

## NEW ISSUE

**Ratings:** S&P “AA” (BAM Insured, no underlying); Moody’s “A1”  
See “BOND INSURANCE” and “MISCELLANEOUS—Bond Ratings” herein.

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the 2021 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2021 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” herein.*



## Local Building Authority of North Davis Fire District, Utah

**\$10,645,000 Lease Revenue and Refunding Bonds, Series 2021**

**payable from lease payments to be made, subject to annual appropriation by**

**North Davis Fire District, Utah**

**pursuant to a Master Lease**

The \$10,645,000 Lease Revenue and Refunding Bonds, Series 2021, are issued by the Authority as fully-registered bonds and, when initially issued, will be in book-entry form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, which will act as securities depository for the 2021 Bonds.

Principal of and interest on the 2021 Bonds (interest payable April 1 and October 1 of each year, commencing April 1, 2022) are payable by Zions Bancorporation, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See “THE 2021 BONDS—Book-Entry System” herein.

The 2021 Bonds are subject to optional and mandatory sinking fund redemption and are subject to extraordinary optional redemption (in the event of damage to, or destruction, seizure, or condemnation to the 2021 Projects) prior to maturity. See “THE PROJECTS—The 2021 Projects Financed With Bonds” and “THE 2021 BONDS—Redemption Provisions For The 2021 Bonds” herein.

The 2021 Bonds are being issued for the purpose of (i) financing all or a portion of the replacement and construction the fire station in Clearfield City, Utah; (ii) refinancing certain District capital projects and revenue bonds issued by the District; and (iii) paying the costs associated with the issuance of the 2021 Bonds. The 2021 Bonds are part of an ongoing master lease and building program whereby all Bonds issued pursuant to the Indenture are equally and ratably secured and cross-collateralized thereunder.

Under the Master Lease, the District has agreed to pay Base Rentals which are sufficient to pay principal of and interest on the 2021 Bonds coming due in each year, but only if and to the extent the Board of Trustees of the District appropriates funds sufficient to pay the Base Rentals plus such Additional Rentals as are necessary to operate and maintain the Projects. The Master Lease specifically provides that nothing therein shall be construed to require the District to appropriate any moneys to pay the Base Rentals or Additional Rentals and the District is not obligated to pay such Rentals except to the extent appropriated. *Neither the obligation of the District to pay such Rentals nor the obligation of the Authority to pay the principal of and interest on the 2021 Bonds will constitute a debt, general obligation, or liability of, or a charge against the general credit or taxing power of, the State of Utah or the District. The issuance of the 2021 Bonds does not directly or contingently obligate the District to pay any Rentals beyond those appropriated for the District’s then current Fiscal Year. The Authority has no taxing power.*

The purchase of the 2021 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Certain of such risks are described under “INVESTMENT CONSIDERATIONS” herein.

The scheduled payment of principal of and interest on the 2021 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2021 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



Dated: Date of Delivery<sup>1</sup>

Due: April 1, as shown on inside cover

*See the inside front cover for the maturity schedule of the 2021 Bonds*

The 2021 Bonds were awarded pursuant to competitive bidding received by means of the **PARITY**® electronic bid submission system on September 28, 2021, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of the PRELIMINARY OFFICIAL STATEMENT) to KeyBanc Capital Markets, Cleveland, Ohio at a “true interest rate” of 2.39%.

**Zions Public Finance, Inc., 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 September 28, 2021, and the information contained herein speaks only as of that date.

<sup>1</sup> The anticipated date of delivery is Tuesday, October 19, 2021.

# Local Building Authority of North Davis Fire District, Utah

## \$10,645,000

### Lease Revenue and Refunding Bonds, Series 2021

**Dated: Date of Delivery<sup>1</sup>**

**Due: April 1, as shown below**

#### \$4,190,000 Serial Bonds

<b>Due April 1</b>	<b>CUSIP® 659074</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>
2022.....	AA6	\$180,000	4.00 %	0.35%
2023.....	AB4	180,000	4.00	0.40
2024.....	AC2	230,000	4.00	0.45
2025.....	AD0	235,000	4.00	0.60
2026.....	AE8	245,000	4.00	0.80
2027.....	AF5	255,000	4.00	0.90
2028.....	AG3	265,000	4.00	1.00
2029.....	AH1	280,000	4.00	1.15
2030.....	AJ7	290,000	4.00	1.30
2031.....	AK4	300,000	4.00	1.40
2032.....	AL2	310,000	4.00	1.50
2033.....	AM0	325,000	3.00	1.75 <sup>c</sup>
2034.....	AN8	335,000	3.00	1.80 <sup>c</sup>
2038.....	AS7	375,000	2.125	2.20
2039.....	AT5	385,000	2.25	2.30

**\$1,065,000 3.00% Term Bond Due April 1, 2037—Price 110.827%<sup>c</sup> (CUSIP® 659074 AR9 )**

**\$1,205,000 2.25% Term Bond Due April 1, 2042—Price 97.586% (CUSIP® 659074 AW8 )**

**\$1,290,000 2.50% Term Bond Due April 1, 2045—Price 100.00% (CUSIP® 659074 AZ1)**

**\$1,395,000 2.50% Term Bond Due April 1, 2048—Price 98.095% (CUSIP® 659074 BC1)**

**\$1,500,000 2.625% Term Bond Due April 1, 2051—Price 98.482% (CUSIP® 659074 BF4)**

<sup>1</sup> The anticipated date of delivery is Tuesday, October 19, 2021.

<sup>®</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ.

<sup>c</sup> Priced to par call on October 1, 2032.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2021 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by either the Local Building Authority of North Davis Fire District, Utah (the “Authority”); North Davis Fire District, Utah (the “District”); Zions Bancorporation, National Association, Salt Lake City, Utah, (as Trustee, Bond Register and Paying Agent); Zions Public Finance Inc., Salt Lake City, Utah (as Municipal Advisor); the successful bidder(s); Build America Mutual Assurance Company, New York, New York (“BAM”); or any other entity. the successful bidder(s); or any other entity. All information contained herein has been obtained from the Authority, the District, The Depository Trust Company, New York, New York, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery, or exchange of the 2021 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Authority or the District since the date hereof.

BAM makes no representation regarding the 2021 Bonds or the advisability of investing in the 2021 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under “BOND INSURANCE” and “APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

The 2021 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Any registration or qualification of the 2021 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2021 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

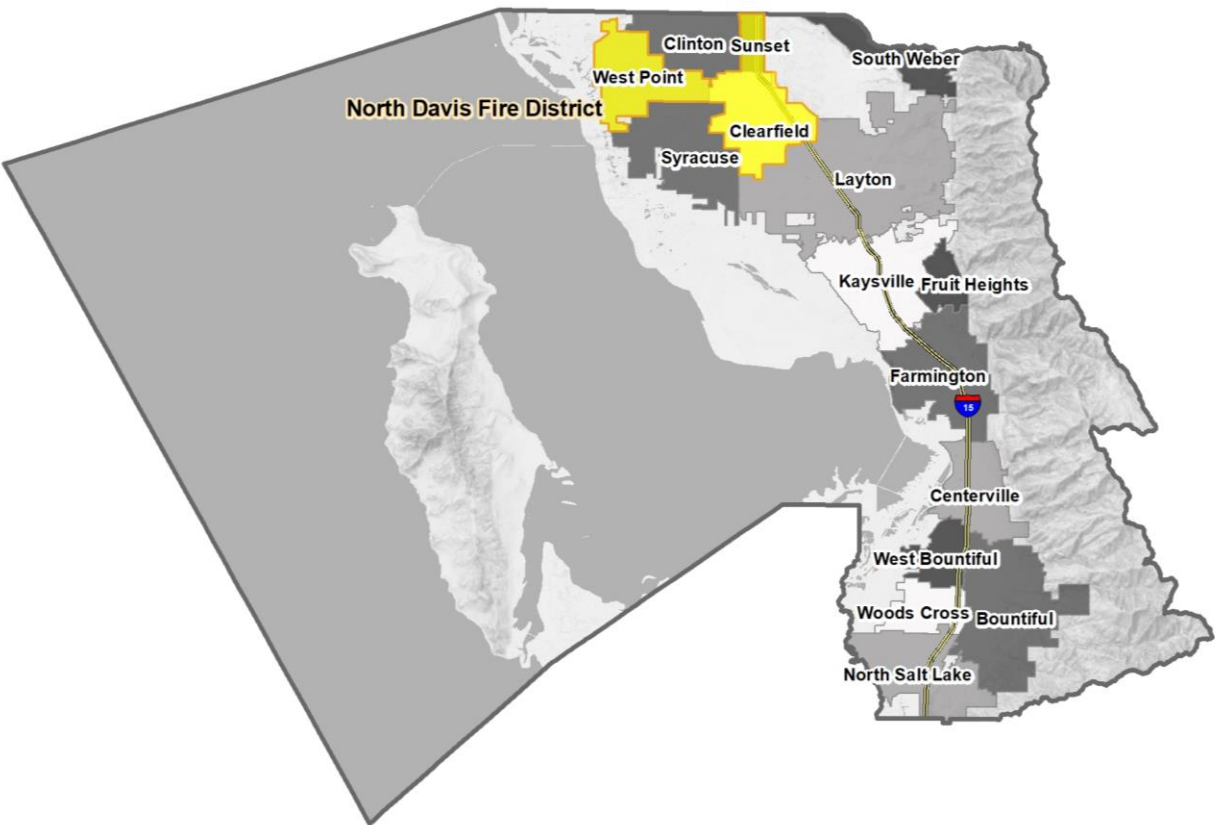
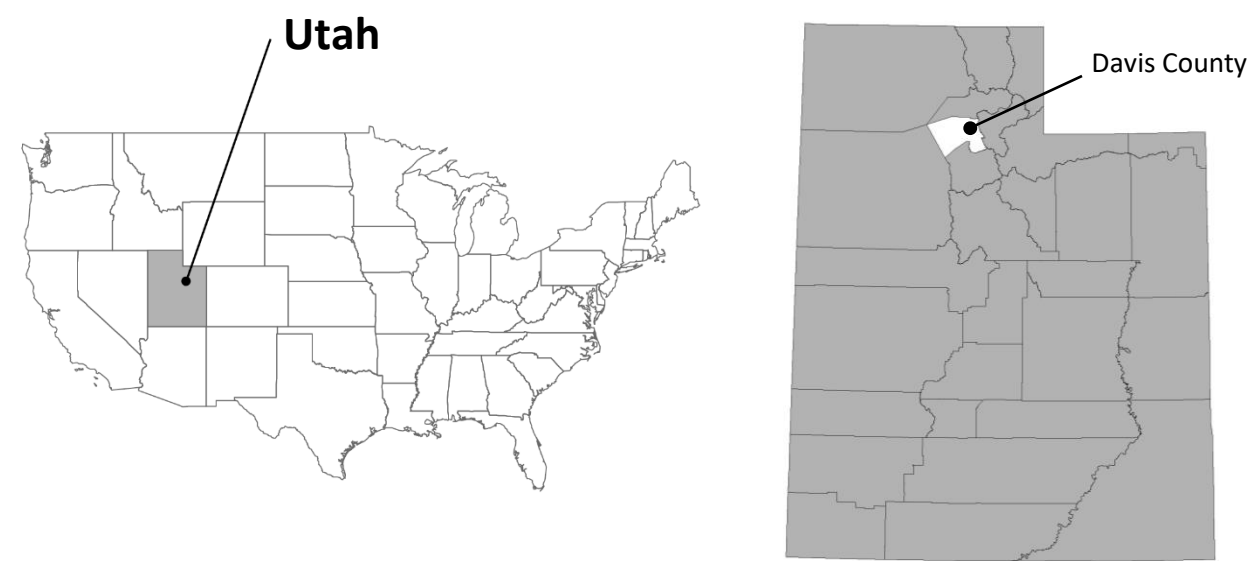
***The yields/prices at which the 2021 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2021 Bonds to dealers and others. In connection with the offering of the 2021 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2021 Bonds. Such transactions may include overallocments in connection with the purchase of 2021 Bonds, the purchase of 2021 Bonds to stabilize their market price and the purchase of 2021 Bonds to cover the successful bidder’s short positions. Such transactions, if commenced, may be discontinued at any time.***

