.

Section 3.03. Effect on the Lessee of Expiration or Termination of the Term of the Lease. The expiration or termination of the term of the Lease as to the Lessee's right of possession and use of the Leased Property pursuant to Section 3.02 hereof shall terminate all obligations of the Lessee hereunder (except to the extent that the Lessee incurred any obligation to pay Rentals from moneys theretofore appropriated and available for such purpose) and shall terminate the Lessee's rights of use, occupancy and operation of the Leased Property; *provided, however*, that all other terms of this Lease and the Indenture, including all obligations of the Trustee with respect to the owners of the Bonds and the receipt and disbursement of funds, shall be continuing until the lien of the Indenture is discharged or foreclosed, as provided in the Indenture, except that all obligations of the Lessee to pay any amounts to the Bondowners and the Trustee hereunder shall thereafter be satisfied only as provided in the Indenture. The termination or expiration of the term of the Lease as to the Lessee's right of possession and use pursuant to Section 3.02 hereof, of itself, shall not discharge the lien of the Indenture.

ARTICLE IV

RENTALS PAYABLE

Section 4.01. Rentals Payable. The Lessee shall pay the Base Rentals and the Additional Rentals (but shall not be entitled to prepay or cause to be prepaid any such Base Rentals or Additional Rentals, except as otherwise expressly provided in Sections 4.01(c), 4.01(d) and 10.01(c) hereof, in which event such moneys shall be applied to the redemption of the Series 2018 Bonds in accordance with Article VI of the Indenture in the amounts, at the times and in the manner set forth therein (provided that the Lessee's liability to pay any Rental hereunder shall only come from and after the Base Rental Payment Commencement Date, except as hereinafter provided with respect to the use of proceeds of the Bonds), said amounts constituting in the aggregate the total of the annual Rentals payable under this Lease, as follows:

(a) *Base Rentals.* The Lessee agrees, subject to the availability of appropriations of funds to it therefor and other moneys legally available for the purpose and subject to the limitations of Section 4.04 hereof, to pay to the Trustee for the account of the Lessor as provided in Section 4.06 hereof in arrears during each Renewal Term (i) base rental representing a principal component on the respective March 15 of each year as indicated in the Schedule of Base Rental Payments under the column entitled "*Principal Component*" attached hereto as *Schedule I* commencing after the Base Rental Payment commencement Date and (ii) base rental representing an interest component payable in the respective installments and on the respective March 15 and September 15 of each year, commencing September 15, 2018 as indicated in the Schedule of Base Rental Payments under the column entitled "*Interest Component*" attached hereto as *Schedule I*; provided that the Lessee agrees to pay Base Rentals representing the portion of such interest component accruing (i) prior to the Completion Date (which the Lessee expects to occur prior to the Base Rental Payment Commencement Date for the Project) from the Capitalized Interest Fund or the Insurance Fund, in an amount sufficient to pay interest on the Series 2018 Bonds to accrue from the date of initial delivery of the Series 2018 Bonds to the original purchasers thereof to such Base Rental Payment Commencement Date. In the event that a Base Rental Payment Commencement Date does not occur on September 15, 2019 as herein provided, the Base Rentals to be paid in arrears for any portion of the semiannual portion of the Renewal Term in which the Base Rental Payment

Commencement Date occurs shall be prorated and shall be paid on the March 1 or September 1 next succeeding such Base Rental Payment Commencement Date. During the remainder of the term of the Lease, said Base Rentals shall be paid as provided in this Section for the use, occupancy and operation of the Leased Property during each of the succeeding Renewal Terms as to which the Lessee has exercised its option to extend the term of the Lease pursuant to Section 3.01 hereof. In the event that less than all of the Leased Property is initially made available for use, occupancy and operation and the Lessee accepts such portion of the Leased Property for its use, occupancy and operation pending final completion of the remainder of the Leased Property, any Base Rentals paid by the Lessee shall be prorated in a manner so as to reflect the fair rental value of that portion of the Leased Property then available for use, occupancy and operation by the Lessee and so used, occupied and operated. The Lessee understands that the Base Rental Payment Schedule attached hereto as *Schedule I* may be revised from time to time based on the redemption of Bonds or the issuance of any Additional Bonds allowed under Section 214 of the Indenture.

(b) *Additional Rentals.* In addition to the Base Rentals hereinabove set forth, and as part of the total Rentals during each Renewal Term during the term of the Lease, the Lessee shall pay on a timely basis, but only from legally available funds appropriated for such purposes or otherwise legally available therefor (provided that the Lessee shall not be obligated to seek out such additional sources), to the parties entitled thereto an amount or amounts (the “*Additional Rentals*”) for the Renewal Term to which the following items apply or relate, equivalent to the sum of the following:

(i) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture and any Tax Certificate;

(ii) the reasonable fees and charges of the Trustee, any paying agent and any registrar appointed under the Indenture with respect to the Bonds for acting as trustee, paying agent and registrar as provided in the Indenture, including but not limited to those payable pursuant to Section 1004 of the Indenture, and any amount payable as indemnification pursuant to the last paragraph of Section 1004 of the Indenture;

(iii) the reasonable fees and charges of the Trustee for extraordinary services rendered by it and extraordinary expenses incurred by it as Trustee under the Indenture;

(iv) the reasonable fees and out-of-pocket expenses of the Lessor relating to the Leased Property not otherwise required to be paid by the Lessee under the terms of this Leases;

(v) the costs of maintenance, operation and repair with respect to the Leased Property and utility charges as required under Article VI hereof and any costs to repair, rebuild or replace the Leased Property as required in Section 10.01 hereof;

(vi) the costs of casualty, public liability, property damage and workers’ compensation insurance as required under Article VII hereof and the costs related to any self-insurance carried or required to be carried by the Lessee as provided in Section 7.01(c) hereof;

(vii) the costs of taxes and governmental charges and assessments as required under Article VIII hereof;

(viii) an amount equal to any franchise, succession, capital levy or transfer tax, or any income, excess profits or revenue tax, or any other tax, assessment, charge or levy (however denominated), if any shall ever become due, levied, assessed or imposed by the State of Utah or any political subdivision thereof upon the Base Rentals payable hereunder or upon the Leased Property or any of the Revenues;

(ix) any amount of interest required to be paid on any of the foregoing items as a result of the Lessee's failure to pay any such items when due, as required by Section 4.06 hereof, or any amount of interest required to be paid pursuant to Section 4.10 hereof; and

(x) any additional payment required to be made pursuant to any Tax Certificate.

Prior to April 1 of each year during the term of the Lease, the Trustee will, in accordance with Section 1013(c) of the Indenture, provide a statement to the Lessee of the amount of the estimated Additional Rentals required pursuant to Section 4.01(b)(i), (ii) and (iii) hereof that are expected to become due during the next succeeding Renewal Term if the governing body of the Lessee elects to extend the term of the Lease for such Renewal Term as provided herein.

(c) *Deposit into the Bond Fund.* The Lessee hereby agrees to deposit into the Bond Fund any amounts required to be deposited therein pursuant to Section 409 of the Indenture, subject to the terms and provisions of said Section 409.

(d) *Prepayment of Base Rentals and Partial Redemption of Series 2018 Bonds.* There is hereby expressly reserved to the Lessee the right, and the Lessee is hereby authorized, to prepay Base Rentals in addition to the Base Rentals otherwise payable hereunder solely for the purpose of redeeming the Series 2018 Bonds pursuant to Article VI of the Indenture. Such additional Base Rentals shall be deposited into the Redemption Fund and applied to the redemption of the Series 2018 Bonds in part in the manner and to the extent provided in Article VI of the Indenture.

(e) *Notice of Nonpayment of Base Rentals.* The Trustee has agreed in Section 406(a) of the Indenture to notify the Lessee as soon as practicable, but in no event later than five (5) days after the applicable Base Rental Payment Date, in the event any Base Rentals or portion thereof are not paid when due on the applicable Base Rental Payment Date.

Section 4.02. Consideration. The payments of Base Rentals and Additional Rentals hereunder for each Renewal Term during the term of the Lease shall constitute the total Rentals which are payable for said Renewal Term and shall be paid by the Lessee for and in consideration of the right of use, occupancy and operation of the Leased Property and the continued quiet use and enjoyment of the Leased Property for and during said Renewal Term. The parties hereto have agreed and determined that such total Rentals represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the costs of financing the Acquisition of the Project, the uses and purposes which will be served by the Leased Property and the benefits therefrom which will accrue to the parties to the Lease and the general public by reason

of the Leased Property. Base Rentals due on any March 15 will be in consideration of the right of use, occupancy and operation of the Leased Property by the Lessee from the immediately preceding January 1 through the immediately succeeding June 30, and Base Rentals due on any September 15 will be in consideration of the right of use, occupancy and operation of the Leased Property by the Lessee from the immediately preceding July 1 through the immediately succeeding December 31.

Section 4.03. Covenant to Request Appropriations. (a) During the term of the Lease, the Lessee covenants and agrees (i) to include in its annual tentative budget prepared by the appropriate officials acting on behalf of the Lessee in accordance with applicable law an item for expenditure of an amount necessary (after taking into account any moneys then legally available for such purpose which are then on deposit in the Bond Fund to pay the Base Rentals and reasonably estimated Additional Rentals (calculated as provided in Section 4.01(b) hereof) for the Leased Property during the next succeeding Renewal Term, and (ii) to take such further action (or cause the same to be taken) as may be necessary or desirable to assure that the final budget submitted to the governing body of the Lessee for its consideration seeks an appropriation of moneys sufficient to pay such Base Rentals and Additional Rentals for each such Renewal Term. The first such inclusion in the Lessee's annual tentative budget shall be made under applicable law with respect to the tentative budget applicable to the Fiscal Year in which the Lessee expects the Base Rental Payment Commencement Date to occur so that the Base Rentals payable on such Base Rental Payment Commencement Date and during the Renewal Term in which such Date occurs and the reasonably estimated Additional Rentals payable during such Renewal Term will have been appropriated for such purpose, and subsequent inclusions in each respective tentative budget for appropriations by the Lessee shall be made in each Fiscal Year thereafter so that the Base Rentals to be paid during the Renewal Term during such Fiscal Year and Additional Rentals payable during such Renewal Term will be available for such purposes as long as the governing body of the Lessee determines to approve such amount in the final budget as adopted.

(b) To effect the covenants set forth in Section 4.03(a) hereof, the Lessee hereby directs the Superintendent of the District or any other officer at the time charged with the responsibility of formulating budget proposals, to include in the tentative budget prepared annually by such budget officer or other officer and submitted to the governing body of the Lessee, in any year in which the Lease is in effect, items for all payments required for the ensuing Renewal Term under the Lease. It is hereby expressed as the intention of the Lessee that the decision to renew or not to renew the term of the Lease is to be made solely by the governing body of the Lessee at the time it considers for adoption the final budget for each of its Fiscal Years and corresponding Renewal Terms under the Lease, and not by any official of the Lessee, acting in his or her individual capacity as such. In this connection, the Lessee hereby covenants and agrees that such budget officer or other officer shall not amend, modify or otherwise change the appropriations made in any finally adopted budget for the payment of any Rentals without the express prior approval of the governing body of the Lessee.

Section 4.04. Limitations on Liability. (a) Nothing herein shall be construed to require the governing body of the Lessee to appropriate any money to pay any Rentals hereunder. If the Lessee fails to pay any portion of the Rentals which are due hereunder or an Event of Default hereunder or an Event of Nonappropriation occurs, the Lessee shall immediately (but in no event

earlier than the expiration of the Initial Term or the then current Renewal Term for which the Lessee has paid or appropriated moneys sufficient to pay all Rentals due for such Renewal Term, in the case of an Event of Nonappropriation) quit and vacate the Leased Property in accordance with the schedule therefor provided by the Lessee to the Trustee in accordance with Section 4.09(b) hereof, and its obligation to pay any Rentals (except for Rentals theretofore appropriated and then available for such purpose) shall thereupon cease, it being understood between the parties that neither the State of Utah nor any political subdivision thereof, except the Lessee as provided herein, is obligated to pay any Rentals due to the Lessor hereunder. Should the Lessee fail to pay any portion of the required Rentals and then fail immediately to quit and vacate the Leased Property to the extent required, the Trustee in accordance with the Indenture may immediately bring legal action to evict the Lessee from the School Facilities (but not for money damages except as hereinafter and in the Indenture provided) and commence proceedings to foreclose the lien of the Indenture pursuant to the Indenture. The Lessee hereby agrees to pay as damages for its failure immediately to quit and vacate the Leased Property upon termination of the Initial Term or the then current Renewal Term, as the case may be, of the Lease in violation of the terms hereof and Section 17D-2-405 of the Act an amount equal to the Base Rentals otherwise payable during such period prorated on a daily basis and any reasonable Additional Rentals attributable to such period on the basis of the services provided. No judgment may be entered against the State of Utah or any political subdivision of the State of Utah for failure to pay any Rentals hereunder, except to the extent that the Lessee has theretofore incurred liability to pay any such Rentals through its actual use, occupancy and operation of the Leased Property, or through its exercise of an option that renews the Lease for an additional Renewal Term for which moneys have been appropriated, or is otherwise obligated to pay such Rentals pursuant to Section 10.01(a) hereof.