***Forward-Looking Statements.*** Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “forecast,” “expect,” “estimate,” “budget” or other similar words. ***The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Authority nor the District plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions, or circumstances on which such statements are based occur.***

The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the Authority and the District do not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2021 Bonds.

***The content from websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2021 Bonds and is not a part of this OFFICIAL STATEMENT.***

**Counties in Utah**



**North Davis Fire District**

**OFFICIAL STATEMENT RELATED TO THE**

**Local Building Authority of North Davis Fire District, Utah**

**\$10,645,000 Lease Revenue and Refunding Bonds, Series 2021**

**payable from lease payments to be made, subject to annual appropriation by**

**North Davis Fire District, Utah**

**pursuant to a Master Lease**

**INTRODUCTION**

This introduction is only a brief description of the 2021 Bonds, as hereinafter defined, and the security and source of payment for the 2021 Bonds. The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT, as well as of the documents summarized or described herein.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT;” “APPENDIX B—FINANCIAL REPORT OF NORTH DAVIS FIRE DISTRICT, UTAH FOR FISCAL YEAR 2020;” “APPENDIX C—FORM OF OPINION OF BOND COUNSEL;” “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING;” “APPENDIX E—BOOK-ENTRY SYSTEM;” and “APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

This OFFICIAL STATEMENT also includes summaries of the terms of the 2021 Bonds, the General Indenture of Trust, the Security Documents, and the Master Lease (all as more fully defined hereinafter). All references herein to the General Indenture of Trust and the Master Lease, are qualified in their entirety by reference to such documents and references herein to the 2021 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the General Indenture of Trust, copies of which are available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” below. Descriptions of the General Indenture of Trust, the Master Lease, the Security Documents, and the 2021 Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. The summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive, or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument. Capitalized terms used but not otherwise defined herein have the same meaning as given to them in the General Indenture of Trust or the Master Lease. See “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT” (page A-1).

When used herein the terms “Fiscal Year[s] 20YY” or “Fiscal Year[s] End[ed][ing] June 30, 20YY” shall refer to the year beginning on July 1 and ending on June 30 of the year indicated. When used herein the terms “Calendar Year[s] 20YY”; “Calendar Year[s] End[ed][ing] December 31, 20YY”; or “Tax Year 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated.

**Impact Of Coronavirus (COVID-19)**

In December 2019, a novel strain of coronavirus known as “COVID-19” began spreading throughout the world and was characterized by the World Health Organization as a pandemic disease. COVID-19 impacted global, national, state, and local economic activity, including that of the District, and consequently may impact the financial condition of the District. As this OFFICIAL STATEMENT relies on historical data for financial information about the District, such information may not necessarily predict future trends accurately.

The extent to which COVID-19 will impact the District in the future is uncertain and cannot be predicted. *However, the District does not expect the various aspects of COVID-19 to negatively impact the District's ability to make Rentals in sufficient amounts that will allow the Authority to pay principal of and interest on the 2021 Bonds.* See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS" below.

*For a discussion of the District's response to COVID-19 see "FINANCIAL INFORMATION REGARDING NORTH DAVIS FIRE DISTRICT, UTAH—Management's Current Discussion And Analysis Of Financial Operations—Potential Impact Of The Coronavirus (COVID-19)" below.*

### **Public Sale/Electronic Bid**

The 2021 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on September 28, 2021 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of the PRELIMINARY OFFICIAL STATEMENT) to KeyBanc Capital Markets, Cleveland, Ohio at a "true interest rate" of 2.39%.

### **The 2021 Bonds; The Local Building Authority Of North Davis Fire District, Utah**

*The 2021 Bonds.* This OFFICIAL STATEMENT, including the cover page, introduction, and Appendices (the "OFFICIAL STATEMENT"), provides information in connection with the issuance and sale of \$10,645,000 aggregate principal amount of Lease Revenue and Refunding Bonds, Series 2021 (the "2021 Bonds" or "2021 Bond"), by the Local Building Authority of North Davis Fire District, Utah (the "Authority").

*The Local Building Authority of North Davis Fire District, Utah.* The Authority is a nonprofit corporation incorporated, organized and existing pursuant to the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a (the "Nonprofit Corporation Act"), Utah Code Annotated 1953, as amended (the "Utah Code") and as provided in the Local Building Authority Act, Title 17D, Chapter 2, Utah Code (the "Building Authority Act" and together with the Nonprofit Corporation Act, the "Acts"). The Authority was created pursuant to a resolution adopted by the Board of Trustees (the "Board of Trustees of the District") of the North Davis Fire District, Utah (the "District") for the purpose of acquiring, improving, or extending one or more projects on behalf of the District pursuant to the Building Authority Act. See "LOCAL BUILDING AUTHORITY OF NORTH DAVIS FIRE DISTRICT, UTAH" below.

### **North Davis Fire District, Utah**

The District was created in October 2004 to provide for essential fire protection, emergency medical, and related functions in and to West Point and Clearfield cities located in Davis County, Utah (the "County"). The District began providing such services in June 2005. The District began providing services to Sunset City in accordance with an Interlocal Agreement on July 1, 2017 and continued under that Agreement until the annexation process was completed on April 19, 2019.

See "NORTH DAVIS FIRE DISTRICT, UTAH" below. See the location map of the District above.

### **Authorization For And Purpose Of The 2021 Bonds; The Indenture; Master Lease**

*Authorization for and Purpose of the 2021 Bonds; The Indenture.* The 2021 Bonds are being issued pursuant to (i) the Acts; (ii) certain authorizing resolutions adopted by the Authority and the District on June 17, 2021 and July 15, 2021 (collectively the "Resolutions"); and (iii) a General Indenture of Trust dated as of September 1, 2021, (the "General Indenture of Trust") and as further supplemented and amended by a First Supplemental Indenture of Trust, dated as of September 1, 2021 (the "First Supplemental Indenture" and together with the General Indenture of Trust, the "Indenture"), between the Authority and Zions Bancorporation, National Association, Salt Lake City, Utah, as trustee (the "Trustee").

The 2021 Bonds are being issued for the purpose of (i) financing all or a portion of the costs of the replacement and construction of a new Fire Station 42 located at 88 East Center Street in Clearfield, Utah, and related improvements (the "Clearfield Station"); (ii) refinancing certain District capital projects and refunding all or a portion of outstanding revenue bonds of the District (the "Refunded Bonds"); and (iii) paying the costs associated with the issuance of the 2021 Bonds. See "THE 2021 BONDS—Estimated Sources And Uses Of Funds" and "THE PROJECTS—The 2021 Projects Financed With Bonds" and "THE 2021 BONDS—Plan Of Refunding" below.

*Master Lease.* The Authority intends to lease the Projects (as defined herein) to the District, pursuant to a Master Lease Agreement dated as of September 1, 2021 (the "Master Lease").



The 2021 Bonds are part of a master lease and building program whereby all bonds issued under the Indenture are equally and ratably secured (except in the event of damage, destruction or condemnation of a Project or certain defaults with respect to an uncompleted portion of a Project) by the 2021 Projects (as defined herein) and any Additional Projects (as defined herein) constructed through this program (collectively, the “Projects”). See “INVESTMENT CONSIDERATIONS—Destruction Of A Project” and “THE PROJECTS” below.

### **Security For The 2021 Bonds; Cross Collateralization**

*Security for the 2021 Bonds.* The 2021 Bonds are limited obligations of the Authority, payable solely from the revenues and other amounts received pursuant to the Master Lease and other funds or amounts held by the Trustee pursuant to the Indenture as security for the 2021 Bonds, subject to certain limitations.

In addition, the Authority will grant a security interest in the Projects pursuant to a Leasehold Deed of Trust, Assignment of Rents and Security Agreement dated as of September 1, 2021 (the “Leasehold Deed of Trust”). In addition, the Authority will assign all of its rights and interest to the property on which the Projects are to be located pursuant to an Assignment of Ground Lease, dated as September 1, 2021 (the “Assignment of the Ground Lease”) for the equal and proportionate benefit of the owners of the Bonds (the “Bondowners”), subject to the release of the Projects or portions thereof upon the terms and conditions described under “THE PROJECTS—Release Of A Project Upon Payment Of Related Series Of Bonds” below. The Leasehold Deed of Trust, the Assignment of Ground Lease, and any financing statements filed in connection therewith are sometimes collectively referred to herein as the “Security Documents.” The Security Documents are being executed for the equal and proportionate benefit of the Bondholders. The 2021 Bonds are limited obligations of the Authority payable solely from the Base Rentals (defined below) received by the Authority pursuant to the Master Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2021 Bonds.

The District has agreed to make payments pursuant to the Master Lease in stated amounts which are sufficient to pay the principal of and interest on the 2021 Bonds when due (the “Base Rentals”), but only if and to the extent the Board of Trustees of the District has appropriated funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term (as described herein) of the Master Lease plus such additional amounts as are necessary to operate and maintain the Projects during such period (the “Additional Rentals” and collectively, with the Base Rentals, the “Rentals”). The Master Lease specifically provides that nothing therein shall be construed to require the Board of Trustees of the District to appropriate any money to pay any Rentals thereunder and neither the District nor any political subdivision thereof is obligated to pay such Rentals except to the extent of funds appropriated for that purpose. *Neither the obligation of the District to pay Rentals nor the obligation of the Authority to pay the principal of and interest on the 2021 Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the District. The issuance of the 2021 Bonds does not directly or contingently obligate the District to pay any Rentals beyond those appropriated for the District’s then current Fiscal Year.* See “INVESTMENT CONSIDERATIONS” and “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS” below.

*Cross Collateralization.* The Indenture and Security Documents create a lien on and a security interest in the Projects for the benefit of the Registered Owners (as defined herein) of the Bonds. Except with respect to extraordinary redemption in the event of damage, destruction, or condemnation (as described under “THE 2021 BONDS—Redemption Provisions For The 2021 Bonds—Extraordinary Redemption In The Event Of Damage, Destruction Or Condemnation”), the Projects are cross-collateralized pursuant to the terms of the Indenture and Security Documents in that the District may not elect to appropriate with respect to one Project or portions of a Project and not appropriate with respect to another Project or portions of another Project without an Event of Nonappropriation occurring under the Master Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS” and “THE PROJECTS—Cross—Collateralization” below.

### **Additional Bonds And Additional Projects**

The Authority may issue additional bonds for refunding outstanding bonds of the Authority (“Refunding Bonds”) or bonds to finance additional Projects for lease to the District (“Additional Bonds”) ranking on a parity basis with the 2021 Bonds under the Indenture on the terms and conditions specified in the Indenture and the Master Lease. Any such Refunding Bonds and Additional Bonds hereafter issued are sometimes collectively referred to herein as the “Additional Parity Bonds.” *The 2021 Bonds and any Additional Parity Bonds issued under the Indenture are sometimes collectively referred to herein as the “Bonds.”* See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS—Additional Parity Bonds And Refunding Bonds” below and “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—GENERAL INDENTURE OF TRUST” (page A-10).

If the Authority determines to issue Additional Bonds to finance additional projects (the “Additional Projects”), they will be leased to the District pursuant to the Indenture and Master Lease. However, the Authority may determine to issue additional lease revenue bonds to finance other projects under documents other than the Indenture and the Master Lease. In that event, the Bonds will not be secured by such projects and such other bonds will not be secured by the Indenture.

### **Bond Insurance**

The scheduled payment of principal of and interest on the 2021 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2021 Bonds by Build America Mutual Assurance Company (“BAM”). See “BOND INSURANCE” below.

### **No Debt Service Reserve**

The Debt Service Reserve Requirement with respect to the 2021 Bonds is \$0 and therefore no account in the Debt Service Reserve Fund has been established for the 2021 Bonds. See “SECURITY AND SOURCE OF PAYMENTS FOR THE 2021 BONDS—No Debt Service Reserve For The 2021 Bonds And Prior Parity Bonds” below.

### **Redemption For The 2021 Bonds**

The 2021 Bonds are subject to optional and mandatory sinking fund redemption and are subject to extraordinary optional redemption (in the event of damage to, or destruction, seizure, or condemnation to the Projects) prior to maturity. See “THE 2021 BONDS—Redemption Provisions For The 2021 Bonds” below.

### **Tax Matters Regarding The 2021 Bonds**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the 2021 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2021 Bonds is exempt from State of Utah individual income taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the 2021 Bonds.

See “TAX MATTERS” below for a more complete discussion.

### **Professional Services**

In connection with the issuance of the 2021 Bonds, the following have served the Authority in the capacity indicated.

#### *Trustee, Bond Registrar, Paying Agent*

Zions Bancorporation, National Association  
Corporate Trust Department  
One S Main St 12<sup>th</sup> Floor  
Salt Lake City UT 84133–1109  
801.844.7517 | f 855.547.5428  
[carrie.sandoval@zionsbancorp.com](mailto:carrie.sandoval@zionsbancorp.com)

#### *District Attorney*

Felshaw King  
330 Main St  
Kaysville, Utah 84037  
801.543.2288  
[Felshaw.king@yahoo.com](mailto:Felshaw.king@yahoo.com)

#### *Bond Counsel and Disclosure Counsel*

Gilmore & Bell, P.C.  
15 W S Temple Ste 1450  
Salt Lake City UT 84101  
801.364.5080 | f 801.364.5032  
[rlarsen@gilmorebell.com](mailto:rlarsen@gilmorebell.com)

#### *Municipal Advisor*

Zions Public Finance Inc  
One S Main St 18th Fl  
Salt Lake City UT 84133–1109  
801.844.7373 | f 801.844.4484  
[mark.anderson@zionsbancorp.com](mailto:mark.anderson@zionsbancorp.com)

## **Conditions Of Delivery, Anticipated Date, Manner And Place Of Delivery For The 2021 Bonds**

The 2021 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 by Gilmore & Bell, P.C., Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed on for the Authority and the District by Legal Counsel, Felshaw King, Kaysville, Utah. Certain matters regarding this OFFICIAL STATEMENT will be passed on for the Authority by Gilmore & Bell, P.C.. It is expected that the 2021 Bonds, in book-entry form, will be available for delivery to DTC or its agent on or about Tuesday, October 19, 2021.

## **Risks Inherent In The Ownership Of The 2021 Bonds**

The purchase of the 2021 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2021 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 investment risks are described under “INVESTMENT CONSIDERATIONS” below.

## **Continuing Disclosure Undertaking**

The District will enter a continuing disclosure undertaking for the benefit of the Owners of the 2021 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

## **Basic Documentation**

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Authority, the District, the 2021 Bonds, the Indenture, the Master Lease, the Ground Leases and Security Documents are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Master Lease, the Ground Leases, and the Security Documents are qualified in their entirety by reference to such documents, and references herein to the 2021 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. The “basic documentation” which includes the Indenture, the Master Lease, the Ground Leases, the Security Documents, the closing documents, and other documentation, authorizing the issuance of the 2021 Bonds and establishing the rights and responsibilities of the Authority, the District, and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

## **Contact Persons**

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Salt Lake City, Utah (the “Municipal Advisor”) the Municipal Advisor to the Authority:

Mark Anderson, Vice President, [mark.anderson@zionsbancorp.com](mailto:mark.anderson@zionsbancorp.com)  
Jeanette Harris, Vice President, [jeanette.harris@zionsbancorp.com](mailto:jeanette.harris@zionsbancorp.com)  
Zions Public Finance Inc  
One S Main St 18<sup>th</sup> Fl  
Salt Lake City UT 84133-1109  
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the contact person for the Authority and the District concerning the 2021 Bonds is:

Mark Becraft, North Davis Fire District Fire Chief, [mabecraft@nofires.org](mailto:mabecraft@nofires.org)  
North Davis Fire District, Utah  
381 N 3150 W  
West Point, UT 84119  
801.525.2850

## BOND INSURANCE

### Bond Insurance Policy

Concurrently with the issuance of the 2021 Bonds, BAM will issue its Municipal Bond Insurance Policy for the 2021 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the 2021 Bonds when due as set forth in the form of the Policy included as “APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the 2021 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the 2021 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 2021 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the 2021 Bonds, nor does it guarantee that the rating on the 2021 Bonds will not be revised or withdrawn.

*Capitalization of BAM.* BAM’s total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$488.6 million, \$165.5 million and \$323.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the 2021 Bonds or the advisability of investing in the 2021 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”. CONTINUING DISCLOSURE UNDERTAKING

## **Additional Information Available From BAM**

*Credit Insights Videos.* For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM’s website at [www.buildamerica.com/videos](http://www.buildamerica.com/videos). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

*Credit Profiles.* Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM’s website at [www.buildamerica.com/credit-profiles](http://www.buildamerica.com/credit-profiles). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

*Disclaimers.* The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## **CONTINUING DISCLOSURE UNDERTAKING**

### **Continuing Disclosure Undertaking For 2021 Bonds**

The District (as an “obligated person” pursuant to the “Rule” defined in this paragraph) will enter into a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) for the benefit of the Beneficial Owners of the 2021 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of paragraph (b)(5). of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment, and remedies, are set forth in the form of Disclosure Undertaking in “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

***During the five years prior to the date of this OFFICIAL STATEMENT, the Authority has not been subject to the Rule’s requirements for undertakings or disclosure thereunder.***

The District will submit the Fiscal Year 2021 basic financial statement and other operating and financial information for the 2021 Bonds on or before February 28, 2022 (not later than eight months after the end of each Fiscal Year), and annually thereafter on or before each February 28.

A failure by the District to comply with the Disclosure Undertaking or any of its prior undertakings will not constitute a default under the Master Lease or Indenture and the Beneficial Owners of the 2021 Bonds are limited to the remedies described in the respective disclosure undertakings. A failure by the District to comply with a disclosure undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the 2021 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2021 Bonds and their market price.

## INVESTMENT CONSIDERATIONS

*This section contains a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this OFFICIAL STATEMENT, in evaluating an investment in the 2021 Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the 2021 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the 2021 Bonds are advised to consider the following factors, among others, and to review this entire OFFICIAL STATEMENT to obtain information essential to making of an informed investment decision. Any one or more of the investment considerations discussed below, among others, could adversely affect the financial condition of the District or its ability to make scheduled Rentals payments which are applied to payment of the 2021 Bonds. There can be no assurance that other risks not discussed herein will not become material in the future.*

### Limited Obligations

The 2021 Bonds are payable from amounts due under the Master Lease. The District's obligation under the Master Lease does not constitute a general obligation or other indebtedness of the District, the Authority or any agency or political subdivision of the District within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

The Initial Term of the Master Lease begins on October 19, 2021 and will end on June 30, 2022. The District has the option to extend the term of the Master Lease for consecutive one-year Renewal Terms.