(b) The Rentals constitute current expenses of the Lessee, and the Lessee's obligations hereunder are from year to year only and do not constitute a mandatory payment obligation of the Lessee in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision hereof shall be construed or interpreted as creating a general obligation or other indebtedness of the State of Utah or any political subdivision of the State of Utah within the meaning of any constitutional or statutory debt limitation. Neither the execution, delivery and performance of the Lease nor the issuance of the Bonds directly or indirectly obligates the Lessee to make any payments hereunder beyond those appropriated for the Lessee's then current Fiscal Year; *provided, however*, that nothing herein shall be construed to limit the rights of the Bondowners or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture.

(c) No obligation assumed by or imposed upon the Lessor hereunder shall require the performance of any act by the Lessor except to the extent, if any, that the cost and expense of such performance may be provided for from the proceeds of sale of the Bonds or paid by the Lessee hereunder as Additional Rental. Failure of the Lessor to perform any such act shall not entitle the Lessee to terminate the Lease.

Section 4.05. Base Rentals Assigned; Unconditional Obligation. It is understood and agreed that all Base Rentals payable under Section 4.01(a) hereof are assigned to the Trustee pursuant to the Indenture. The Lessee assents to such assignment. The Lessee hereby agrees that its obligation to pay the Base Rentals and Additional Rentals from legally available funds appropriated for such purpose (a) shall be absolute and unconditional, (b) except as expressly

herein provided, shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Lessor of any obligation to the Lessee, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Lessee by the Lessor and (c) shall not terminate or abate as a result of destruction of or damage to the Leased Property, condemnation of all or part of the Leased Property, defective title in or to any part of the Leased Property or failure of consideration. Notwithstanding any dispute between the Lessee and the Lessor hereunder, the Lessee shall pay all Base Rentals when due and shall not withhold payment of any Base Rentals pending the final resolution of such dispute. In the event of a determination that the Lessee was not liable for payment of such Base Rentals or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent payments of Base Rentals due hereunder or, at the direction of the Lessee, delivered to the Lessee.

Section 4.06. Payment. Each Base Rental payment shall be paid in lawful money of the United States of America, in funds which shall be immediately available on the Base Rental Payment Date on which they are due. Each Base Rental payment shall be paid at the principal corporate trust office of the Trustee in Salt Lake City, Utah, or at such other place or places as may be set forth in the Indenture. Each Additional Rental payment shall be paid in lawful money of the United States of America at the appropriate office as designated by the respective payees entitled to receive such Additional Rental. Each Base Rental payment and each Additional Rental payment which is not paid when due shall bear interest at the lesser of the rate of ten percent (10%) per annum or the maximum rate permitted by law from the date on which the Base Rental payment or Additional Rental payment, as the case may be, becomes due until the same is paid.

Section 4.07. Credit on Base Rentals. (a) There shall be credited against Base Rentals (i) any amount held in the Bond Fund on each Base Rental Payment Date next preceding each respective Bond Interest Payment Date, including the portion of the proceeds of sale of the Bonds which is deposited in the Bond Fund as accrued interest and in the Capitalized Interest Fund as capitalized interest and earnings derived from the investment of funds held in the Bond Fund and the Capitalized Interest Fund available for such purpose; (ii) on the Base Rental Payment Date next preceding the Bond Principal Payment Date on which the final maturity of principal of the Bonds is to be paid, any amount to be transferred into the Bond Fund in accordance with Section 413(b) of the Indenture; and (iii) any amount to be so credited as provided in Section 4.05 hereof.

(b) If at any time the aggregate moneys available under the Indenture for payment of the principal of, and premium, if any, and interest on, the Bonds and all other expenses to be paid by the Lessee as Additional Rentals under the Indenture shall be sufficient to pay in accordance with the provisions of the Indenture all of the Bonds at the time outstanding and to pay all such expenses (including the fees and charges of the Trustee and any paying agent and registrar and the expenses of the Lessor due or to become due through the date on which the last of the Bonds is to be paid or redeemed), and to pay any other monetary obligations of the Lessee hereunder, and if the Lessee is not at the time otherwise in default on any obligation hereunder, the Lessee shall be entitled to use, occupy and operate the Leased Property from the date on which such aggregate moneys are deposited with the Trustee during the remainder of the term of this Lease without further payment of any Rentals during that interval (but otherwise on the terms and conditions hereof), and any moneys in the funds and accounts created by the Indenture which are in excess of the amounts

required to pay the Bonds in accordance with the provisions of the Indenture and to pay all costs, fees, charges and expenses shall be refunded to the Lessee upon payment (or provision for payment) in full of the Bonds as provided in the Indenture, except as otherwise required by the Indenture or any Tax Certificate. If Bonds are to be paid prior to maturity, this Section 4.07(b) is subject to the condition that said Bonds shall have been properly called for redemption under the Indenture and the required notice of redemption shall have been given or provision for the giving of such notice shall have been made to the satisfaction of the Trustee, and the necessary moneys or Government Obligations or United States Obligations (as each such term is defined in Article VII of the Indenture) properly deposited, all as required by the Indenture.

Section 4.08. Application of Base Rentals. All Base Rentals shall be paid to the Trustee for application in accordance with the Indenture.

Section 4.09. Nonappropriation. (a) In the event that sufficient funds (i) are not appropriated by the governing body of the Lessee prior to the beginning of any Renewal Term for the payment of the Base Rentals on the Base Rental Payment Dates and reasonably estimated Additional Rentals (determined as provided in Section 1013(c) of the Indenture) payable during such Renewal Term, or (ii) are otherwise not legally available for such purpose (other than amounts on deposit in funds held under the Indenture), then an Event of Nonappropriation shall be deemed to have occurred; *provided, however,* that (x) the Trustee shall declare an Event of Nonappropriation on any earlier date on which the Trustee receives an Officer's Certificate from an Authorized Lessee Representative to the effect that the governing body of the Lessee has determined by official action not to renew the term of the Lease for the next succeeding Renewal Term and (y) absent receipt of such Officer's Certificate and if an Event of Nonappropriation has otherwise occurred as provided above in this Section 4.09, the Trustee shall give written notice to the Lessee of any Event of Nonappropriation on or before March 150 next succeeding the expiration of the term of the Lease or such later date as the Trustee determines to be in the best interest of the Bondowners, but any failure of the Trustee to give such written notice to the Lessee will not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action that would otherwise be available to the Trustee hereunder or under the Indenture. An Event of Nonappropriation shall also be deemed to have occurred (subject to waiver by the Trustee as hereinafter described) if, during the Initial Term or any Renewal Term, any Additional Rentals shall become due which were not included in the Lessee's final budget adopted by the governing body of the Lessee, or which exceed the amount included in such budget, and funds are not legally available (including funds legally available for such purpose under the Indenture) to the Lessee to pay such Additional Rentals by the earlier of June 30 of the then current Renewal Term or ninety (90) days after the date on which such Additional Rentals are due. The Trustee may waive any Event of Nonappropriation which is cured by the Lessee within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the owners of the Bonds; *provided, however,* that after June 30 of each year during the term of the Lease the Trustee shall not waive any Event of Nonappropriation which results from sufficient funds not being appropriated by the governing body of the Lessee for the payment of the Base Rentals that would be payable during the next succeeding Renewal Term unless the Trustee has reason to believe that appropriate officials of the Lessee are diligently pursuing appropriations by the governing body of the Lessee to pay such Base Rentals on a timely basis and that a delay in declaring an Event of Nonappropriation, under the circumstances, is in the best interests of the owners of the Bonds. If

an Event of Nonappropriation shall occur, the Lessee shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for herein beyond the last day of the Renewal Term during which such Event of Nonappropriation occurs, except for the Lessee's obligation to pay Rentals which are payable prior to the termination of the Lease; *provided, however*, that the Lessee shall continue to be liable for the amounts payable pursuant to Section 4.04(a) hereof during such time when the Lessee continues to use, occupy and operate the Leased Property. The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Leased Property as trustee for the benefit of the owners of the Bonds and shall be further entitled to all moneys then on hand in all funds and accounts created under the Indenture. All property, funds and rights acquired by the Trustee upon the termination of this Lease as to the Lessee's possessory interests hereunder by reason of an Event of Nonappropriation as provided herein shall be held by the Trustee under the Indenture for the benefit of the owners of the Bonds as set forth in the Indenture until the principal of, and premium (if any) and interest on, the Bonds are paid in full and any excess (subject to the requirements of any Tax Certificate) shall thereafter be paid to the Lessee as provided in Section 411 of the Indenture.

(b) The parties hereto agree that, upon the occurrence of an Event of Nonappropriation (which is not waived) or an Event of Default (which is not waived), the Lessee shall have all responsibility for vacating the Leased Property and shall vacate the Leased Property immediately following such occurrence. Within ten (10) days after the occurrence of an Event of Nonappropriation or an Event of Default, the Lessee shall provide the Trustee with a timetable for vacating the Leased Property, which timetable shall provide that the Lessee complete vacating the Leased Property no later than June 30 of the then current Renewal Term.

Section 4.10. Advances by the Trustee. If the Lessee fails to pay any Additional Rentals required by this Lease, the Trustee may (but shall be under no obligation to) pay such Additional Rentals, which Additional Rentals, together with interest thereon at the lesser of the rate of ten percent (10%) per annum or the maximum rate permitted by law, are to be reimbursed to the Trustee by the Lessee upon demand therefor, subject to the availability of sufficient legally available funds for such purpose.

Section 4.11. Lease Not to Constitute "True" Lease. It is the intention of the parties hereto that this Lease not constitute a "true" lease for federal income tax purposes and, therefore, it is the intention of the parties hereto that the Lessee be considered the owner of the Leased Property for federal income tax purposes, but not for Utah law purposes relating to title and other matters as herein provided.

ARTICLE V

ACQUISITION AND FINANCING OF THE SCHOOL FACILITIES

Section 5.01. Acquisition of the Project. (a) The Lessor shall Acquire or cause to be Acquired the School Facilities, all in accordance with the applicable Project Documents. For this purpose, the Lessor has entered into (i) the Ground Lease with the Lessee, and (ii) the Agency Agreement with the Lessee, as the Lessor's agent. A Project Contract or Project Contracts for the Project either has been or shall be awarded to a contractor or contractors licensed under the laws

of the State of Utah, and such Project Contract or Project Contracts shall be awarded after such public bidding and following such procedures as the Lessee (in its capacity as the Lessor's agent pursuant to the Agency Agreement) has determined to be in the best interests of the Lessee for the Project on a timely and cost effective basis; *provided, however*, that nothing herein shall be construed to impose a public bidding requirement on letting any such Project Contract or Contracts in reliance on Section 17D-2-108(2) of the Act. The Lessor or its agent for this purpose shall require the contractor or contractors who are or have been awarded the Project Contract or Contracts to provide a faithful performance bond and a labor and material payment bond satisfactory to the Lessor or such agent conditioned upon final completion of the Project as expeditiously as reasonably possible from the date of execution of this Lease and also conditioned upon delivery of possession of the Leased Property to the Lessee free and clear of all liens and encumbrances, except taxes, liens and encumbrances on the Lessor's interest in the Leased Property, and easements and restrictions in the record title accepted by the Lessee. Any proceeds from any such bond shall be transferred to the Trustee for deposit as provided in Section 5.05(f) hereof. Such bonds shall be made payable to the Trustee, shall be executed by a corporate surety licensed to transact business in the State of Utah and acceptable to the Lessee, and shall be in an amount equal to the contract price for such contractor's or subcontractor's Project Contract. If, at any time during Acquisition of the Project, the surety on such bond or bonds shall be disqualified from doing business within the State of Utah, or shall otherwise become incapable (in the judgment of the Trustee or the Lessee) of performing its obligations under such bond, an alternate surety acceptable to the Lessee shall be selected. In the event of any change order in accordance with Section 5.04 hereof resulting in the performance of additional work in connection with the Project, the amounts of such bonds pertaining thereto shall be increased to include the cost of such additional work or materials or fixtures to be incorporated in the Leased Property. If any payments on a contract with a private contractor to do work on the Leased Property is retained or withheld, such payments shall be placed in an interest bearing account and the interest thereon shall accrue for the benefit of such contractor and subcontractors to be paid after the Project are completed and the Leased Property is accepted by the Lessee; *provided, however*, that neither the Lessor nor its agent for this purpose, the Lessee, shall have any responsibility to distribute the interest on such retainage to the subcontractors, it being solely the responsibility of the contractor to ensure that any interest accrued on such retainage is distributed by the contractor to the subcontractors on a pro rata basis. Any Project Contracts hereafter entered into by the Lessee with respect to the Project shall comply with the provisions of this Section 5.01(a), but notwithstanding anything herein to the contrary any Project Contracts heretofore entered into by the Lessee with respect to the Project shall not be required to be modified to comply with the provisions of this Section 5.01(a).

(b) The Lessor shall comply with the wage rate requirements and labor standards set forth in the Davis Bacon Act, Subchapter IV of Chapter 31 of Title 40, United States Code to the extent required by the American Recovery and Reinvestment Act of 2009.

(c) In the event that the Acquisition of the School Facilities is not completed, as evidenced by delivery of the Completion Certificate pursuant to Section 409 of the Indenture on or prior to September 15, 2019, the Trustee shall, upon 30 days' written notice to the Lessee, be authorized, but not required, to complete the Acquisition of the School Facilities from any moneys then remaining in the Acquisition Fund.

(d) If an Event of Nonappropriation or an Event of Default shall occur prior to the delivery of the Completion Certificate pursuant to Section 409 of the Indenture, the moneys remaining in the Construction Fund may be utilized by the Trustee to complete the Acquisition of the Project or, upon termination of the term of the Lease as to the possessory interest of the Lessee, may be disbursed as provided in the Indenture.

(e) The Lessee hereby covenants, to the extent permitted by applicable law, to use other legally available funds and to seek additional legally available funds to the extent necessary to complete the Acquisition of the Project as herein required, or to make certain design changes in the Project (so long as such changes do not cause the Leased Property to be used for purposes other than lawful governmental purposes of the Lessee) to the extent necessary to complete the Acquisition of the Project with moneys then available for such purposes in the Acquisition Fund.

(f) The Lessee shall make all Project Contracts and do all things necessary for the Acquisition of the Project and shall use its best efforts to cause the Acquisition of the Project to be completed by September 15, 2019, subject to Section 408(d) of the Indenture; but if for any reason the Acquisition of the Project is not completed by said date, there shall be no resulting liability on the part of the Lessee and no diminution in the Rentals provided by Section 4.01 hereof to be paid by the Lessee.

(g) The Lessee hereby agrees that in order to effectuate the purposes of this Lease it will make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and in general do all things which may be requisite or proper, all for completing the Acquisition of the Project as herein provided.

Section 5.02. Compliance with State Handicap Code. Within the meaning of Title 26, Chapter 29, Utah Code Annotated 1953, as amended, the School Facilities will be Acquired in compliance with the current edition of planning and design criteria promulgated by the State Building Board so as to be accessible to, and functional for, the physically handicapped.

Section 5.03. Reimbursements to Lessee. The Lessee may be reimbursed from the Acquisition Fund for Costs of Acquisition incurred or payments made by advances or otherwise by the Lessee, but only by complying with the disbursement procedures set forth in the Indenture.

Section 5.04. Change Orders. Changes in the work on the School Facilities during Acquisition may be ordered in accordance with a procedure to be established by the Lessee in its capacity as agent pursuant to the Agency Agreement; *provided, however,* that unless sufficient additional funds are deposited by the Lessee into a designated account in the Acquisition Fund (a) the cost of the School Facilities shall not exceed that which is established at the time when the Series 2018 Bonds are initially issued by the Lessor, and (b) the cost of change orders shall not exceed the amount then available therefor in the Acquisition Fund, provided that the Acquisition of the School Facilities is then on budget with the amount initially determined as needed to complete the Acquisition of the School Facilities. The Lessee shall take no action that extends the period of Acquisition beyond the period for which capitalized interest has been funded as provided in the Indenture unless sufficient additional legally available funds are deposited into the Capitalized Interest Fund. Any moneys remaining in the Acquisition Fund after completion of the

Acquisition of the Project shall be applied by the Trustee as provided in Section 409 of the Indenture.

Section 5.05. Required Provisions of Project Contracts; Right to Inspect Project Documents. (a) Each Project Contract executed in connection with the Acquisition of the Project must provide that, upon an Event of Nonappropriation or an Event of Default, or upon the termination of the authority of the Lessee to complete the Acquisition of the Project pursuant to the Lease or the Agency Agreement, the Project Contract will be fully and freely assignable to the Trustee without the consent of any other person; and that, if the Project Contract is assumed by the Trustee, the Contractor will perform the agreements contained in the Project Contract for the benefit of the Trustee. Each Project Contract must also provide that, upon an Event of Nonappropriation, an Event of Default or damage to, or destruction or condemnation of, the Leased Property as described in Section 10.01 hereof, the Trustee may terminate such Project Contract, and the contractor shall then be entitled to payment only from amounts available therefor in the Acquisition Fund and only for work done prior to such termination.

(b) The Lessee shall have and keep on file and available for inspection by the Lessor and the Trustee copies of the Project Documents (except Project Documents which are in the possession of the Trustee), throughout the term of the Lease, or as soon after the commencement of the term of the Lease as such Project Documents shall become available to the Lessee. Neither the Project Documents nor any changes or amendments thereto shall (i) cause the Leased Property to be used for any purpose prohibited by the Lease or by the Constitution and laws of the State of Utah, including but not limited to the Act; (ii) result in a material reduction in the fair rental value of the Leased Property as contemplated by Section 4.02 hereof; or (iii) adversely affect the legal or financial ability of the Lessee to meet its obligations hereunder.

(c) Each Contractor entering into a Project Contract shall procure and maintain standard form comprehensive general public liability and property damage insurance, at its own cost and expense, during the duration of such Contractor's Project Contract, in the amount of not less than \$1,000,000 combined single limit per occurrence.

(d) Unless the Lessee shall otherwise agree in a Project Contract to carry the builder's risk insurance hereinafter described, each general contractor retained in connection with the Acquisition of the Project shall procure and maintain, at its own cost and expense, during the term of its Project Contract and until the Leased Property is accepted and insured by the Lessee, standard, all risk of loss builder's risk completed value insurance upon the Leased Property Acquired or to be Acquired, in whole or in part, by such contractor or its subcontractors. The policy shall not provide any deductible amounts. Such insurance coverage shall in the aggregate be in an amount at least equal to the original principal amount of the Series 2018 Bonds. In the event of any change order resulting in the performance of additional work in connection with the Acquisition of the Project, the amount of such insurance shall be increased to include the cost of such additional work.

(e) Each Contractor and subcontractor for the Project shall procure and maintain workers' compensation insurance as required by applicable law.

(f) The Net Proceeds of any performance or payment bond or builders' risk insurance policy required hereunder is to be paid into an appropriately designated account in the Acquisition Fund if received before the Completion Date, or if received thereafter shall be paid into the Insurance Fund to be applied as provided in Section 413 of the Indenture to the prompt repair or restoration of the Leased Property or for deposit into the Bond Fund as determined in accordance with Section 10.01 hereof.

(g) Each Project Contract shall contain provisions regarding liquidated damages and construction retainage acceptable to the Lessee. The Net Proceeds from any such liquidated damages provision shall be deposited into the Bond Fund.

(h) Any Project Contracts hereafter entered into by the Lessee with respect to the Project shall comply with the provisions of this Section 5.05, but notwithstanding anything herein to the contrary any Project Contracts heretofore entered into by the Lessee with respect to the School Project shall not be required to be modified to comply with the provisions of this Section 5.05; *provided, however*, that any insurance policy obtained or renewed by the Lessor or by any general contractor entering into a Project Contract with the Lessor, subsequent to the date hereof, shall comply with the provisions of this Section 5.05.

Section 5.06. Remedies Against Contractors. The Lessee shall proceed promptly, either separately or in conjunction with others, to pursue diligently its remedies against any Contractor or subcontractor which is in default under any of the Project Contracts and/or against each surety on any bond securing the performance of such Project Contract. The Net Proceeds recovered by way of the foregoing, after reimbursement to the Lessee for any unreimbursed expenditure of the Lessee for correcting or remedying such default, will be paid into an appropriately designated account in the Acquisition Fund if received before the Completion Date or, if received thereafter, into the Insurance Fund to be applied as provided in Section 413 of the Indenture.

Section 5.07. Financing the Acquisition of the Project. (a) For the purpose of paying the Costs of Acquisition with respect to the Project, and providing for certain capitalized interest for the Series 2018 Bonds by a deposit into the Capitalized Interest Fund as described below and paying the Costs of Issuance, the Lessor shall cause the Series 2018 Bonds to be issued pursuant to the Indenture and shall cause the proceeds from the sale thereof to be deposited with the Trustee as follows and applied as provided in the Indenture:

(i) to the Capitalized Interest Fund, an amount equal to \$907,229.72; and

(ii) to the Acquisition Fund, the balance of the proceeds to be received from the sale of the Series 2018 Bonds (\$18,750,000.00).

(b) The Lessor may from time to time authorize the issuance of Additional Bonds in any amount upon the terms and conditions provided in Section 214 of the Indenture. Additional Bonds shall be issued to provide funds to pay one or more of the following: (i) the costs of completing Acquisition of the Project; (ii) the costs of making such additions, improvements, extensions, alterations, relocations, enlargements, expansions, modifications or changes (hereinafter in this paragraph collectively called the "*improvements*") in, on or to the Leased

Property as the Lessee may deem necessary or desirable or reduce the fair rental value of the Leased Property and including any repairing, restoring, modifying, improving or replacing pursuant to Section 10.01 hereof to the extent that such costs exceed the insurance or condemnation proceeds out of which such costs are to be paid pursuant to Section 10.01 hereof; (iii) the costs of acquiring, constructing, improving or extending any additional sites, buildings and equipment, or any combination thereof, for the use and benefit of the Lessee, but only to the extent that (I) such additional sites, buildings and equipment, or any combination thereof, constitute a “project” within the meaning of the Act and (II) this Lease is amended as herein provided to include such sites, buildings and equipment as Leased Property hereunder; (iv) to refund a Series of Bonds; (v) the costs of the issuance and sale of the Additional Bonds; (vi) interest during the estimated period of acquisition and construction and for a period of up to twelve (12) months thereafter and (vii) any combination of such purposes. Any such improvements shall become a part of the Leased Property and shall be included under this Lease to the same extent as if originally included hereunder.

(c) If the Lessee is not in default hereunder, the Lessor (in its capacity as Lessor under the Indenture) will, on request of the Lessee, from time to time, use its best efforts to issue the amount of Additional Bonds specified by the Lessee; provided that the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by the governing body of the Lessee prior to the issuance thereof; and provided further that the Lessee and the Lessor shall have entered into an amendment to this Lease to provide for additional Base Rental in an amount at least sufficient to pay principal of and interest on the Additional Bonds when due and the Lessor shall have otherwise complied with the provisions of Section 214 of the Indenture with respect to the issuance of such Additional Bonds.

Section 5.08. Disbursements from the Acquisition Fund; Establishment of Completion Date. (a) The Lessor has, in the Indenture, authorized and directed the Trustee to make payments from the Acquisition Fund to pay the Costs of Acquisition or to reimburse the Lessee for any Costs of Acquisition paid by the Lessee; *provided, however*, that any such disbursement shall only be made after satisfaction of the conditions for any such disbursement as provided in the Indenture, including the delivery of written requisitions in accordance with Section 408(b) of the Indenture. The Lessee hereby agrees to deliver such written requisitions to the Trustee as may be necessary to effect disbursements from the Acquisition Fund in accordance herewith and with the Indenture.

(b) The Lessee hereby agrees to deliver to the Trustee upon acceptance of the Leased Property the Completion Certificate (together with the Certificates of Substantial Completion to be attached thereto) required by Section 409 of the Indenture. The Lessee shall be entitled to direct the Trustee as to the disposition of certain moneys remaining in the Acquisition Fund on the date of delivery of the Completion Certificate for the purposes as provided in Section 409 of the Indenture.

(c) In approving any written requisition delivered in accordance with Section 408(b) of the Indenture, the Trustee may rely as to the completeness and accuracy of all statements in any and all such written requisitions, and the Lessee hereby covenants and agrees to indemnify and save harmless the Trustee from any liability incurred in connection with any written requisition so approved, but only from moneys duly appropriated and legally available for such purpose.

Section 5.09. Investment of Bond Fund, Capitalized Interest Fund, Insurance Fund and Acquisition Fund. Any moneys held as a part of the Bond Fund, the Capitalized Interest Fund, the Insurance Fund, the Redemption Fund, the Acquisition Fund or any other fund or account created pursuant to the Indenture shall be invested or reinvested by the Trustee from time to time, but only at the request of and as directed by an Authorized Lessee Representative or otherwise, in accordance with the provisions of Article V of the Indenture; *provided, however*, that no investment shall be made of any funds which would violate the covenant set forth in any Tax Certificate.

ARTICLE VI

MAINTENANCE AND OPERATION

Section 6.01. Maintenance and Operation. (a) The Lessee shall, at its own expense, maintain, manage and operate the Leased Property and all improvements thereon in good order, condition and repair, ordinary wear and tear excepted. The Lessee shall provide or cause to be provided all security service, custodial service, janitor service, power, gas, telephone, light, heating and water, and all other public utility services.

(b) It is understood and agreed that in consideration of the payment by the Lessee of the Rentals herein provided for, the Lessor is only obligated to provide the Leased Property in the manner, at the times and to the extent herein provided, and neither the Lessor, the Trustee nor any owner of any Bond shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Leased Property during the term of the Lease. The Lessee shall keep the Leased Property and any and all improvements thereto free and clear of all liens, charges and encumbrances, except those caused or consented to by the Trustee and Permitted Encumbrances.

Section 6.02. Care of the Leased Property. (a) The Lessee shall take good care of the Leased Property, fixtures and appurtenances, and suffer no waste or injury thereto, ordinary wear and tear excepted. The Lessee shall pay for all damage to the Leased Property, its fixtures and appurtenances due to any act or omission or cause whatsoever.