The next Renewal Term of the Master Lease is anticipated to commence on July 1, 2022 and will expire on June 30, 2023. Unless terminated sooner, this annual renewal option will continue through June 30, 2050 with a final renewal term commencing July 1, 2050 and ending April 2, 2051. Any such extension must be made with respect to all, and not less than all, of the Projects with respect to which Bonds are then outstanding.

### Non-Appropriation

There is no assurance the District, in its sole discretion, will exercise its option to extend the term of the Master Lease for any future Renewal Term. Accordingly, the likelihood that the District will extend the term of the Master Lease for any Renewal Term and that there will be sufficient funds to pay the principal of, premium, if any, and interest on Bonds as the same become due depends upon a number of factors, including, but not limited to:

- (a) the completion of design and construction of any future uncompleted Projects to the District's satisfaction;
- (b) the ability of the District to generate sufficient funds from property taxes, and other taxes and other sources of revenue to pay obligations associated with the Master Lease and other obligations of the District (whether now existing or hereafter created);
- (c) the willingness of the Board of Trustees of the District in any future year to appropriate moneys to pay the Rentals, which decision of the Board of Trustees of the District could be affected by many factors, including the continuing need of the District for the Projects; and
- (d) the value of the Projects if relet or sold in a foreclosure or other liquidation proceeding instituted by the Trustee in the event of the termination of the term of the Master Lease if the Board of Trustees of the District does not appropriate sufficient funds to extend the term of the Master Lease as provided therein.

Neither the Indenture nor the Master Lease limits the ability of the District to incur additional obligations against its revenues.

### General Economic Conditions

The District relies on ad valorem property taxes and other fees as the primary source of funds to operate its governance and to pay its obligations. Regional and national economic conditions, such as weather-related economic effects, business cycles, unemployment, and consumer confidence, are outside of the control of the District, and can have material adverse effects on the District's revenues, and its ability to pay Rentals on the Projects. See "NORTH DAVIS FIRE DISTRICT, UTAH" below. Also, see "FINANCIAL INFORMATION REGARDING NORTH DAVIS FIRE DISTRICT, UTAH — Management's Current Discussion And Analysis Of Financial Operations" below.

## **No Reserve Fund For The 2021 Bonds**

*No debt service reserve has been or will be funded to secure the 2021 Bonds issued under the Indenture.* See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS—No Debt Service Reserve Fund For The 2021 Bonds And The Prior Parity Bonds” below.

## **Expiration Or Termination Of The Master Lease**

In the event that the Board of Trustees of the District does not renew the term of the Master Lease in any year by appropriating sufficient funds to pay Rentals due thereunder for the succeeding Fiscal Year, the District’s obligation to pay Rentals under the Master Lease will terminate on the June 30 occurring at the end of the then-current Renewal Term. Upon (a) the expiration of any Renewal Term of the Master Lease during which an Event of Nonappropriation occurs or (b) an Event of Default under the Master Lease and an election by the Trustee to terminate the possessory interest of the District under the Lease, the District’s right of possession of the Projects under the Master Lease will expire or be terminated, as appropriate.

A Bondowner should not anticipate that it will be possible to foreclose on the Projects and liquidate, relet, or sell the Projects (subject to the Ground Leases) 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.

## **Possible Difficulties In Selling Or Re-letting The Projects**

In the event that the District’s right of possession of the Projects under the Master Lease expires or is terminated for any of the reasons described in the Indenture, the obligation of the District to pay Rentals under the Master Lease will continue through the then-current Renewal Term, but not thereafter, and the 2021 Bonds will be payable from, among other sources, such moneys as may be available by way of recovery from the District of the Rentals which are due through the then-current Renewal Term. As set forth in the Building Authority Act, the Indenture, and the Master Lease, if the District fails to pay any Rentals due to the Authority under the terms of the Master Lease, the District shall immediately surrender, and vacate the Projects, and the rental or lease obligation under the Master Lease shall then cease. Should the Master 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’s right of possession of the Projects under the Master Lease, the Trustee may repossess, complete construction, and relet or sell the affected Projects as provided in the Indenture.

No assurance can be given that the Trustee could relet or sell the Projects for the amount necessary to pay the principal of and the interest due on the 2021 Bonds. The Projects constitute facilities to be used in connection with the operation of the District and may not be readily usable by other types of tenants. See “THE PROJECTS” below. The net proceeds of any reletting or sale of the Projects, together with certain other moneys then held by the Trustee under the Indenture, if any, 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 available from any such source for the payment of the aggregate principal amount of the 2021 Bonds then outstanding plus accrued interest thereon. Furthermore, no assurance can be given that any amount realized upon any liquidation of the Projects will be available to provide for the payment of the 2021 Bonds on a timely basis.

## **Delays In Exercising Remedies; Limitations On Enforceability**

The enforceability of the Master Lease 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, 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. Because of the unique uses to which the Projects may be suited and the delays inherent in obtaining foreclosure upon real property and judicial remedies, no assurance can be given that these remedies could be accomplished rapidly. Any delays in or failure on the part of the Trustee to obtain possession of or to foreclose the lien on the Projects, if necessary, will likely result in delays in any payment of principal of or interest on the 2021 Bonds.

## **Possible Shortfall In Costs Of Acquisition And Construction Of The 2021 Project**

Designs for the Clearfield Station are being drawn up and the construction and equipping of the 2021 Project is expected to commence in May 2022 with an anticipated completion date of May 2023.

The Authority and the District believe, but there can be no assurance, the proceeds of sale of the 2021 Bonds, together with certain investment earnings thereon, will be sufficient to complete the acquisition, construction and equipping of the

2021 Projects. In the event such proceeds are insufficient, the Authority is authorized, pursuant to the Master Lease, to complete the acquisition, construction and equipping of the 2021 Projects from legally available funds and/or the issuance of Additional Parity Bonds. The Indenture provides that Additional Parity Bonds may be issued for the purpose of completing the 2021 Projects or making additions or improvements to the 2021 Projects or acquiring or constructing Additional Projects, subject to satisfaction of certain conditions provided in the Indenture. There can be no assurance that such Additional Parity Bonds will be authorized and issued by the Authority. If issued, Additional Parity Bonds will be secured under the Indenture on a parity with Bonds previously issued (including the 2021 Bonds and the Prior Parity Bonds).

If the possessory interest of the District under the Master Lease were to be terminated by reason of an Event of Nonappropriation or an Event of Default under the Indenture or otherwise pursuant to the Building Authority Act or the Master Lease prior to the acquisition and construction of the 2021 Project, the payment of principal, of premium, if any, and interest in the 2021 Bonds would depend, in part, on the ability of the Trustee to complete any unfinished construction, foreclose on the 2021 Projects, and liquidate, relet or sell one or more partially constructed 2021 Projects. See “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—MASTER LEASE AGREEMENT—Limitation on Remedies and Acceleration During Acquisition and Construction of Portions of Projects” (page A-38).

See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS—Additional Parity Bonds And Refunding Bonds” below and “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE—GENERAL INDENTURE OF TRUST—Additional Bonds” (page A-16).

### **Destruction Of A Project**

The Master Lease requires the Projects to be insured by policies of insurance (including casualty and property damage insurance) as described in “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—MASTER LEASE AGREEMENT—Provisions Respecting Insurance” (page A-22). In the event of damage to or destruction of all or any part of the Projects, the District is nevertheless required to continue to make payments under the Master Lease during the period for which the Board of Trustees of the District has appropriated moneys to do so. In such event, the District will decide whether the proceeds from available insurance (and any other legally available source) are sufficient to repair and rebuild such Projects or whether to apply the available proceeds to redemption or payment of the applicable Series of Bonds. If the net proceeds from insurance or certain other sources are insufficient to repair or replace such Projects, the District may terminate its obligations under the Master Lease with respect to such Projects and cause such proceeds to be distributed for the redemption of the applicable Series of Bonds in whole or in part as provided in the Indenture. See “THE 2021 BONDS—Redemption Provisions For The 2021 Bonds—Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation” above.

There can be no assurance as to the adequacy of a timely payment under property damage insurance in effect at that time. Furthermore, there can be no assurance that such insurance proceeds will be sufficient to redeem the applicable Series of Bonds in whole or that the Trustee will be able to realize any additional funds from such Projects at that time. See “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—MASTER LEASE AGREEMENT—Damage, Destruction And Condemnation” (page A-29).

### **Release Of A Project Upon Payment Of Related Series Of Bonds**

Pursuant to the Master Lease, the District may, by depositing with the Trustee amounts sufficient to pay or provide for the payment of Bonds issued to finance or refinance a portion of the Projects, purchase the related portion of Projects, which may result in the release of the purchased portions of Projects as security for the Bonds which remain outstanding. The release of one or more portions of Projects may diminish the amount which could be realized by the Trustee upon the occurrence of an Event of Default or an Event of Non-Appropriation or the likelihood that the District will renew the Master Lease for any Renewal Term. See “THE PROJECTS—Release Of A Project Upon Payment Of Related Series Of Bonds” below.

### **Depreciation And Lack Of Residual Value**

Certain components of the Projects may become obsolete, may depreciate in value or may wear out during the time that the 2021 Bonds are outstanding. In addition, components of the Projects may be difficult or impossible to remove from their points of service or use. Consequently, following an Event of Nonappropriation, an Event of Default under the Master Lease or the termination of the Master Lease for any reason, it is possible that any revenues realized by the Trustee from a reletting or sale, as appropriate, of the Authority’s interest in the Projects may be insufficient to repay all outstanding Bonds in full.



## **Tax-Exempt Status Of The 2021 Bonds; Continuing Compliance With Certain Covenants**

Failure by the Authority or the District with respect to any of the 2021 Bonds to comply with certain covenants in the Indenture, the Master Lease and the 2021 Bonds, on a continuing basis, so long as any of the 2021 Bonds are outstanding under the Indenture and thereafter as required by such document provisions and applicable law, could result in interest on the 2021 Bonds becoming includible in federal gross income, retroactive to the date of their original issuance. See “TAX MATTERS” below. The Indenture and the 2021 Bonds do not provide for the payment of any additional interest or penalty in the event that interest on the 2021 Bonds becomes includible in federal gross income.