(b) The Lessee shall not place a load upon any floor of the Leased Property exceeding the floor load per square foot area which such floor was designed to carry and which may be allowed by law.

(c) There shall be no allowance to the Lessee for a diminution in or abatement of Rentals and no liability on the part of the Lessor by reason of inconvenience, annoyance or injury to government operations arising or resulting from the Lessor, the Lessee or others making repairs, alterations, additions or improvements in or to any portion of the Leased Property, or in or to fixtures, appurtenances or equipment thereof, and no liability upon the Lessor or allowance for a diminution in or abatement of Rentals for failure of the Lessor or others to make any repairs, alterations, additions or improvements in or to any portion of the Leased Property, or in or to the fixtures, appurtenances or equipment thereof. The foregoing shall not be construed to mean that the Lessor has any such obligations.

(d) The Lessor shall not be liable for, and there shall be no diminution in or abatement of Rentals for, any loss or damage to the Leased Property caused by vermin, rain, snow, liquids and semi-liquids or from storms that may leak into or flow from any part of the Leased Property through any defects in its roof, walls, windows, ceilings, plumbing or from any other source, or caused by any latent defect in the Leased Property or its equipment.

(e) The Lessee's taking possession of the Leased Property or any portion thereof shall be conclusive evidence against the Lessee that the Leased Property or such portion thereof was in good order and satisfactory condition when the Lessee took possession thereof and that all work to be done on the School Facilities or such portion thereof pursuant to the terms hereof, if any, has been completed to the Lessee's satisfaction; *provided, however*, that the Lessee's taking possession as herein provided shall be without prejudice to any rights against third parties which exist at the date of taking such possession or which may subsequently come into being. No promise of the Lessor to alter, remove, improve or clean the Leased Property and no representation respecting the condition of the Leased Property have been made by the Lessor to the Lessee.

Section 6.03. Loss and Damage. All of the Lessee's personal property of any kind that may be on or about the Leased Property or placed in the custody of any of the Lessee's employees or agents shall be held at the sole risk of the Lessee, and neither the Lessor, the Trustee nor any Bondowner shall have any liability to the Lessee for any theft or loss thereof or damage thereto from any cause whatsoever.

ARTICLE VII

INSURANCE PROVISIONS

Section 7.01. Insurance. (a) The Lessee shall at all times maintain or cause to be maintained with responsible insurers all such insurance on the Leased Property (valued as defined below) which is customarily maintained with respect to properties of like character against accident to, loss of or damage to such properties. Notwithstanding the generality of the foregoing, the Lessee shall not be required to maintain or cause to be maintained any insurance which is not available from reputable insurers on the open market, except as required by Section 7.01(c) hereof, or more insurance than is specifically referred to below.

The Lessee shall during any period of Acquisition of the Project and thereafter so long as the Lessee has possession of the Leased Property:

(i) Keep or cause to be kept a policy or policies of insurance against loss or damage to the Leased Property resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such perils ordinarily defined as "extended coverage" and other perils as the Lessee may determine should be insured against on forms and in amounts satisfactory to each. Such insurance may be carried in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Lessee. Such extended coverage insurance shall, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be maintained in

an amount not less than the principal amount of the then outstanding Bonds or the full insurable value of the Leased Property (such value to include amounts spent for Acquisition of the Project and architectural, engineering, legal and administrative fees, inspection and supervision but excluding value attributable to the School Site), whichever amount is greater, subject to deductible conditions for any loss not to exceed \$200,000 for any one loss. The term “*full insurable value*” as used in this subsection shall mean the actual replacement cost, using the items of value set forth above (including the cost of restoring the surface grounds owned or leased by the Lessee but excluding the cost of restoring trees, plants and shrubs), without deduction for physical depreciation. Said “*full insurable value*” shall be determined by the Lessee from time to time but not less frequently than once in every 36 months;

(ii) Maintain or cause to be maintained public liability insurance against claims for bodily injury or death, or damage to property occurring upon, in or about the Leased Property, such insurance to afford protection to a limit of not less than \$1,000,000 combined single limit; *provided, however*, that nothing herein shall be construed to require the Lessee to maintain or cause to be maintained any such public liability insurance for amounts greater than the limitations on such liability provided under the Utah Governmental Immunity Act, Chapter 30 of Title 63, Utah Code Annotated 1953, as amended. Such insurance may be maintained under an Owners, Landlords and Tenants policy and may be maintained in the form of a minimum \$1,000,000 single limit policy covering all such risks. Such insurance may be carried in conjunction with any other liability insurance coverage carried or required to be carried by the Lessee; and

(iii) Maintain or cause to be maintained workers’ compensation coverage to the extent required by law.

All insurance herein provided for shall be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State of Utah, except as otherwise hereinafter provided. As of the date hereof, the Lessor carries public liability insurance with the Utah Risk Management Mutual Association, an insurer of recognized responsibility. The Lessee may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other buildings as well, so long as such blanket insurance policies otherwise comply with the terms of this Section 7.01(a).

All policies or certificates issued by the respective insurers for insurance shall provide that such policies or certificates shall not be cancelled or materially changed without at least thirty (30) days prior written notice to the Trustee.

All policies of insurance (except the policy of public liability property damage and workers’ compensation insurance) must provide that the proceeds thereof shall be payable to the Trustee. The Net Proceeds of fire and extended coverage insurance shall be deposited into the Insurance Fund under the Indenture to be applied to rebuild, replace and repair the affected portion of the Leased Property or redeem outstanding Bonds as provided in Article X hereof. The Net Proceeds of public liability and property damage insurance shall be applied toward extinguishment

or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid.

(b) Notwithstanding anything herein to the contrary, any policies of insurance that the Lessee is required to keep or cause to be kept pursuant to Section 7.01(a) hereof may be provided through any self-insurance program of the Lessee or in which the Lessee participates with other governmental units of the State of Utah. The Utah Risk Management Mutual Association is not a self-insurance program within the meaning of the preceding sentence. In such event, the Lessee shall cause the risk manager of its self-insurance program to issue certificates of coverage to the Trustee for any such risks covered by the self-insurance program and otherwise evidencing compliance with the requirements of Section 7.01(a) hereof which certificates of coverage shall be accompanied with an opinion of Lessee's Counsel that the obligations of the Lessee under any such self-insurance program are legal, binding and enforceable against the Lessee in accordance with their terms. At least once each year, commencing during calendar year 2018, the Lessee shall cause its risk manager or, at its expense, an independent consultant to review the Lessee's self-insurance program and to render a report to the Lessee as to the adequacy and actuarial soundness of such self-insurance program to provide the coverage required by Section 7.01(a) hereof to the extent the Lessee self-insures for such coverage as herein permitted and as to its recommendations, if any, for adjustments thereto. The Lessee shall make such adjustments to its self-insurance program as are necessary to comply with any such recommendations of its risk manager or the independent consultant appointed for the purposes of this Section 7.01(b). The Lessee shall file or cause its risk manager or such insurance consultant to file a copy of such report with the Trustee at the same time as the Lessee files the written statement required by Section 7.01(d) hereof.

"Independent Insurance Consultant" shall mean a nationally recognized, independent actuary, insurance company or broker that has actuarial personnel experienced in the area of insurance for which the Lessee is to be self-insured.

(c) To the extent that the Lessee is unable to obtain or maintain any of the insurance required to be carried as provided in Section 7.01(a) hereof from reputable insurers on the open market at reasonable prices therefor, the Lessee shall provide for such insurance through its self-insurance program or through a self-insurance program in which the Lessee participates with other governmental units of the State of Utah; *provided, however*, that any costs and expenses incurred by the Lessee in connection with such self-insurance program and the cost of any reserves required to fund such a self-insurance program shall be payable by the Lessee solely from legally available moneys appropriated for such purpose and payable as Additional Rentals hereunder; and provided further, however, that any such self-insurance shall comply with the requirements of subsection (b) of this Section 7.01.

(d) The Lessee shall file with the Trustee annually, within one hundred eighty (180) days after the close of each Fiscal Year, commencing with the Fiscal Year which ends on June 30, 2018, a written statement of the Lessee satisfactory to the Trustee containing a summary of all insurance policies (including policies provided through any self-insurance program described in Section 7.01(b) or 7.01(c) hereof) then in effect with respect to the Leased Property and stating that the insurance policies required by this Lease are in full force and effect.

(e) The Lessee for itself and its insurers, to the extent possible (as a reasonable cost) and to the extent permitted by law, hereby waives any claim against the Trustee, the Lessor and the Contractor, including claims based on negligence, if the claim results from any of the perils the Lessee is required to insure against or provide self-insurance for in this Section 7.01.

ARTICLE VIII

TAXES

Section 8.01. Taxes. (a) The Lessor and the Lessee understand and agree that the Leased Property constitutes public property free and exempt from all taxation in accordance with applicable law, including but not limited to Section 17D-2-104 of the Act; *provided, however*, that the Lessor agrees to cooperate with the Lessee, upon written request by the Lessee, to contest any proposed tax or assessment, or to take steps necessary to recover any tax or assessment paid. The Lessee agrees to reimburse the Lessor from Additional Rentals for any and all costs and expenses thus incurred by the Lessor.

(b) Notwithstanding Section 8.01(a) hereof, in the event that the Leased Property or any portion thereof or any portion of the Rentals shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body which may be secured by a lien against the Leased Property or any portion of the Rentals, an Additional Rental shall be paid by the Lessee equal to the amount of all such taxes, assessments and governmental charges then due. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Lessee shall be obligated hereunder to provide for Additional Rentals only for such installments as are required to be paid during the term of the Lease. The Lessee shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property or any portion thereof (including, without limitation, any taxes levied upon the Leased Property or any portion thereof which, if not paid, will become a charge on the Rentals and receipts from the Leased Property or any portion thereof prior to or on a parity with the charge thereon and the pledge and assignment thereof to be created and made in the Indenture), or any interest therein (including the interest of the Lessor) or the Rentals and revenues derived therefrom or hereunder, except to the extent permitted by Section 8.01(c) hereof.

(c) The Lessee may, at its expense and in its name, in good faith contest any such taxes, assessments and other charges, and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless by nonpayment of any such items the security afforded pursuant to the terms of the Indenture will be materially endangered (in the judgment of the Trustee) or the Leased Property or any essential part thereof will be subject to loss or forfeiture (in the judgment of the Trustee), in which event such taxes, assessments or charges shall be paid forthwith. The Lessor will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section 8.01 to be paid by the Lessee, the Lessor or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Lessor or the Trustee shall become an additional obligation of the Lessee to the party making the advancement, which amounts the Lessee hereby agrees to pay from Additional Rentals on demand together with interest thereon from the date thereof until paid at the

lesser of ten percent (10%) per annum or the maximum rate permitted by law, but only from moneys appropriated and legally available for such purpose.

ARTICLE IX

ALTERATIONS, ADDITIONS AND IMPROVEMENTS

Section 9.01. Alterations, Additions and Improvements to the Leased Property. (a) The Lessee shall have the right during the term of the Lease to make any alterations, additions or improvements of any kind, structural or otherwise, as it shall deem necessary or desirable, on or to the Leased Property, to attach fixtures, structures or signs, and to affix any personal property to the improvements on the Leased Property; *provided, however*, that no such alteration, addition or improvement shall reduce or otherwise adversely affect the value of the Leased Property or the fair rental value thereof or materially alter or change the character or use of the Leased Property.

(b) The Lessee will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any construction, substitutions, additions, modifications, improvements, repairs, renewals or replacements so made by the Lessee, provided that if the Lessee shall first notify the Trustee of the Lessee's intention so to do, the Lessee may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless by nonpayment of any such items the security afforded pursuant to the terms of the Indenture will be materially endangered (in the judgment of the Trustee) or the Leased Property or any essential part thereof will be subject to loss or forfeiture (in the judgment of the Trustee), in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Lessor will cooperate fully with the Lessee in any such contest, upon the request and at the expense of the Lessee.

Section 9.02. Title to Alterations, Additions and Improvements. Except as provided in Section 9.03 hereof, all such alterations, additions and improvements shall become the property of the Lessor as a part of the Leased Property and shall be subject hereto and to the Indenture.

Section 9.03. Lessee's Equipment. (a) All of the Lessee's equipment and other personal property installed or placed by the Lessee in or on the Leased Property which is not a fixture under applicable law or which is not paid for with the proceeds of sale of the Bonds shall remain the sole property of the Lessee in which neither the Lessor, the owners of the Bonds nor the Trustee shall have any interest, and may be modified or removed at any time by the Lessee and shall not be subject to the lien of the Indenture. The Lessee shall pay for any damage caused by such modification or removal, but only from funds legally available for such purpose.

(b) The title to any personal property, improvements or fixtures placed on or in the Leased Property by any sublessee or licensee of the Lessee shall be controlled by the sublease or license agreement between such sublessee or licensee and the Lessee.

(c) If after the occurrence of an Event of Nonappropriation or an Event of Default, the Lessee moves out or is dispossessed and fails to remove any property of the Lessee at the time of such moving out or dispossession, then and in that event, the Trustee shall have the option, following not less than thirty (30) days' prior written notice to the Lessee of the Trustee's intention to exercise such option, either to regard such property as abandoned by the Lessee, in which case such property shall become the property of the Lessor subject to the Indenture, or shall have the right to demand that the Lessee remove such property from the Leased Property, and in the event of failure of the Lessee to comply with said demand, the Trustee shall have the right to remove, sell or destroy such property.

ARTICLE X

DAMAGE OR DESTRUCTION; CONDEMNATION

Section 10.01. Damage, Destruction and Condemnation. (a) If, during the term of the Lease, (i) the Leased Property or any portion thereof shall be destroyed, in whole or in part, or damaged by fire or other casualty or event; or (ii) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate of the Lessee, the Lessor or the Trustee in the Leased Property or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (iii) a material defect in construction of the School Facilities shall become apparent; or (iv) title to or the use of all or any portion of the Leased Property shall be lost by reason of a defect in title; then the Lessee shall continue to pay Base Rentals and Additional Rentals after delivery of the Completion Certificate, subject to Section 4.09(a) hereof, and to take such action as it shall deem necessary or appropriate to repair, rebuild and replace the affected portion of the Leased Property, subject to Section 10.01(c)(ii) hereof, regardless of whether the Acquisition of the Project has been completed and accepted by the Lessee in accordance with Section 5.08(b) hereof.

(b) In accordance with Section 413 of the Indenture, the Trustee shall cause the Net Proceeds of any insurance policies (including any moneys derived from any self-insurance program), performance bonds or condemnation awards with respect to the Leased Property, or Net Proceeds received as a consequence of defaults under Project Contracts (excluding liquidated damages) for the Project, to be deposited into the Insurance Fund to be applied as provided herein and in Section 413 of the Indenture, and all Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged or destroyed portion of the Leased Property by the Lessee, except as otherwise provided in Section 10.01(c) hereof or as may be required by the Tax Certificate. The balance of any Net Proceeds remaining after the repair, restoration, modification, improvement or replacement has been completed are to be deposited into the Construction Fund, if received prior to the Completion Date and, if received thereafter, are to be deposited into the Bond Fund, except to the extent otherwise required by the Tax Certificate. The Trustee shall cause the Net Proceeds of any liquidated damages received as a consequence of a default by the Contractor to complete Acquisition of the Project in a timely fashion under the Construction Contract to be deposited into the Bond Fund.

(c) If such Net Proceeds shall be insufficient to pay in full the cost of any such repair, restoration, modification, improvement or replacement, the Lessee shall, within ninety (90) days after the occurrence of the event giving rise to such Net Proceeds, either:

(i) commence and thereafter complete the work and pay any cost in excess of the Net Proceeds, but only from Additional Rentals, in which case the Lessee agrees that it will not be entitled to any reimbursement therefor from the Trustee or the owners of the Bonds, nor shall it be entitled to any diminution of the Base Rentals or Additional Rentals; or

(ii) if the failure to repair, rebuild or replace shall not materially detract from the value of the Leased Property, then the Lessee may discharge its obligation to repair, rebuild or replace the affected portion of the Leased Property by causing such Net Proceeds to be deposited into the Bond Fund; or

(iii) deposit such Net Proceeds into the Bond Fund to be used by the Trustee as provided in the Indenture.

In the event the Board shall fail to appropriate, by the first day of the next Renewal Term following the ninety-day period after the occurrence of the event giving rise to the Net Proceeds, an amount at least equal to the insufficiency to pay in full the cost of any necessary repair, restoration, modification, improvement or replacement, the obligation to repair and replace the Project under this Article X shall be discharged by depositing the Net Proceeds into the Bond Fund. Upon the deposit of such Net Proceeds in said Bond Fund, the Lessee shall have no further obligation for the payment of Base Rentals and additional Rentals hereunder with respect to said Project, and possession of said Project as well as all rights created pursuant to this Master Lease and the interest of the Lessee therein and in any funds or accounts created under the Indenture with respect to the Project (except for moneys held to pay rebate and for the payment of Bonds not then deemed Outstanding), shall be surrendered to the Trustee. Thereafter, the Lessee's interest in said Project may be liquidated pursuant to the provisions of and subject to the limitations set forth in the Indenture and the proceeds of such liquidation and the Net Proceeds so deposited in the Bond Fund, as well as all other moneys on deposit in any fund created under the Indenture with respect to said Project (except for moneys held to pay rebate and for the payment of Bonds not then deemed Outstanding), shall be applied to the redemption of the applicable Series of Bonds on the earlier of the next succeeding redemption date or the final maturity date of such Series of Bonds.

(d) The Lessee hereby agrees that any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds shall be the property of the Lessor subject to the Indenture and this Lease, and will be included as part of the Leased Property subject to this Lease.

(e) The Lessor and the Lessee agree that it is the intent of the parties that, after the delivery of the Completion Certificate, the risk of any loss arising out of any damage, destruction or condemnation of the Leased Property or any portion thereof shall be borne by the Lessee and not by the Lessor or the Bondholders, and the Lessee hereby covenants and agrees that in the event of any such damage, destruction or condemnation, the Lessee shall either repair, rebuild or replace

the Leased Property to essentially its same condition before any such damage, destruction or condemnation or provide funds, but in any event only from legally available moneys for such purpose, necessary to redeem the Bonds at the earliest practicable date in accordance with the Indenture.

(f) The Lessee hereby agrees to deliver the Officer's Certificate provided in Section 413 of the Indenture in accordance with the terms thereof.

(g) The Lessee shall give written notice immediately to the Trustee of the occurrence of any event of damage, destruction or condemnation as described in Section 10.01(c) hereof, which notice shall describe the nature and scope of any such event.

ARTICLE XI

ASSIGNMENTS

Section 11.01. Assignments by Lessee. Neither this Lease nor any interest of the Lessee herein shall, at any time after the date hereof, without the prior written consent of the Trustee, be mortgaged, pledged, assigned or transferred by the Lessee by voluntary act or by operation of law, or otherwise, except as specifically provided herein. The Lessee shall at all times remain liable for the performance of the covenants and conditions on its part to be performed, notwithstanding any assigning, transferring or subletting which may be made with such consent. The Lessee shall have the right, without notice to or consent of the Lessor, the Trustee or any owner of Bonds, to further sublease or permit the use of any specified portion of the Leased Property only to or for the benefit of any other "public bodies" (as such term is defined in the Act), the State of Utah or any other entities permitted as sublessees of a project now or hereafter permitted or authorized by the Act, including but not limited to Section 17D-2-403(1)(b) of the Act, but nothing herein contained shall be construed to relieve the Lessee from its obligation to pay Rentals as provided in this Lease or relieve the Lessee from any other obligations contained herein; *provided, however*, that no such assignment or sublease may be made if the use of the Leased Property by the assignee or sublessee will affect the validity of this Lease. Any such assignment, sublease or license shall require the assignee, sublessee or licensee to execute an acceptable attornment agreement with the Lessee and the Trustee and to assume all of the terms, covenants and agreements of the Lessee hereunder to the extent of the portion of the Leased Property so assigned, sublet or licensed; *provided, however*, that where portions of the Leased Property have been so assigned, sublet or licensed, the Lessee shall continue to be responsible for the payment of Rentals due under this Lease. The Lessor may execute any and all instruments necessary and proper in connection therewith. The Lessee hereby agrees (a) to direct all of its permitted sublessees, assignees and transferees to pay all rentals and other amounts due under any sublease, assignment or transfer permitted by this Section 11.01 directly to the Trustee for deposit into the Bond Fund and (b) to pay any of such amounts received by the Lessee directly to the Trustee for deposit into the Bond Fund.

Section 11.02. Assignments by Lessor in General Without Release of Liability. (a) The Lessor's obligations to perform under this Lease may be assigned in whole or in part by the Lessor, but the Lessor shall remain liable to perform hereunder, with notice to the Lessee as provided in Section 11.02(b) hereof; *provided that* such assignment (other than an assignment for security

purposes or the assignment effected by the Indenture and the exercise of any remedies thereunder and any further assignment resulting from the exercise of any such remedies) may only be made to a public corporation or other public entity duly authorized by applicable law to perform the obligations as Lessor hereunder.

(b) No assignment or reassignment of any of the Lessor's right, title or interest in this Lease or the Leased Property shall be effective unless and until the Lessee shall have received a duplicate original counterpart of the document by which the assignment or reassignment is made, disclosing the name and address of each such assignee. The Lessee hereby acknowledges receipt of the Indenture for purposes of this Section 11.02(b). During the term hereof, the Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code, and the regulations, proposed or existing, from time to time promulgated thereunder.

(c) The Lessor may assign its rights, title and interest in and to this Lease and any other documents executed with respect to this Lease and/or grant or assign a security interest in this Lease, in whole or in part, as herein provided. The Lessor, simultaneously with the execution of this Lease, has assigned this Lease and all Base Rentals and certain other sums (including any Additional Rentals payable pursuant to Section 4.01(b)(ix) hereof) due and to become due hereunder to the Trustee under the Indenture. Upon the execution and delivery of the Indenture, the Lessor therein gives written notice thereof to the Lessee, and all Base Rentals and certain other sums (including such Additional Rentals) due and to become due hereunder shall be paid to the Trustee when due and payable. Neither any purchaser of any of the Bonds nor the Trustee shall be bound or obligated to perform or see to the performance of any duty, covenant, condition or warranty (express or implied) made by the Lessor or required to be observed or performed by the Lessor under any of the terms hereof.

(d) The Lessor has, simultaneously with the execution of this Lease, assigned all of its duties and obligations hereunder with respect to the Acquisition of the Project to its agent pursuant to the Agency Agreement, except as otherwise therein provided. The Lessee hereby consents to such assignment by the Lessor pursuant to the Agency Agreement.

Section 11.03. Lessor's Assignment as a Whole and Release From Liability. Except as otherwise set forth in Section 11.04 hereafter, the rights, obligations and duties of the Lessor hereunder may be assigned as a whole and the Lessor may be released from its obligations hereunder only with the prior written consent of the Lessee and the Trustee and then only upon assignment of the Lessor's interest herein to a public corporation or other entity duly authorized by applicable law to perform the obligations as Lessor hereunder.

Section 11.04. Replacement of the Lessor. If any event occurs which in the judgment of the Trustee materially impairs the ability of the Lessor to serve as lessor hereunder or as Lessor under the Indenture, the Trustee may replace the Lessor with such other entity as the Trustee deems appropriate so long as such successor entity is a public corporation or other public entity duly authorized by applicable law to perform the obligations as Lessor hereunder and as Lessor under the Indenture. In any such event, the Lessor being replaced shall cooperate with the Trustee in conveying title to the Leased Property and any and all other right, title and interest of the Lessor

in, to and under the Lease and the Indenture to such successor entity as the Trustee may designate as provided herein.

Section 11.05. Subordination and Attornment. (a) This Lease and the Lessee's interest in the Leased Property and its interest as lessee hereunder shall at all times be subject and subordinate to the lien of the Indenture and the Deed of Trust and to all the terms, conditions and provisions thereof, whether now existing or hereafter created and without the need for any further act or agreement by the Lessee; *provided, however,* that so long as an Event of Default under the Indenture or an Event of Nonappropriation has not occurred and is then continuing this Lease shall remain in full force and effect notwithstanding such subordination or the Lessor's default in connection with the said lien, and the Lessee shall not be disturbed by the Lessor or the Trustee in its possession, use and enjoyment of the Leased Property during the term of the Lease or in the enjoyment of its rights hereunder. The Lessee shall not subordinate its interests hereunder or in the Leased Property to any other lien or encumbrance without the prior written consent of the Trustee. Any such unauthorized subordination by the Lessee shall be void and of no force or effect whatsoever.

(b) In the event of any sale, assignment or transfer of the Lessor's interest under this Lease or in the Leased Property, including any such disposition resulting from the Lessor's default under the said lien, the Lessee shall attorn to the Lessor's successor and shall recognize such successor as the Lessor under this Lease, said attornment to be effective and self-operative without the execution of any other instruments on the part of either party hereto immediately upon such successor succeeding to the interest of the Lessor hereunder, and this Lease shall continue in accordance with its terms between the Lessee, as lessee, and such successor, as Lessor.

ARTICLE XII

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 12.01. Representations, Covenants and Warranties of the Lessee. The Lessee hereby represents, covenants and warrants for the benefit of the Lessor and the owners from time to time of the Bonds as follows:

(a) The Lessee has the power and authority to enter into the Tax Certificate and the transactions contemplated by this Lease and the other Operative Agreements to which it is a party and to carry out its obligations hereunder and thereunder. The Lessee has been duly authorized to execute and deliver this Lease, and agrees that it will do or cause to be done all things necessary to preserve and keep this Lease (to the extent herein provided and subject to the limitations expressed herein, including but not limited to the limitations provided in Section 4.04 hereof) in full force and effect.

(b) The Lessee is not subject to any legal or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the Lessee from entering into this Lease and the other Operative Agreements to which it is a party or performing any of its obligations hereunder or thereunder, except to the extent that such

performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the Lessee, nor to the best knowledge of the Lessee is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Lease or any other agreement or instrument to which the Lessee is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the Lessee of this Lease or any such other agreement or instrument or in connection with the carrying out by the Lessee of its obligations hereunder or thereunder have been obtained.