## **Changes In District Governance**

The obligation of the District to pay Rentals under the Master Lease is subject to annual appropriation by the Board of Trustees of the District, based upon a budget initially presented to the Board of Trustees of the District by the District’s Chief Financial Officer/Treasurer. The decision to renew or not to renew the term of the Master Lease is to be made solely by the Board of Trustees of the District at the time it considers for adoption the final budget relating to each Renewal Term and not by any official of the District, acting in his or her individual capacity.

The nine-member Board of Trustees of the District are elected officials and serve four-year terms. There can be no assurance that a future Board of Trustees of the District will support the Projects or continue to make appropriations of Rentals under the Master Lease.

## **Other Factors Regarding The Projects**

The ownership or operation of the Projects creates a potential for environmental liability on the part of both the owner and operator of the Projects as well as any party secured by mortgages, deeds of trust or other encumbrances. If hazardous substances are discovered at the Projects’ sites or discovered to be emanating from the Projects’ sites, the District and the Authority may be held strictly liable for all costs and liabilities relating to the disposing of or dealing with such hazardous substances. This liability could be for an amount far in excess of the value of the Projects. The existence of such hazardous substances could hinder the Trustee in exercising certain of its remedies or rights under the Master Lease and the Indenture upon the occurrence of an Event of Default thereunder.

The Authority has agreed and represented in the Master Lease that it has carried on, and will carry on, the business and operations at the Projects in a manner that complies in all respects, and will remain in compliance with all applicable federal, state, regional, county, or local laws, statutes, rules, regulations, or ordinances concerning public health, safety or the environment.

As of the date of this OFFICIAL STATEMENT, the Authority or the District have not discovered any hazardous substances (or emanating hazardous substances) at Project Sites. See “THE PROJECTS” below.

## **Climate Change Risk, Natural Disasters And Global Health Emergencies**

There are potential risks to the District that are associated with changes to the climate over time and with increases in the frequency, timing, and severity of extreme weather events or droughts. Neither the Authority nor the District cannot predict how or when various climate changes risks may occur, nor can it quantify the impact on the District or its operations.

Natural disasters (include earthquakes, mudslides, wildfires/forest fires, heat waves, floods, windstorms, droughts, and avalanches) and continued, or future, global health emergencies that could possibly affect the State and the District.

The State is in a region of seismic activity subject to earthquakes in varying strengths. On March 18, 2020 an earthquake occurred in Magna Metro Township, Utah (approximately 40 south of the District), which magnitude registered 5.7 on the Richter scale. See “NORTH DAVIS FIRE DISTRICT, UTAH—Risk Management; Seismic Activity; Cybersecurity” below.

Certain areas of the State have experienced drought conditions for at last part of the year in each of the last 10 years. The State has experienced large wildfire/forest fire seasons in which air quality across the State has been negatively impacted (including diminished air quality from wildfires/forest fires located outside the State from drifting air currents). Wildfires/forest fires can impact the State’s and the County’s economy; cause respiratory health problems; result in loss of infrastructure, homes, and property; and destroy forestland, wildlife habitat and other resources.

## SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS

### The Master Lease And The Indenture

The 2021 Bonds are payable from amounts due under the Master Lease, as may be appropriated by the Board of Trustees of the District, and certain other moneys as provided in the Indenture. The initial and current term of the Master Lease expires on June 30, 2022. The District has the option to extend the term of the Master Lease for consecutive one-year Renewal Terms.

Extension of the term of the Master Lease beyond such date is subject to the further exercise by the District, in its sole discretion, to renew the Master Lease for consecutive additional one-year Renewal Terms commencing July 1 of each of the years 2023 through 2050, and a final Renewal Term commencing July 1, 2050, and ending April 2, 2051, unless terminated earlier or extended by the issuance of Additional Bonds. For circumstances under which the Master Lease will be terminated, see “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—MASTER LEASE AGREEMENT—Termination Of The Lease” (page A-12).

The Authority, as lessor under the Master Lease and pursuant to the Indenture, has assigned to the Trustee its rights to receive Base Rentals under the Master Lease for the benefit of the Bondowners. In addition, the Authority has, for the benefit of the Bondowners, granted or will grant a mortgage and security interest in all its right, title, and interest in and to the Projects including the 2021 Projects and any additional Projects to be acquired under the Master Lease.

The continuation of the term of the Master Lease and the obligation of the District to pay Base Rentals after June 30, 2022, are subject to the appropriation by the Board of Trustees of the District of sufficient funds to extend the term of the Master Lease for the next Renewal Term. Neither the Master Lease nor the 2021 Bonds constitute a general obligation or indebtedness of the District or the Authority, within the meaning of any constitutional or statutory debt limitation. Neither the District nor the Authority has pledged its credit to the payment of the Master Lease or the 2021 Bonds, and neither the District nor the Authority is directly or contingently obligated to apply money from, or to levy or pledge, any form of taxation to the payment of the Master Lease or the 2021 Bonds. The Authority does not have any taxing power.

So long as the Master Lease does not expire by its terms in the event the Board of Trustees of the District appropriates sufficient funds to extend the term of the Master Lease for each successive Renewal Term, the District is required by the provisions of the Master Lease to pay semiannually to the Trustee specified Base Rentals for the Projects which are designed to be sufficient, in both time and amount, to pay, when due, the principal of and interest on the Bonds.

The District has covenanted in the Master Lease to cause to be included in its annual tentative budget submitted to the Board of Trustees of the District a request for appropriation, in accordance with applicable law, of an amount necessary (after taking into account any moneys then legally available for such purpose) to pay the Base Rentals and any reasonably anticipated Additional Rentals under the Master Lease for the Projects during the next succeeding Renewal Term. See “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—MASTER LEASE AGREEMENT—Request for Appropriation” (page A-18).

In the event the Board of Trustees of the District does not appropriate sufficient funds to extend the term of the Master Lease, and the Master Lease thereby expires by its terms at the end of any Renewal Term, the District will have no further payment obligation under the Master Lease, except for the Base Rentals which are payable prior to the termination of the Master Lease. Upon such expiration, the Trustee may exercise one or more of the rights provided in the Master Lease, the Indenture, the Ground Leases or the Security Documents, including an option to dispose of the Authority’s interest in the Projects, and apply the proceeds of such disposition, if any, together with the moneys in the Bond Fund and other amounts available under the Indenture to the payment of principal of all then outstanding Bonds and accrued interest thereon. However, due to the nature of the Projects, 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 a shortfall occur, the Bonds would be paid on a pro rata basis as provided in the Indenture. See “INVESTMENT CONSIDERATIONS” above.

Pursuant to the provisions of the Master Lease, the District may, in its sole discretion, purchase all or a portion of the Projects by payment of the applicable Option Price as defined in the Master Lease. Neither the District nor the Board of Trustees of the District may be compelled to exercise the purchase option provided in the Master Lease. See “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—MASTER LEASE AGREEMENT—Conveyance of the Projects” (page A-33).

## **The 2021 Ground Lease And The Security Documents**

The land on which the Clearfield Station will be constructed, and the West Point Station is located is owned by the District. Pursuant to the 2021 Ground Lease (as defined herein) the District, as lessor, will lease to the Authority, as lessee, a leasehold interest in the land on which the Projects will be located. See “THE PROJECTS—The 2021 Projects Financed With Bonds” and “—The 2021 Projects” below.

The Authority under the Security Documents has irrevocably warranted, granted, transferred, conveyed and assigned to the Trustee, in trust with power of sale, all of its right, title and interest in the Projects, including, but not limited to real property, rents, issues, profits, royalties, income, interest in the leases or subleases, options to purchase, easements, rights of way, proceeds of insurance or condemnation and tangible personal property in order to provide additional security for the Authority’s payment obligations under the Bonds and the Indenture. The Security Documents generally provide for the procedure by which the Trustee can foreclose the lien on the Authority’s interest (which may be a leasehold interest) in the Projects to pay the Authority’s payment obligations under the Bonds and the Indenture. If an Event of Default occurs under the Indenture, and if the Trustee accelerates the payment of the Bonds pursuant thereto, the Trustee shall also direct the Trustee under the Security Documents to foreclose the lien created under the Security Documents, either by public sale or by proceedings in equity. The Trustee shall receive any proceeds from such sale and apply them in accordance with the Indenture. Subject to the limitation on remedies and acceleration during acquisition and construction of portions of the 2021 Project, any proceeds shall be applied to the payment of principal and interest then due and unpaid on all the 2021 Bonds, ratably, according to the amounts due respectively for principal and interest, to the Bondowners.

No deficiency judgment upon foreclosure of the lien of the Indenture or Security Documents may be entered against the District or the Authority, and no judgment requiring a payment of money may be entered against the District thereunder or under the Master Lease.

## **Additional Parity Bonds And Refunding Bonds**

In the future, the Authority may issue Additional Parity Bonds, consisting of Additional Bonds, Refunding Bonds, or a combination of both, ranking on a parity with the 2021 Bonds. All Additional Parity Bonds will be secured by the lien of the Indenture and the Security Documents and will rank on a parity with the 2021 Bonds. Such Additional Parity Bonds shall be payable solely from the Base Rentals and, if paid by the District, the Purchase Option Price and other amounts derived from the leasing of the Projects.

So long as the Master Lease is in effect and no Event of Default under the Indenture or the Master Lease has occurred and is continuing and so long as no Event of Nonappropriation has occurred and is continuing, one or more series of Additional Parity Bonds may be issued, authenticated and delivered for the purpose of financing Costs of Acquisition and Construction of a Project or Projects for the use and benefit of the District in accordance with the restrictions set forth in the Indenture. See “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—GENERAL INDENTURE OF TRUST—Additional Bonds—Issuance of Additional Bonds” (page A-16).

To the extent permitted by law, the Authority may, at the request of the District, authorize the issuance of Refunding Bonds upon the terms and conditions provided in the Indenture and in the Master Lease. Refunding Bonds may be issued to provide funds to refund the Bonds then Outstanding, in whole or in part, to make additional deposits to the Reserve Fund, and to pay the costs of the issuance and sale of the Refunding Bonds and other costs reasonably related to the financing as shall be agreed upon by the District and the Authority; provided, however, that (i) the Authority shall not be in default under the Indenture or the Master Lease or any provision thereof, and the issuance of Refunding Bonds shall not constitute a default under the Master Lease or cause any violation of the covenants or representations of the District or the Authority in the Master Lease or in the Indenture; (ii) no Event of Default or Event of Nonappropriation shall have occurred and be continuing under the Master Lease; and (iii) the Authority shall have otherwise complied with the provisions of the Indenture with respect to the issuance of such Refunding Bonds. See “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—GENERAL INDENTURE OF TRUST—Additional Bonds—Issuance of Refunding Bonds” (page A-14).

## **Insurance On The Projects**

The Projects are required to be insured by policies of insurance or by self-insurance complying with provision in the Master Lease to the extent described in “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—MASTER LEASE AGREEMENT—Provisions Respecting Insurance” (page A-26).

All Net Proceeds of performance bonds, proceeds (including any moneys derived from any self-insurance program) from policies of insurance (except the policy of public liability and property damage insurance) required by the Master Lease or condemnation awards which are received by the Trustee will be deposited into a separate trust fund under the Indenture. Such Net Proceeds will be used either to repair, restore, modify, or improve the applicable Projects or to redeem or defease the related Bonds, as more fully described in “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—MASTER LEASE—Damage, Destruction And Condemnation” (page A-29) and “—Obligation Of The Board To Repair And Replace The Project” (page A-29). Also see “INVESTMENT CONSIDERATIONS” above and “NORTH DAVIS FIRE DISTRICT, UTAH—Risk Management; Seismic Activity; Cybersecurity” below.

### **No Debt Service Reserve For The 2021 Bonds**

The Indenture establishes a separate account in the Debt Service Reserve Fund for each Series of Bonds issued. The Indenture also authorizes the Authority to obtain a Reserve Instrument in place of fully funding an account in the Debt Service Reserve Fund. The amount on deposit in an account of the Debt Service Reserve Fund secures only those Series of Bonds issued thereunder. *The Authority will not fund an account in the debt service reserve fund for the 2021 Bonds.*

## **THE 2021 BONDS**

### **General**

The 2021 Bonds will be dated the date of delivery<sup>1</sup> thereof (the “Dated Date”) and will mature on April 1 of the years and in the amounts as set forth on the inside cover page of the OFFICIAL STATEMENT. Interest on the 2021 Bonds is payable semiannually on each April 1 and October 1 and is computed based on a 360-day year of 12, 30-day months. Zions Bancorporation, National Association, Salt Lake City, Utah, is the initial Registrar (the “Registrar”), Paying Agent (the “Paying Agent”) and Trustee with respect to the 2021 Bonds.

The 2021 Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any integral multiple thereof, not exceeding the amount of each maturity.

### **Registration, Denominations, Manner Of Payment**

The 2021 Bonds are issuable only as fully-registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2021 Bonds. Purchases of 2021 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC Participants (as defined herein). Beneficial Owners of the 2021 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2021 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined in “APPENDIX E—BOOK-ENTRY SYSTEM” below.

Principal of and interest on the 2021 Bonds (interest payable April 1 and October 1 of each year, commencing April 1, 2022) are payable by the Paying Agent, to the Registered Owners of the 2021 Bonds. So long as Cede & Co. is the sole registered owner, as nominee of DTC, it is required in turn to remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2021 Bonds.

So long as DTC or its nominee is the sole registered owner of the 2021 Bonds, neither the Authority, the District, the successful bidder(s), nor the Trustee will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2021 Bonds. *Under these same circumstances, references herein and in the Indenture to the “Bondowners” or “Registered Owners” of the 2021 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2021 Bonds.*

### **Regular Record Date; Transfer Or Exchange Of The 2021 Bonds**

Regular Record Date means the 15<sup>th</sup> day (whether or not a Business Day) next preceding each Interest Payment Date. The Authority and the Trustee shall not be required to transfer or exchange any Bond: (i) during the period from and includ-

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<sup>1</sup> The anticipated date of delivery is Tuesday, October 19, 2021.

ing any Regular Record Date, to and including the next succeeding Interest Payment Date; (ii) during the period from and including the day 15 days prior to any Special Record Date (as herein defined), to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day 15 days prior to the mailing of notice calling any Bonds for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption. "Special Record Date" means such date as may be fixed for the payment of defaulted interest on Bonds in accordance with the Indenture.

### Estimated Sources And Uses Of Funds

The proceeds from the sale of the 2021 Bonds are estimated to be applied as set forth below:

<i>Sources:</i>	
Par amount of 2021 Bonds.....	\$10,645,000.00
Original issue premium.....	<u>643,312.65</u>
Total.....	<u>\$11,288,312.65</u>
<i>Uses:</i>	
Deposit into 2021 Projects construction account.....	\$9,650,000.00
Deposit to current refunding account.....	1,242,095.60
Costs of issuance (1).....	195,687.12
Successful bidder's discount.....	115,473.63
Original issue discount.....	<u>85,056.30</u>
Total.....	<u>\$11,288,312.65</u>

(1) Includes legal fees, Trustee, Bond Registrar, and Paying Agent fees, Municipal Advisor fees, rating agency fees, bond insurance fees, rounding amounts and other miscellaneous costs of issuance.

(Source: Municipal Advisor.)

### Redemption Provisions For The 2021 Bonds

*Optional Redemption.* The 2021 Bonds maturing on or after April 1, 2033 are subject to redemption at the option of the Authority on October 1, 2032, and on any date thereafter prior to maturity, in whole or in part, at the option and direction of the Authority, at a redemption price of 100% of the principal amount of the 2021 Bonds to be redeemed plus accrued interest to the date of redemption.

*Mandatory Sinking Fund Redemption of the 2021 Bonds.* The 2021 Bonds maturing on April 1, 2037, April 1, 2042, April 1, 2045, April 1, 2048 and April 1, 2051 (collectively, the "2021 Term Bonds") are subject to mandatory redemption in part by operation of Sinking Fund Installments as provided in the Indenture, upon notice as provided in the Indenture, at a redemption price equal to the principal amount of the 2021 Term Bonds or portion thereof to be redeemed, together with accrued interest to the date of redemption. The amounts and due dates of the Sinking Fund Installments for the 2021 Term Bonds are set forth as follows:

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Sinking Fund Requirements</u>
April 1, 2035 .....	\$ 345,000
April 1, 2036 .....	355,000
April 1, 2037 (final maturity).....	<u>365,000</u>
Total.....	<u>\$1,065,000</u>
April 1, 2040 .....	\$ 395,000
April 1, 2041 .....	400,000
April 1, 2042 (final maturity).....	<u>410,000</u>
Total.....	<u>\$1,205,000</u>
April 1, 2043 .....	\$ 420,000
April 1, 2044 .....	430,000
April 1, 2045 (final maturity).....	<u>440,000</u>
Total.....	<u>\$1,290,000</u>

## Mandatory Sinking Fund Installments – Continued

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
April 1, 2046 .....	\$ 455,000
April 1, 2047 .....	465,000
April 1, 2048 (final maturity).....	<u>475,000</u>
Total.....	<u>\$1,395,000</u>
April 1, 2049 .....	\$ 485,000
April 1, 2050 .....	500,000
April 1, 2051 (final maturity).....	<u>515,000</u>
Total.....	<u>\$1,500,000</u>

If less than all of any 2021 Term Bonds are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed shall be credited at 100% of the principal amount thereof by the Trustee against the obligation of the Issuer on future mandatory sinking fund redemption dates for such 2021 Term Bonds in such order as shall be directed by the District.

*Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation.* The 2021 Bonds are also callable for redemption prior to maturity in whole on any date, if (i) the 2021 Projects or a material portion thereof is damaged or destroyed or taken in a condemnation proceeding, or a material defect in the construction of the 2021 Projects shall become apparent, or title to or the use of all or any material portion of the 2021 Projects shall be lost by reason of a defect in title thereto, (ii) the Net Proceeds of any insurance policy, performance bond or condemnation award made available by reason of one or more such occurrences shall be insufficient to pay in full the cost of repairing and replacing the 2021 Projects, and (iii) the District elects to discharge its obligation to repair and replace the 2021 Projects by depositing such Net Proceeds into the Bond Fund. Upon the deposit of such Net Proceeds in the Bond Fund, the payment obligations of the District with respect to the 2021 Projects under the Master Lease shall terminate and the District shall have no further obligation for the payment of Base Rentals and Additional Rentals under the Indenture with respect to the 2021 Projects, and possession of the 2021 Projects shall be surrendered to the Authority and all right, title and interest of the District and the Authority in any funds or accounts created under the Indenture with respect to the 2021 Projects shall be surrendered to the Trustee, as trustee for the Bondowners. Thereafter, the Indenture and the Security Documents applicable to the 2021 Projects may, subject to the limitations of the Indenture, be foreclosed and the Authority's interest in the 2021 Projects liquidated and the proceeds of such liquidation and the Net Proceeds of any insurance policy, performance bond or condemnation award so deposited in the Bond Fund, as well as all other moneys on deposit in any fund created under the Indenture with respect to the 2021 Projects (except moneys held in the Rebate Fund or for the payment of Bonds not then deemed outstanding), shall be applied to the redemption of the 2021 Bonds at the earliest date practicable, as specified in a written notice from the Authority to the Trustee. Such redemption of the 2021 Bonds shall be made upon full or partial payment of the principal amount of the 2021 Bonds then Outstanding plus accrued interest thereon, all in accordance with the Indenture. In the event there are moneys remaining in the Bond Fund after payment in full of all Bonds of said Series issued under the Indenture, the Trustee is authorized and directed to transfer said moneys to the District. If the 2021 Bonds are redeemed subsequent to the occurrence of an event described in this paragraph by payment of an amount less than the outstanding principal amount thereof and accrued interest to the redemption date, no further claim for payment may be had by the holders of the 2021 Bonds against the Authority, the District, or the Trustee.

For purposes of the extraordinary optional redemption in the event of damage, destruction, or condemnation of the 2021 Projects, the Authority has designated subseries for the 2021 Bonds that correspond to each discreet portion of the 2021 Projects. The Authority can exercise its extraordinary optional redemption right with respect to the subseries relating to the portion of the 2021 Projects that has been damaged, destroyed or condemned without redeeming any other subseries or all the 2021 Bonds. See in this section "Partial Redemption of 2021 Bonds" below.