(d) The payment of the Rentals hereunder by the Lessee or any portion thereof is not, and will not (so long as the Lessee pays Rentals hereunder) be, directly or indirectly (i) secured by any interest in (A) property used or to be used for a private business or (B) payments in respect of such property or (ii) to be derived from payments (whether or not to the Lessor) in respect of property, or borrowed money, used for a private business use, all within the meaning of Section 141(b) of the Code. No proceeds of the Bonds are to be used (directly or indirectly) to make or finance loans to persons other than governmental units within the meaning of Section 141(c) of the Code.

(e) The entering into and performance of this Lease or any other document or agreement contemplated hereby to which the Lessee is or is to be a party will not violate any judgment, order, law or regulation applicable to the Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of the Lessee or on the Leased Property pursuant to, any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which the Lessee is a party or by which it or its assets may be bound, except as herein or in the Indenture provided.

(f) All requirements have been met and procedures have occurred in order to ensure the enforceability of this Lease, and the Lessee has complied with such public bidding requirements as may be applicable to this Lease and the Acquisition by the Lessee (in its capacity as agent for the Lessor) of the Project.

(g) During the term hereof, the Leased Property will be used by the Lessee (except as otherwise permitted by Section 11.01 hereof) only for the purpose of performing one or more essential governmental or proprietary functions (including related functions) of the Lessee consistent with the permissible scope of the Lessee's authority. The use, occupancy and operation of the Leased Property is essential to the conduct of the Lessee's governmental operations to provide for the public health, welfare, safety and convenience of the Lessee and its inhabitants.

(h) The Lessee shall comply with all applicable laws, rules, regulations, orders, directions and requirements of all governmental departments, bodies, bureaus, agencies and officers, including, without limitation, all zoning and other laws that would be applicable to the Project (other than public bidding laws which are inapplicable to the Project or the letting of the Lease by virtue of Section 17D-2-108(2) of the Act) if it were not owned or occupied by a political subdivision of the State of Utah and with all reasonable rules, directions, requirements and recommendations of the local board of fire underwriters and other fire insurance rating organizations for the area in which the Project are situated, pertaining to the Project or the use, occupancy and operation thereof. The Lessee shall not do or suffer to be done, or keep or suffer to be kept anything in, upon or about the Project or the Leased Property which will contravene any policies insuring against loss or damage by fire or other hazards, including, but not limited to, public liability insurance.

(i) The Lessee has obtained and examined, or will obtain and examine in a timely fashion as is necessary to diligently complete the Project, all conditions, covenants, restrictions, easements, reservations, rights, rights-of-way and all legal requirements, use permits, occupancy permits, building permits and other requirements affecting or relating to the Project, and the Project does not and will not violate any of the same.

(j) The Lessee has complied in all material respects with all legal requirements in relation to environmental quality, and the Lessee is not under investigation by any state or federal agency designed to enforce such legal requirements.

(k) All streets, easements, utilities and related services necessary for the Project and the operation of the Leased Property for its intended purpose are (or will be, in a timely manner during the Acquisition of the Project) available to the boundaries of the School Site.

(l) Until the termination of the Lessee's possessory rights hereunder with the effect provided in Section 3.03 hereof, the Lessee shall (i) permit the agents or representatives of the Trustee upon two (2) Business Days' notice to have access to and to examine its properties, books and records relating to the Project and the Leased Property and furnish or cause to be furnished at the Lessee's expense to the Trustee the following:

(A) As soon as possible, and in any event not later than three (3) days after the occurrence of any Event of Default or Event of Nonappropriation, a statement of an Authorized Lessee Representative setting forth the details of such Event of Nonappropriation or Event of Default and the action which the Lessee proposes to take with respect thereto;

(B) As soon as available, and in any event not later than one hundred eighty (180) days after the close of each Fiscal Year, the audited financial statements of the Lessee as at the close of and for such Fiscal Year, all in reasonable detail and stating in comparative form the figures as at the close of and for the previous Fiscal Year, audited by and with the report of the Lessee's auditor;

provided, however, the Trustee shall not be required to review or analyze such financial statements;

(C) Such other information relating to the affairs of the Lessee with respect to the Leased Property (including but not limited to evidence or appropriations and preliminary and final budgets) as the Trustee reasonably may request from time to time; and

(D) From time to time, record, register and file all such notices, statements and other documents and take such other steps, including without limitation the amendment of any of the Operative Agreements and any instruments perfecting interests thereunder, as may be necessary or advisable to render fully valid and enforceable under all legal requirements the rights, liens and priorities of the Lessor and the Trustee with respect to all security from time to time furnished under this Lease or intended to be so furnished in such form and at such times as shall be satisfactory to the Lessor and the Trustee, and pay all fees and expenses (including reasonable attorneys' fees) incident to compliance with this paragraph.

(m) Until the termination of the Lessee's possessory rights hereunder with the effect provided in Section 3.03 hereof, unless the Trustee shall otherwise consent in writing, the Lessee agrees not to:

(i) Create, incur, assume or permit to exist any mortgage, deed of trust, security interest (whether possessory or nonpossessory) or other encumbrance of any kind (including without limitation the charge upon property purchased under conditional sale or other title retention agreement) upon or on the Leased Property, other than (A) liens for taxes not delinquent or being contested as permitted hereunder; (B) liens in connection with workers' compensation, unemployment insurance or social security obligations; (C) mechanics', workmen's, materialmen's, landlords', carriers' or other like liens arising in the ordinary and normal course of business with respect to obligations which are not due or which are being contested hereunder; (D) liens in favor of the Trustee arising out of the transactions contemplated hereby; and (E) Permitted Encumbrances; or

(ii) Enter into or consent to any amendment of any of the documents contemplated hereby, except as may be permitted by the Indenture or this Lease.

(n) The estimated useful life of the Leased Property is not less than 50 years, based upon the certificate of the architect or engineer delivered as *Exhibit E* of Document No. 14 of the transcript of which this Lease is a part, as the architect or engineer responsible for designing and planning the School Facilities, delivered prior to the execution of this Lease as required by Section 17D-2-302 of the Act. The term of this Lease, including for this purpose all Renewal Terms authorized herein, does not exceed the shorter of (i) the estimated useful life of the Leased Property or (ii) forty (40) years.

Section 12.02. Representations, Covenants and Warranties of the Lessor. The Lessor hereby represents, covenants and warrants for the benefit of the Lessee and the owners from time to time of the Bonds as follows:

(a) The Lessor has the power and authority to enter into the transactions contemplated by this Lease and to carry out its obligations hereunder and thereunder. The Lessor has been duly authorized to execute and deliver all of the Operative Agreements to which it is a party.

(b) The Lessor is not subject to any legal or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the Lessor from entering into this Lease or any of the other Operative Agreements or performing any of its obligations hereunder or thereunder, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the Lessor, nor to the best knowledge of the Lessor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Lease or any other agreement or instrument to which the Lessor is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the Lessor of this Lease or any such other agreement or instrument or in connection with the carrying out by the Lessor of its obligations under this Lease or thereunder have been obtained.

(d) The Lessor holds a marketable leasehold interest in the School Site, which interest the Lessor has granted a security interest to the Trustee pursuant to the Indenture and the Deed of Trust as additional security for the payment of the principal of, and premium (if any) and interest on, the Bonds. The Lessor and the Lessee understand and agree that the Lessor shall have all right, title and interest in and to the Leased Property, the Indenture and the annually renewable leasehold interest of the Lessee and its option to purchase the Leased Property hereunder.

(e) The Lessor will not pledge the Base Rentals or any of its other rights hereunder and will not mortgage or encumber the Leased Property except as provided herein and under the Indenture. All property and moneys received by the Lessor from the Lessee will, so long as no Event of Nonappropriation or Event of Default has occurred and is then continuing, be applied for the benefit of the Lessee, and all property and moneys received by the Lessor hereunder and under the Indenture for the owner or owners of the Bonds will be applied for the benefit of such owner or owners.

(f) So long as the Lessee pays the Rentals hereunder, the payment of the Bonds or any portion thereof is not and will not be directly or indirectly (i) secured by any interest

in (A) property used or to be used for a private business or (B) payments in respect of such property or (ii) to be derived from payments (whether or not to the Lessor in its capacity as the Lessor) in respect of property, or business use, all within the meaning of Section 141(b) of the Code. No proceeds of the Series 2018 Bonds are to be used (directly or indirectly) to make or finance loans to persons other than governmental units within the meaning of Section 141(c) of the Code.

ARTICLE XIII

AMENDMENTS

Section 13.01. Amendments, Changes and Modifications. (a) Except as otherwise expressly provided in Sections 13.01(b), 13.01(c) and 13.02 hereof, this Lease may not be amended, changed or modified without the prior written consent of the Trustee or the owners of the Bonds for the Series 2018 Bonds, all in accordance with the Indenture.

(b) So long as no Event of Default or Event of Nonappropriation has occurred hereunder and is then continuing, the Lessor and the Lessee may make, from time to time, without the consent of the Trustee or the owners of the Bonds, such modifications, alterations, amendments or additions to, or deletions from, the School Site as the Lessor and the Lessee mutually agree to be necessary and desirable to facilitate the use and development by the Lessee, its successors, permitted sublessees and assigns, of the School Site; *provided, however*, that the portion of the School Site remaining subject to this Lease after any such modification, alteration, amendment to, or deletion from, the School Site shall (i) be capable of being operated as a separate and independent functional unit without additional cost to the occupant, (ii) be a single legal parcel of land or a combination of contiguous legal parcels, (iii) include the School Facilities located on the School Site financed with the proceeds of sale of the Bonds or the replacement of such School Facilities, (iv) have adequate access to and from public streets and easements for the maintenance of all utilities and (v) not be in violation of any applicable law, rule, regulation, ordinance, covenant or restriction relating thereto. The Lessor and the Lessee hereby further covenant not to agree to any modification, alteration, amendment or addition to or deletion from the School Site which would reduce the fair rental value of the Leased Property remaining subject to this Lease (such value to be determined in each instance with reference to the value to the Lessee, as may be determined by the governing body of the Lessee, based upon its use of the Leased Property hereunder and not with reference to such value as may be applicable for a different use or by a different user of the Leased Property) below the Rentals payable under the Lease or otherwise adversely affect the purposes for which the Lessor acquired the Leased Property and for which the Lessee is leasing the Leased Property pursuant to this Lease. Upon such modification, alteration, amendment or addition to or deletion from the School Site, the Lessor and the Lessee shall execute and cause to be recorded an amendment to this Lease reflecting the release of such portion of the School Site.

(c) Without the consent of the Trustee or the owners of the Bonds and if no Event of Default hereunder or under the Indenture shall have happened and be continuing, the Lessee may at any time or times grant easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property or

rights included in the Indenture, free from the lien of the Indenture, or the Lessee may release existing easements, licenses, rights-of-way and other rights or privileges with or without consideration, and the Lessor agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver any such instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by an Authorized Lessee Representative requesting such instrument; (iii) a certificate executed by an Authorized Lessee Representative stating that such grant or release (A) is not detrimental to the proper conduct of the operations of the Lessee, and (B) will not impair the effective use or interfere with the operation of the Leased Property and will not materially weaken, diminish or impair the security intended to be given by or under the Indenture; and written confirmation by an independent engineer or consultant of the conclusions stated in the certificate executed by an Authorized Lessee Representative as provided in clause (iii) of this subsection (c) of Section 13.01.

(d) The release of any portion of the School Site or any interests therein as herein provided shall not entitle the Lessee to any postponement, abatement or diminution of the Base Rentals or any other payments required to be paid hereunder.

Section 13.02. Amendments by Lessor and Lessee Only. This Lease may be amended at any time by written agreement of the Lessor and the Lessee (regardless of any assignments of the Lessor's interests), with the prior written consent of the Trustee and, to the extent required by Article XIV of the Indenture, but without notice to or the consent of the owners of the Bonds pursuant to Section 1301 of the Indenture.

ARTICLE XIV

RIGHT OF ENTRY; LIENS; QUIET ENJOYMENT

Section 14.01. Right of Entry. The Lessor and the Trustee and their respective designated representatives shall have the right to enter upon the Leased Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Lessor's rights or obligations under this Lease or (c) for all other lawful purposes.

Section 14.02. Liens. Except for payments made or required to be made under the Indenture, the Lessee shall pay or cause to be paid, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment alleged to have been furnished or to be furnished to or for, in, upon or about the Leased Property and which may be secured by any mechanics', materialmen's or other lien against the Leased Property, or the Lessor's interest therein, and shall cause each such lien to be fully discharged and released; *provided, however,* that if the Lessee desires to contest in good faith any such lien, this may be done, and if such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, then and in any such event the Lessee shall forthwith pay and discharge said judgment, but in each instance only from moneys duly appropriated and legally available for such purpose.

Section 14.03. Covenant of Quiet Enjoyment. The parties hereto mutually covenant and agree that the Lessee, by keeping and performing the covenants and agreements herein contained, shall at all times during the term hereof, peaceably and quietly, have, hold and enjoy the Leased Property, subject to all Permitted Encumbrances.