*Notice of Redemption.* Notice of the call for any redemption, identifying the 2021 Bonds (or portions thereof) to be redeemed, will be given by the Trustee (upon being satisfactorily indemnified as to expenses) by mailing a redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner (initially DTC) of each 2021 Bond to be redeemed (in whole or in part) at the address shown on the registration books, provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of any

proceedings for the redemption of any 2021 Bond or portion thereof as to which no such failure occurred. All 2021 Bonds so called for redemption shall cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment, at that time. 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.

Each such notice will be dated and will be given in the name of the Authority and will state the following information: (i) the complete official name of the 2021 Bonds, including series, to be redeemed, the identification numbers of 2021 Bond certificates and the CUSIP® numbers, if any, of the 2021 Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP® numbers either as printed on such 2021 Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such 2021 Bonds; (ii) any other descriptive information needed to identify accurately the 2021 Bonds being redeemed, including, but not limited to, the original issuance date and maturity date of, and interest rate on, such 2021 Bonds; (iii) in the case of partial redemption of any 2021 Bonds, the respective principal amounts thereof to be redeemed; (iv) the date of mailing of redemption notices, the record date and the redemption date; (v) the redemption price; (vi) that on the redemption date the redemption price will become due and payable upon each such 2021 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (vii) the place where such 2021 Bonds are to be surrendered for payment of the redemption price, designating the name and address of the redemption agent with the name of a contact person and telephone number.

If at the time of mailing of any notice of redemption there shall not be deposited with the Trustee moneys sufficient to redeem all the 2021 Bonds called for redemption, such notice will state that such redemption is conditional upon the deposit of the redemption moneys with the Trustee or the Paying Agent 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.

A second notice of redemption shall be given, not later than 90 days subsequent to the redemption date, to Bondowners of 2021 Bonds, or portions thereof, redeemed but who failed to deliver 2021 Bond certificates for redemption prior to the 60<sup>th</sup> day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondowners of such 2021 Bonds receive the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Bondowners shall not affect the validity of the proceedings for the redemption of the 2021 Bonds.

*Redemption Payments.* On or prior to the date fixed for redemption, funds shall be deposited by the Authority with the Trustee to pay to the Paying Agent. Upon the giving of notice and the deposit of funds for redemption with the Paying Agent, interest on the 2021 Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption and said 2021 Bonds shall cease to be entitled to any lien, benefit or security under the Indenture or the Security Documents, and the Bondowners of said 2021 Bonds shall have no rights in respect thereof except to receive payments of the redemption price thereof.

As provided in the Indenture, the Trustee is required to give further notice of redemption to at least one national information service, provided, however, that failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

*Partial Redemption of 2021 Bonds.* If less than all of the 2021 Bonds of any maturity are to be redeemed prior to maturity, (a) if the 2021 Bonds to be redeemed are in book-entry form at the time of such redemption, the Trustee shall instruct DTC to instruct the DTC Participants to select the specific 2021 Bonds for redemption pro rata, and neither the Authority nor the Trustee shall have any responsibility to insure that DTC or its Participants properly select such 2021 Bonds for redemption, and (b) if the 2021 Bonds are not then in book-entry form at the time of such redemption, on each redemption date, the Trustee shall select the specific 2021 Bonds for redemption pro rata. The portion of any registered 2020 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or any integral multiple thereof, and in selecting portions of such 2021 Bonds for redemption, the Trustee will treat each such 2021 Bonds as representing that number of 2021 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2021 Bonds by \$5,000.

## **Book-Entry System**

DTC will act as securities depository for the 2021 Bonds. The 2021 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 2021 Bond certificate will be issued for each maturity of the 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or a "fast agent" of DTC. See "APPENDIX E—BOOK-ENTRY SYSTEM" for a more detailed discussion of the book-entry system and DTC.

## Debt Service On The 2021 Bonds

*Debt Service based on Base Rental Payment Schedule.* The Master Lease requires semi-annual Base Rental payments to be made by the District to the Authority (on March 15 and September 15 of each year), which Base Rentals have been assigned to the Trustee pursuant to the Indenture. The 2021 Bond principal and/or interest payments are then paid by the Trustee on April 1 and October 1.

The following table shows the scheduled Base Rental Payments on the 2021 Bonds for the entire term of the Master Lease (assuming the District renews the Master Lease for all Renewal Terms) which are equal to the payments of principal of and interest on such 2021 Bonds for each of the District's Fiscal Years.

Due (Base Rental Payment) Date	The 2021 Bonds		Period Total	Fiscal Total
	Principal	Interest		
March 15, 2022.....	\$ 180,000.00	\$ 140,757.19	\$ 320,757.19	\$320,757.19
September 15, 2022.....	0.00	152,796.88	152,796.88	
March 15, 2023.....	180,000.00	152,796.88	332,796.88	485,593.76
September 15, 2023.....	0.00	149,196.88	149,196.88	
March 15, 2024.....	230,000.00	149,196.88	379,196.88	528,393.76
September 15, 2024.....	0.00	144,596.88	144,596.88	
March 15, 2025.....	235,000.00	144,596.88	379,596.88	524,193.76
September 15, 2025.....	0.00	139,896.88	139,896.88	
March 15, 2026.....	245,000.00	139,896.88	384,896.88	524,793.76
September 15, 2026.....	0.00	134,996.88	134,996.88	
March 15, 2027.....	255,000.00	134,996.88	389,996.88	524,993.76
September 15, 2027.....	0.00	129,896.88	129,896.88	
March 15, 2028.....	265,000.00	129,896.88	394,896.88	524,793.76
September 15, 2028.....	0.00	124,596.88	124,596.88	
March 15, 2029.....	280,000.00	124,596.88	404,596.88	529,193.76
September 15, 2029.....	0.00	118,996.88	118,996.88	
March 15, 2030.....	290,000.00	118,996.88	408,996.88	527,993.76
September 15, 2030.....	0.00	113,196.88	113,196.88	
March 15, 2031.....	300,000.00	113,196.88	413,196.88	526,393.76
September 15, 2031.....	0.00	107,196.88	107,196.88	
March 15, 2032.....	310,000.00	107,196.88	417,196.88	524,393.76
September 15, 2032.....	0.00	100,996.88	100,996.88	
March 15, 2033.....	325,000.00	100,996.88	425,996.88	526,993.76
September 15, 2033.....	0.00	96,121.88	96,121.88	
March 15, 2034.....	335,000.00	96,121.88	431,121.88	527,243.76
September 15, 2034.....	0.00	91,096.88	91,096.88	
March 15, 2035.....	345,000.00(1)	91,096.88	436,096.88	527,193.76
September 15, 2035.....	0.00	85,921.88	85,921.88	
March 15, 2036.....	355,000.00(1)	85,921.88	440,921.88	526,843.76
September 15, 2036.....	0.00	80,596.88	80,596.88	
March 15, 2037.....	365,000.00(1)	80,596.88	445,596.88	526,193.76
September 15, 2037.....	0.00	75,121.88	75,121.88	
March 15, 2038.....	375,000.00	75,121.88	450,121.88	525,243.76
September 15, 2038.....	0.00	71,137.50	71,137.50	
March 15, 2039.....	385,000.00	71,137.50	456,137.50	527,275.00
September 15, 2039.....	0.00	66,806.25	66,806.25	
March 15, 2040.....	395,000.00(2)	66,806.25	461,806.25	528,612.50
September 15, 2040.....	0.00	62,362.50	62,362.50	
March 15, 2041.....	400,000.00(2)	62,362.50	462,362.50	524,725.00
September 15, 2041.....	0.00	57,862.50	57,862.50	
March 15, 2042.....	410,000.00(2)	57,862.50	467,862.50	525,725.00
September 15, 2042.....	0.00	53,250.00	53,250.00	

(Source: Municipal Advisor.)



## Debt Service On the 2021 Bonds—continued

Due (Base Rental Payment) Date	The 2021 Bonds		Period Total	Fiscal Total
	Principal	Interest		
March 15, 2043.....	\$ 420,000.00(3)	\$ 53,250.00	\$ 473,250.00	\$526,500.00
September 15, 2043.....	0.00	48,000.00	48,000.00	
March 15, 2044.....	430,000.00(3)	48,000.00	478,000.00	526,000.00
September 15, 2044.....	0.00	42,625.00	42,625.00	
March 15, 2045.....	440,000.00(3)	42,625.00	482,625.00	525,250.00
September 15, 2045.....	0.00	3,7125.00	3,7125.00	
March 15, 2046.....	455,000.00(4)	3,7125.00	492,125.00	529,250.00
September 15, 2046.....	0.00	31,437.50	31,437.50	
March 15, 2047.....	465,000.00(4)	31,437.50	496,437.50	527,875.00
September 15, 2047.....	0.00	25,625.00	25,625.00	
March 15, 2048.....	475,000.00(4)	25,625.00	500,625.00	526,250.00
September 15, 2048.....	0.00	19,687.50	19,687.50	
March 15, 2049.....	485,000.00(5)	19,687.50	504,687.50	524,375.00
September 15, 2049.....	0.00	13,321.88	13,321.88	
March 15, 2050.....	500,000.00(5)	13,321.88	513,321.88	526,643.76
September 15, 2050.....	0.00	6,759.38	6,759.38	
March 15, 2051.....	<u>515,000.00(5)</u>	<u>6,759.38</u>	<u>521,759.38</u>	528,518.76
Totals.....	<u>\$10,645,000.00</u>	<u>\$4,903,207.37</u>	<u>\$15,548,207.37</u>	

- (1) Mandatory sinking fund principal payments from a \$1,065,000, 3.00%, term bond due April 1, 2037.
- (2) Mandatory sinking fund principal payments from a \$1,205,000, 2.25%, term bond due April 1, 2042.
- (3) Mandatory sinking fund principal payments from a \$1,290,000, 2.50%, term bond due April 1, 2045.
- (4) Mandatory sinking fund principal payments from a \$1,395,000, 2.50%, term bond due April 1, 2048.
- (5) Mandatory sinking fund principal payments from a \$1,500,000, 2.625%, term bond due April 1, 2051.

(Source: Municipal Advisor.)

## Plan Of Refunding

Certain proceeds from the 2021 Bonds are being used to refund the District's \$3,100,000 (original principal amount), Revenue Bonds, Series 2008, dated January 9, 2008 (the "2008 Bonds"). The District issued the 2008 Bonds for the construction of the West Point Station (the "West Point Station Project").

The West Point Station Project consisted of the construction of an approximately \$3.1 million, one-story, brick, masonry, concrete and steel building located at 381 North 3150 West in West Point City, Utah on 1.84 acres of land. Construction was completed March 2007.