ARTICLE XV

EVENTS OF DEFAULT; REMEDIES

Section 15.01. Events of Default Defined. Any of the following shall be an “Event of Default” under this Lease:

(a) Failure by the Lessee to pay any Base Rentals required to be paid under Section 4.01(a) hereof with respect to the Bonds or failure by the Lessee to pay any Additional Rentals required to be paid under Section 4.01(b)(ix) hereof, in each case at the times specified therein as the respective due dates therefor; or

(b) Failure by the Lessee to pay any Additional Rentals (other than Additional Rentals required to be paid under Section 4.01(b)(ix) hereof) during the term of this Lease for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall be received by the Lessee from the Trustee; or

(c) Failure by the Lessee to vacate the Leased Property by the expiration of the Initial Term or any Renewal Term during which an Event of Nonappropriation occurs; or

(d) Failure by the Lessee to observe and perform any covenant, condition or agreement herein on its part to be observed or performed, other than as referred to in Section 15.01(a), 15.01(b) or 15.01(c) hereof, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Lessee by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; *provided, however*, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected; or

(e) Any representation or warranty (i) made by the Lessee pursuant to Section 12.01 hereof or by the Lessor pursuant to Section 12.02 hereof or (ii) contained in any certificate delivered in connection with this Lease, shall prove to have been false or misleading in any material respect when made; or

(f) The entry of an order or decree in any court of competent jurisdiction enjoining or restraining the Project or development of the School Facilities on the School Site or enjoining, restraining or prohibiting the Lessee from consummating the transactions contemplated by this Lease, which order or decree is not vacated and which proceedings are not discontinued within sixty (60) days after the granting of such order or decree.

The foregoing provisions of this Section 15.01 are subject to the following limitations: (i) the obligations of the Lessee to make payments of the Base Rentals and the Additional Rentals shall be subject to the provisions of Section 4.09 of this Lease with respect to an Event of Nonappropriation; and (ii) if, by reason of *Force Majeure* (as such term is hereinafter defined), the Lessee shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations of the Lessee contained in Article IV hereof, the Lessee shall not be deemed in default during the continuance of such inability. The Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreement; *provided, however*, that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Lessee, unfavorable to the Lessee. As used herein, the term "*Force Majeure*" shall mean, without limitation, the following: acts of God; strikes, lockouts or other disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the State of Utah or any of their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fire; storms; floods; washouts; droughts; arrests; restraints of government and people; civil disturbances; explosions; partial or entire failure or unavailability of utilities; or any other cause or event not reasonably within the control of the Lessee.

Section 15.02. Remedies on Default. (a) Upon the occurrence and continuance of any Event of Default hereunder or an Event of Nonappropriation, the Trustee as provided in Section 902 of the Indenture shall give notice to the Lessee to vacate the Leased Property immediately (but in no event earlier than the expiration of the Initial Term or the then current Renewal Term for which the Lessee has paid or appropriated moneys sufficient to pay all Rentals due for such Initial Term or Renewal Term, in the case of an Event of Nonappropriation) and shall, without any further demand or notice, (i) terminate this Lease or the Lessee's possessory rights hereunder (without otherwise terminating the Lease), re-enter the Leased Property and eject all parties in possession thereof therefrom, and relet the Leased Property, or then or at any time thereafter commence proceedings to foreclose on and liquidate, relet or sell the Leased Property in the manner permitted by law and as otherwise provided in the Indenture; (ii) exercise any of the remedies provided to the Trustee upon the occurrence of an Event of Default under the Indenture as the Trustee shall determine to be in the best interests of the Bondowners and as are consistent with the terms and provisions for the exercise of such remedies provided in the Indenture; or (iii) take any action at law or in equity deemed necessary or desirable to enforce its and the Bondowners' rights with respect to the Leased Property and the Lessee.

(b) Upon the termination of the term of this Lease or the Lessee's possessory interests herein by reason of an Event of Nonappropriation or an Event of Default, all moneys then held in any fund or account under the Indenture and any Net Proceeds received on such foreclosure, liquidation, reletting or sale shall be held by the Trustee for the benefit of the owners of the Bonds (and applied from time to time as provided in Section 908 of the Indenture). Notwithstanding anything herein to the contrary, the Trustee shall be entitled to relet the Leased Property for such period as is necessary for the Trustee to obtain sufficient moneys to pay in full the principal of, and premium (if any) and interest on, the Bonds, and the obligations of the Trustee with respect to

the owners of the Bonds and the receipt and disbursement of funds shall be continuing until the lien of the Indenture is discharged as provided in the Indenture except as a result of foreclosure.

(c) Any amount received by the Trustee in excess of the amount sufficient to pay in full the principal of, and premium (if any) and interest on, the Bonds, and the obligations of the Trustee with respect to the owners of the Bonds, and any other amounts payable under this Lease or the Indenture (including but not limited to reasonable attorney fees, expenses and costs) shall be paid to the Lessee.

Section 15.03. Surrender of Leased Property. Upon the occurrence and continuance of any Event of Default or Event of Nonappropriation, the Lessee shall immediately quit and surrender the Leased Property to the Trustee in the same condition in which it existed at the time of the initial use and occupancy thereof by the Lessee, ordinary wear and tear excepted.

Section 15.04. Limitations on Remedies. With the sole exception of the obligation of the Lessee to pay Base Rentals and Additional Rentals attributable to any period during which the Lessee shall actually use, occupy and operate the Leased Property, or for which the governing body of the Lessee has appropriated funds for such purpose, no judgment requiring the payment of money not subject to the lien of the Indenture may be entered against the Lessee by reason of any Event of Default or an Event of Nonappropriation under this Lease. In the event the term of this Lease is terminated as a result of an Event of Default or an Event of Nonappropriation, no deficiency judgment may be entered against the Lessee, except as otherwise expressly herein provided with respect to the Lessee's actual use, occupancy and operation of the Leased Property. Notwithstanding anything herein to the contrary, the Lessee shall not be under any obligation in respect to any creditors or security holders of the Lessor (including but not limited to the owners from time to time of the Bonds), and no remedy or other provision herein or in the Indenture provided shall be construed to provide any such remedy or to create or impose any such obligation.

Section 15.05. Remedies Cumulative. The rights and remedies given or reserved herein to the Lessor and the Trustee are and shall be deemed to be cumulative, and the exercise of any shall not be deemed to be an election excluding the exercise at any other time of a different or inconsistent right or remedy or the maintenance of any action either at law or in equity.

Section 15.06. Waiver. The delay or failure of the Lessor or the Trustee at any time to insist in any one or more instances upon a strict performance of any covenant of this Lease or to exercise any right, remedy, power or option herein granted or established by law, shall not be construed as an impairment of or a waiver or a relinquishment for the future of such covenant, right, remedy, power or option, but the same shall continue and remain in full force and effect, and if any breach shall occur and afterwards be compromised, settled or adjusted, this Lease shall continue in full force and effect as if no breach had occurred unless otherwise agreed. The receipt and acceptance by the Lessor or the Trustee of any Rentals, in whole or in part, with knowledge of the breach of any term, covenant or condition hereof, shall not be deemed a waiver of such breach, and no waiver of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Lessor and the Trustee.

Section 15.07. Curing Lessee's Breach. If the Lessee shall default in the observance or performance of any term or covenant on the Lessee's part to be observed or performed under or by virtue of any of the terms of this Lease, the Trustee may (but shall not be obligated to do so) immediately, or at any time thereafter and without notice, and to the extent permitted by law, perform or cause to be performed the same for the account of the Lessee, and any sums paid or obligations incurred in connection therewith shall be deemed to be Additional Rentals hereunder and shall be paid by the Lessee to the Trustee for appropriate disbursement within fifteen (15) days of the rendering of any bill or statement to the Lessee therefor; *provided, however*, that nothing herein shall be construed to obligate the Lessee to pay any such Additional Rentals from any funds other than moneys legally available and appropriated for such purpose.

ARTICLE XVI

MISCELLANEOUS

Section 16.01. Notices. All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party, if sent by United States registered mail, return receipt requested, postage prepaid and addressed as follows:

If to the Lessor:

Local Building Authority of Alpine School District, Utah County, Utah
575 North 100 East
American Fork, Utah 84003
Attention: Secretary

If to the Lessee:

Board of Education of Alpine School District,
Utah County, Utah
575 North 100 East
American Fork, Utah 84003
Attention: Business Administrator

A duplicate copy of any such notice shall also be served upon the Trustee as herein provided to its address at One South Main Street, 12th Floor, Salt Lake City, Utah 84133, Attention: Corporate Trust Department, upon each of the Appropriate Rating Agencies.

Section 16.02. Governing Law. This Lease is made in the State of Utah under the Constitution and laws of such State and is to be so construed.

Section 16.03. Lessee's Obligation to Operate. The Lessee shall be obligated to use, occupy and operate the Leased Property so as to afford to the public the benefits contemplated by this

Lease and to permit the Lessor and the Trustee to carry out their respective covenants to the owners of the Bonds.

Section 16.04. Execution in Counterparts. This Lease may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all together shall constitute but one and the same Lease, and it is also understood and agreed that separate counterparts of this Lease may be separately executed by the Lessor and the Lessee, all with the same full force and effect as though the same counterpart had been executed simultaneously by the Lessor and the Lessee.

Section 16.05. Severability. If any one or more of the terms, provisions, promises, covenants or conditions of this Lease, or the application thereof to any person or circumstance, shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Lease, and the application thereof to other persons or circumstances, shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

Section 16.06. Successors and Assigns; Third Party Beneficiaries. (a) This Lease and the covenants, conditions and agreements herein contained shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto.

(b) This Lease is executed in part to induce the purchase by others of the Bonds, and for the further securing of the Bonds, and, accordingly, as long as any Bonds are outstanding, all respective covenants and agreements of the parties herein contained are hereby declared to be for the benefit of the owners from time to time of the Bonds, but may be enforced by or on behalf of such owners only in accordance with the provisions of the Indenture. The Lease shall not be deemed to create any right in any person who is not a party (other than the permitted successors and assigns of a party) and shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party (other than the permitted successors and assigns of a party hereto), except in each case the owners from time to time of the Bonds and the Trustee .

Section 16.07. Limitation of Warranty. The Lessor makes no warranties except those warranties or representations expressly made by the Lessor in this Lease or other documents related to the issuance of the Bonds.

Section 16.08. Captions and Headings. The captions and headings used throughout this Lease are for convenience of reference only, and the words contained therein shall not be deemed to affect the meaning of any provision or the scope or intent of this Lease, nor in any way affect this Lease.

Section 16.09. Lapse of Lease. In the event that the Base Rental Payment Commencement Date does not occur on or prior to September 15, 2019, this Lease shall lapse.

Section 16.10. "Net Lease". This Lease shall be deemed and construed to be a "net lease," and the Lessee hereby agrees that the Rentals provided for herein shall be an absolute net return to

the Lessor free and clear of any expenses, charges or setoffs whatsoever, except as otherwise specifically provided herein.

Section 16.11. Provision for Payment. Any payment or prepayment by the Lessee shall be deemed made if sufficient Government Obligations or United States Obligations (as each such term is defined in Article VII of the Indenture) shall have been deposited with the Trustee as provided in the Indenture; provided that notice of the exercise of the Lessee's right of prepayment and the corresponding redemption of Bonds shall have been duly given in case of any redemption as provided in the Indenture. Such Government Obligations or United States Obligations shall be sufficient only if they are not redeemable at the option of the issuer thereof prior to maturity and if they mature and bear interest at such times and in such amounts as will assure sufficient cash to pay such payment or prepayment when due and otherwise comply with the requirements specified in Article VII of the Indenture.

Section 16.12. Action by the Lessee. Whenever it is herein provided or permitted for any action to be taken by the Lessee, such action may be taken by an Authorized Lessee Representative hereunder unless the context clearly indicates otherwise.

(Signature page follows.)

IN WITNESS WHEREOF, the Lessor and the Lessee have caused their respective names to be signed hereto by their respective officers hereunto duly authorized, all as of the day and year first above written.

LESSOR:

LOCAL BUILDING AUTHORITY OF ALPINE
SCHOOL DISTRICT, UTAH COUNTY, UTAH

By _____
President

ATTEST:

By _____
Secretary

LESSEE:

BOARD OF EDUCATION OF ALPINE SCHOOL
DISTRICT, UTAH COUNTY, UTAH

By _____
President

COUNTERSIGN AND ATTEST:

By _____
Business Administrator

ACKNOWLEDGMENTS

STATE OF UTAH)
 : SS.
COUNTY OF UTAH)

On the _____ day of March, 2018, John C Burton and Robert W. Smith personally appeared before me and did say that they are the President of the Board of Education and Business Administrator, respectively, of Alpine School District, Utah County, Utah, the governmental body described in, and which executed, the foregoing instrument, and that such instrument was signed on behalf of the Board of Education by such officers, by authority of a duly adopted resolution of the Board of Education.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year in this certificate first above written.

NOTARY PUBLIC
Residing at: _____, Utah

STATE OF UTAH)
 : SS.
COUNTY OF UTAH)

On the _____ day of March, 2018, John C Burton and Robert W. Smith personally appeared before me and did say that they are the President and Secretary, respectively, of the Local Building Authority of Alpine School District, Utah County, Utah, the Utah nonprofit corporation described in, and which executed, the foregoing instrument, and that such instrument was signed on behalf of such corporation by such officers by authority of its bylaws and a duly adopted resolution of its Board of Trustees.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year in this certificate first above written.

NOTARY PUBLIC
Residing at: _____, Utah

EXHIBIT A

The tracts of land constituting the School Site are located in Utah County, State of Utah, and are more particularly described as follows:

[To come.]

SCHEDULE I

SCHEDULE OF BASE RENTAL PAYMENTS

DATE	PRINCIPAL COMPONENT	INTEREST COMPONENT	FISCAL YEAR TOTAL
9/15/18	–	\$348,162.50	–
3/15/19	–	362,250.00	\$710,412.50
9/15/19	–	362,250.00	–
3/15/20	\$700,000.00	362,250.00	1,424,500.00
9/15/20	–	351,750.00	–
3/15/21	700,000.00	351,750.00	1,403,500.00
9/15/21	–	334,250.00	–
3/15/22	730,000.00	334,250.00	1,398,500.00
9/15/22	–	316,000.00	–
3/15/23	770,000.00	316,000.00	1,402,000.00
9/15/23	–	296,750.00	–
3/15/24	810,000.00	296,750.00	1,403,500.00
9/15/24	–	276,500.00	–
3/15/25	850,000.00	276,500.00	1,403,000.00
9/15/25	–	255,250.00	–
3/15/26	890,000.00	255,250.00	1,400,500.00
9/15/26	–	233,000.00	–
3/15/27	935,000.00	233,000.00	1,401,000.00
9/15/27	–	209,625.00	–
3/15/28	985,000.00	209,625.00	1,404,250.00
9/15/28	–	189,925.00	–
3/15/29	1,025,000	189,925.00	1,404,850.00
9/15/29	–	174,550.00	–
3/15/30	1,055,000.00	174,550.00	1,404,100.00
9/15/30	–	158,725.00	–
3/15/31	1,085,000	158,725.00	1,402,450.00
9/15/31	–	142,450.00	–
3/15/32	1,115,000	142,450.00	1,399,900.00
9/15/32	–	125,028.13	–
3/15/33	1,150,000.00	125,028.13	1,400,056.26
9/15/33	–	107,059.38	–
3/15/34	1,185,000.00	107,059.28	1,399,119.76
9/15/34	–	87,803.13	–
3/15/35	1,225,000.00	87,803.13	1,400,606.26
9/15/35	–	67,896.88	–
3/15/36	1,265,000.00	67,896.88	1,400,793.76
9/15/36	–	46,550.00	–
3/15/37	1,310,000.00	46,550.00	1,403,100.00
9/15/37	–	23,625.00	–
3/15/38	1,350,000.00	23,625.00	1,397,250.00

EXHIBIT B

[FORM OF NOTICE OF EXTENSION OF TERM OF LEASE]

ZB, NATIONAL ASSOCIATION, DBA ZIONS BANK, as Trustee
under an Indenture of Trust dated as of
March 1, 2018, from the Local Building Authority of
Alpine School District, Utah County, Utah
One South Main Street, 12th Floor
Salt Lake City, Utah 84133
Attention: Corporate Trust Department

Pursuant to Section 3.01 of that certain Master Lease Agreement, dated as of March 1, 2018 (the "*Lease*"), between the Local Building Authority of Alpine School District, Utah County, Utah and the Board of Education of Alpine School District, Utah County, Utah (the "*Lessee*"), the Lessee hereby declares that it has extended the term of the Lease for the Renewal Term (as defined in the Lease) commencing _____ 1, _____ and ending _____ 30, _____.

The Lessee met in regular public session on _____ and appropriated funds in the total amount of \$_____ sufficient for the purpose of paying the Base Rentals and reasonably estimated Additional Rentals (as such terms are defined in the Lease) calculated as provided in Section 4.01(b) of the Lease, to become due during the aforementioned Renewal Term. Of the total amount appropriated, \$_____ was appropriated for the purpose of paying Base Rentals and \$_____ was appropriated for the purpose of paying reasonably estimated Additional Rentals.

DATED this ____ day of _____, 20____.

BOARD OF EDUCATION OF ALPINE SCHOOL
DISTRICT, UTAH COUNTY, UTAH

By _____
Authorized Lessee Representative

The Bonds are issued under and are secured by the Indenture, pursuant to which the Issuer has, subject to the Ground Lease and certain other Permitted Encumbrances (as such term is defined in the Lease), mortgaged, pledged and assigned to the Trustee for the benefit of the owners of the Bonds and the owners of any bonds hereafter issued on a parity therewith under the Indenture all of the Issuer's right, title and interest in and to the Project, the Lease and the Ground Lease, including the right under the Lease to receive Base Rentals (as such term is defined in the Lease), as security for the payment of the principal of and interest on, the Bonds and any other such parity bonds as may be issued under the Indenture in the future. The Bonds are limited obligations of the Issuer and are payable solely from the Base Rentals received under the Lease and from such amounts as may be realized by the Trustee upon the exercise of any of its rights and remedies pursuant to the Indenture.

Neither the Bonds nor the Lease constitute the debt or indebtedness of the Board of Education, the District, the State of Utah or any political subdivision of the State of Utah within the meaning of any constitutional provision or limitation nor give rise to or are a general obligation or liability of nor a charge against the general credit or taxing powers of the State of Utah or any political subdivision of the State of Utah. The Issuer has no taxing power. In the event of default of any payment of principal of or interest on, the Bonds or any violation of any provision of the Lease or the Indenture resulting in the foreclosure of the liens, security interests and rights granted by the Indenture, the Trustee shall be entitled, among other things, to pursue certain remedies against the Project as provided in the Indenture but no deficiency judgment upon foreclosure may be entered in any event against the Issuer, the Board of Education, the District or the State of Utah or any of its political subdivisions, except as otherwise expressly provided in the Lease with respect to the Board of Education's actual use and occupancy of the Project, and no breach of any covenant or agreement in the Lease or the Indenture shall impose any general obligation or liability upon, nor a charge against, the Board of Education, the District or the general credit or taxing power of the State of Utah or any of its political subdivisions.

Under the Lease, the Project has been leased by the Issuer to the Board of Education, and the Board of Education has agreed to pay, directly to the Trustee, the Base Rentals, but only if and to the extent that the Board of Education shall specifically appropriate funds annually sufficient to pay the Base Rentals coming due during the succeeding fiscal year of the Board of Education plus such additional amounts (the "*Additional Rentals*") necessary to operate and maintain the Project during such period. The Base Rentals and the Additional Rentals are hereinafter referred to collectively as the "*Rentals*". The Lease specifically provides, however, that nothing therein shall be construed to require the Board of Education to appropriate any money to pay any Rentals thereunder. In addition, the obligation of the Board of Education to pay Rentals under the Lease will terminate, without payment of any amounts, if an Event of Nonappropriation or an Event of Default (as each such term is defined in the Lease) shall occur.

Based upon an examination of the aforementioned documents and of such other documents and matters of law as we have deemed relevant and necessary as a basis for the opinions set forth herein, it is further our opinion that:

1. The Issuer is duly organized, validly existing and in good standing as a nonprofit corporation under the laws of the State of Utah and has the authority under the Act to issue the Bonds and to authorize, execute, deliver and perform its obligations under the Bond Documents.

2. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming the due authorization thereof by the Trustee, the Indenture constitutes the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

3. The Lease has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of the Issuer and the Board of Education enforceable in accordance with its terms, except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

4. The Ground Lease has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of the Issuer and the Board of Education enforceable in accordance with its terms, except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

5. The Deed of Trust has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

6. The Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their terms (except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought) and the terms of the Indenture and are entitled to the benefits of the Indenture and the Act; and (except to the extent paid out of moneys attributable to Bond proceeds or income from the temporary investment thereof and any payments derived from the exercise by the Trustee of its rights and remedies against the Trust Estate as provided in the Indenture) the Bonds are and will continue to be payable solely from Base Rentals paid by the Board of Education under the Lease, which Base Rentals have been duly assigned to the Trustee pursuant to the Indenture and pledged to the payment of principal of and interest on, the Bonds, and such amounts as may be realized by the Trustee upon the exercise of any of its rights and remedies pursuant to the Indenture. The Base Rentals, which by the terms of the Lease are to be paid by the Board of Education to the Trustee, are sufficient for the payment of the principal of, and interest on, the Bonds as the same become due so long as the Board of Education exercises its option annually under the Lease to extend the term of the Lease as provided therein.

7. The obligations of the Board of Education under the Lease are subject to the exercise in the future by the State of Utah and its governmental bodies of the police power inherent in the sovereignty of the State of Utah and to the exercise by the United States of America of the powers delegated to it by the federal Constitution.

8. Subject to the condition that the Issuer and the Board of Education comply with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the “Code”). Failure to comply with certain of such Board covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

9. Under the existing laws of the State of Utah, as presently enacted and construed, interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion as to the title to, the description of, or the perfection, priority or existence of any liens, charges, security interests or encumbrances on the Project.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the Issuer and the Board of Education with respect to certain material facts solely within the knowledge of the Issuer or the Board of Education. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Enforceability of the Bonds and the Bond Documents may be limited (a) by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors’ rights generally or usual equity principles in the event equitable remedies should be sought and (b) by the exercise in the future by the State of Utah and its governmental bodies of the police power inherent in the sovereignty of the State of Utah and by the exercise by the United States of America of the power delegated to it by the federal constitution, to the extent that the obligations of the Issuer and the Board of Education under the Bonds, the Indenture, the Lease and the Ground Lease are subject to the exercise of such powers.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER PARAGRAPH (b)(5) OF RULE 15C2-12

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by the Board of Education of Alpine School District, Utah County, Utah (the “*Board*”) in connection with the issuance by the Local Building Authority of Alpine School District, Utah County, Utah (the “*Issuer*”) of its \$19,135,000 Lease Revenue Bonds, Series 2018 the “*Bonds*”). The Bonds are being issued pursuant to an Indenture of Trust, Dated as of March 1, 2018, between the Issuer and ZB, National Association, dba Zions Bank (the “*Indenture*”).

In consideration of the issuance of the Bonds by the Authority, the lease of the Mortgaged Property (as defined in the Indenture) by the Authority to the Board and the purchase of such Bonds by the beneficial owners thereof, the Board covenants and agrees as follows:

Section 1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Board as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Board represents that it and the State (pursuant to the Utah School Bond Guaranty Act, Chapter 28, Title 53A, Utah Code Annotated, 1953, as amended) will be the only obligated persons with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

Section 2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the Board prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the Board and which has filed with the Board a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

MSRB means the Municipal Securities Rulemaking Board.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Utah.

Undertaking means the obligations of the Board pursuant to Sections 4 and 5.

Section 3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds maturing in each of the following years are as follows:

MARCH 15 OF THE YEAR	CUSIP NUMBER	MARCH 15 OF THE YEAR	CUSIP NUMBER
2020	02108T AA1	2029	02108T AL7
2021	02108T AB9	2031	02108T AM5
2022	02108T AC7	2032	02108T AN3
2023	02108T AD5	2033	02108T AP8
2024	02108T AE3	2034	02108T AQ6
2025	02108T AF0	2035	02108T AR4
2026	02108T AG8	2036	02108T AS2
2027	02108T AH6	2037	02108T AT0
2028	02108T AJ2	2038	02108T AU7

The Final Official Statement relating to the Bonds is dated March 6, 2018 (the “*Final Official Statement*”). The Board will include the CUSIP Number in all disclosure described in Sections 4 and 5 of this Agreement.

Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Board hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Board will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

Section 5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Board hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

Section 6. CONSEQUENCES OF FAILURE OF THE BOARD TO PROVIDE INFORMATION. The Board shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Board to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause the Board to provide the information as required by this Agreement. A default under this Agreement shall not be deemed a default under the Indenture, and the sole remedy under this

Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

Section 7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Board by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or change in the identity, nature, or status of the Board, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Board or any other obligated person (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Board shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 8. TERMINATION OF UNDERTAKING. The Undertaking of the Board shall be terminated hereunder if both the Board and the Authority shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. The Board shall give notice to EMMA in a timely manner if this Section is applicable.

Section 9. DISSEMINATION AGENT. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Board chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Board shall have no obligation under this Agreement to update such information or include it in any future disclosure

or notice of occurrence of a Reportable Event. If the Board is changed, the Board shall disseminate such information to EMMA.

Section 11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Board, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 12. RECORDKEEPING. The Board shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. ASSIGNMENT. The Board shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the Board under this Agreement or to execute an Undertaking under the Rule.

Section 14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

DATED as of the day and year first above written.

BOARD OF EDUCATION OF ALPINE SCHOOL
DISTRICT, UTAH COUNTY, UTAH

By _____
President

Address: 575 North 100 East
American Fork, Utah 84003

ATTEST AND COUNTERSIGN:

By _____
Business Administrator

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, 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 security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Board*
13. The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.