Proceeds from the 2021 Bonds, in the aggregate amount of \$1,242,095.60 shall be used to call and retire the 2008 Bonds maturing on April 1, 2022 through April 1, 2027. *The 2008 Bonds were issued as a direct placement subject to redemption at any time on or after April 1, 2020.*

The 2008 Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity (April 1)	Call Date	CUSIP® (none)	Principal Amount	Interest Rate	Call Price
2022.....	October 19, 2021	—	\$ 190,000	3.38%	100%
2023.....	October 19, 2021	—	195,000	3.38	100
2024.....	October 19, 2021	—	205,000	3.38	100
2025.....	October 19, 2021	—	210,000	3.38	100
2026.....	October 19, 2021	—	215,000	3.38	100
2027.....	October 19, 2021	—	<u>225,000</u>	3.38	100
Totals.....			<u>\$1,240,000</u>		

(Source: Municipal Advisor.)

See "THE PROJECTS—The 2021 Projects Financed With The 2021 Bonds."

## LOCAL BUILDING AUTHORITY OF NORTH DAVIS FIRE DISTRICT, UTAH

### Establishment And Statutory Powers

The Board of Trustees of the District created the Authority as a nonprofit corporation in accordance with the provisions of the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended and the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended. The Authority is to be of perpetual duration as set forth in its Articles of Incorporation. The Authority at the present time has no full-time employees or other personnel other than its governing board as described below. The Authority has no property, money, or other assets, except for the Projects as described in this OFFICIAL STATEMENT. The principal place of business of the Authority is in the District offices at the address shown under “INTRODUCTION—Contact Persons” above.

The Authority has been incorporated for the purpose of acquiring, improving, or extending one or more projects and financing and/or refinancing their costs on behalf of the District 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 Authority has all of the powers provided for in the Building Authority Act and in the Constitution and other laws of the State. The Authority may not, however, undertake any of the activities provided for in its Articles of Incorporation without prior authorization therefor by the governing body of the District. The Authority has been organized as a nonprofit corporation and its Articles of Incorporation expressly require that it remain a nonprofit corporation.

The Authority 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 evidence of indebtedness issued by the Authority are satisfied, discharged, and retired, title to all real and personal property financed with the proceeds of such bonds, notes or other evidence of indebtedness is required to be transferred to the District.

Under the Building Authority Act, the Authority 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 which a public body is authorized or permitted by law to own, and it may otherwise improve or extend such a project or projects and finance their costs on behalf of the public body which created the Authority in order to accomplish the public purposes for which the public body exists; (ii) enter into leasing contracts with the District with respect to projects which the Authority has acquired, improved or extended or will acquire, improve or extend on behalf of the District; (iii) issue and sell its bonds for the purpose of financing and refinancing 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 Authority, the affairs of the Authority are managed by the Board of Trustees of the Authority (the “Board of Trustees of the Authority”), which consists of nine members. The Board of Trustees of the Authority meets as necessary. Whenever a trustee shall cease to be a member of the Board of Trustees of the Authority, his/her successor, upon his/her appointment and qualifying for office, thereupon becomes a board member of the Authority. Trustees may be removed and replaced by the Board of Trustees of the Authority at any time at its discretion. Set forth below are the current members of the Board of Trustees of the Authority:

Office	Person	Years of Service	Expiration of Current Term
Chairman .....	Tim Roper	5	January 1, 2022
Vice Chairman .....	Howard Madsen	4	January 1, 2024
Trustee .....	Chad Bangerter	2	January 1, 2024
Trustee .....	Jerry Chatterton	9	January 1, 2024
Trustee .....	Erik Craythorne	18	January 1, 2022
Trustee .....	Gary Petersen	18	January 1, 2024
Trustee .....	Nike Peterson	6	January 1, 2024
Trustee .....	Mark Shepherd	11	January 1, 2022
Trustee .....	Scott Wiggill	4	January 1, 2022

(Source: The District.)

## Debt Issuance Of The Authority

*The Authority's debt does not constitute debt within the meaning of any constitutional provision or statutory limitation which is applicable to the District.*

The issuance of the 2021 Bonds is the Authority's first bond issuance under the Indenture. The 2021 Bonds and all other Additional Parity Bonds issued on a parity basis will be cross-collateralized, in that the Authority has granted to the Trustee, for the benefit of the Owners of all of the Bonds, a security interest in all of the Authority's right, title and interest in the Projects financed or refinanced by the issuance of Bonds. As of the date of this OFFICIAL STATEMENT, the Authority has outstanding the following lease revenue bonds:

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2021 (a)(1).....	Fire station/refunding	\$10,645,000	April 1, 2051	<u>\$10,645,000</u>

(a) For purposes of this OFFICIAL STATEMENT the 2021 Bonds will be considered issued and outstanding.

(1) Rated S&P "AA" (stable outlook) (BAM insured; no underlying; Rated "A1" by Moody's Investor Services, Inc. ("Moody's")), as of the date of this OFFICIAL STATEMENT.

(Source: Municipal Advisor.)

See "THE 2021 BONDS—The Debt Service On The 2021 Bonds" above.

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**Debt Service Schedule Of Outstanding Bonds Of The Local Building Authority Of The North Davis Fire District,  
Lease Revenue Bonds By Fiscal Year**

Fiscal Year Ending June 30	Series 2021 \$10,645,000		Series 2008 (1) \$3,100,000		Totals		
	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2020.....	\$ -	\$ -	\$ 175,000	\$ 54,080	\$ 175,000	\$ 54,080	\$ 229,080
2021.....	-	-	185,000	48,165	185,000	48,165	233,165
2022.....	180,000	140,757	0 (2)	0 (2)	180,000	140,757	320,757
2023.....	180,000	305,594	0 (2)	0 (2)	180,000	305,594	485,594
2024.....	230,000	298,394	0 (2)	0 (2)	230,000	298,394	528,394
2025.....	235,000	289,194	0 (2)	0 (2)	235,000	289,194	524,194
2026.....	245,000	279,794	0 (2)	0 (2)	245,000	279,794	524,794
2027.....	255,000	269,994	0 (2)	0 (2)	255,000	269,994	524,994
2028.....	265,000	259,794	-	-	265,000	259,794	524,794
2029.....	280,000	249,194	-	-	280,000	249,194	529,194
2030.....	290,000	237,994	-	-	290,000	237,994	527,994
2031.....	300,000	226,394	-	-	300,000	226,394	526,394
2032.....	310,000	214,394	-	-	310,000	214,394	524,394
2033.....	325,000	201,994	-	-	325,000	201,994	526,994
2034.....	335,000	192,244	-	-	335,000	192,244	527,244
2035.....	345,000 (3)	182,194	-	-	345,000	182,194	527,194
2036.....	355,000 (3)	171,844	-	-	355,000	171,844	526,844
2037.....	365,000 (3)	161,194	-	-	365,000	161,194	526,194
2038.....	375,000	150,244	-	-	375,000	150,244	525,244
2039.....	385,000	142,275	-	-	385,000	142,275	527,275
2040.....	395,000 (4)	133,613	-	-	395,000	133,613	528,613
2041.....	400,000 (4)	124,725	-	-	400,000	124,725	524,725
2042.....	410,000 (4)	115,725	-	-	410,000	115,725	525,725
2043.....	420,000 (5)	106,500	-	-	420,000	106,500	526,500
2044.....	430,000 (5)	96,000	-	-	430,000	96,000	526,000
2045.....	440,000 (5)	85,250	-	-	440,000	85,250	525,250
2046.....	455,000 (6)	74,250	-	-	455,000	74,250	529,250
2047.....	465,000 (6)	62,875	-	-	465,000	62,875	527,875
2048.....	475,000 (6)	51,250	-	-	475,000	51,250	526,250
2049.....	485,000 (7)	39,375	-	-	485,000	39,375	524,375
2050.....	500,000 (7)	26,644	-	-	500,000	26,644	526,644
2051.....	515,000 (7)	13,519	-	-	515,000	13,519	528,519
Totals.....	<u>\$ 10,645,000</u>	<u>\$ 4,903,207</u>	<u>\$ 360,000</u>	<u>\$ 102,245</u>	<u>\$ 11,005,000</u>	<u>\$ 5,005,452</u>	<u>\$ 16,010,452</u>

(1) Issued by the District as direct purchase bonds with an average coupon of 3.38%.

(2) Principal and interest were refunded by the 2021 Bonds.

(3) Mandatory sinking fund principal payments from a \$1,065,000, 3.00%, term bond due April 1, 2037.

(4) Mandatory sinking fund principal payments from a \$1,205,000, 2.25%, term bond due April 1, 2042.

(5) Mandatory sinking fund principal payments from a \$1,290,000, 2.50%, term bond due April 1, 2045.

(6) Mandatory sinking fund principal payments from a \$1,395,000, 2.50%, term bond due April 1, 2048.

(7) Mandatory sinking fund principal payments from a \$1,500,000, 2.625%, term bond due April 1, 2051.

(Source: Municipal Advisor.)

## **THE PROJECTS**

### **The 2021 Projects As Security For The Bonds**

The 2021 Bonds are equally and ratably secured by the lien of the Indenture, the Security Documents, and the Master Lease, subject to the terms, conditions, limitations, and exceptions set forth therein. Upon the occurrence of an Event of Default under the Indenture or the occurrence of an Event of Nonappropriation under the Master Lease, the District shall be required to surrender and vacate the Projects, the Trustee shall have all rights and remedies to take possession of the Projects as trustee for the benefit of the Beneficial Owners of the 2021 Bonds, and the Trustee may exercise various remedies against or with respect to the Projects under the Indenture and the Master Lease for the proportionate benefit of the Beneficial Owners of the 2021 Bonds, subject to the limitation on remedies and acceleration during acquisition and construction of any of the Projects. See in this section “Cross-Collateralization” below and “INVESTMENT CONSIDERATIONS—Destruction Of A Project” and “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS—The Master Lease And The Indenture” above. Under the Master Lease, an Event of Nonappropriation will occur if the Board of Trustees of the District fails or refuses to specifically appropriate moneys sufficient to pay the Rentals with respect to all or any portion of the Projects coming due in any Fiscal Year under the Master Lease.

### **Bond Insurance**

The scheduled payment of principal of and interest on the 2021 Bonds when due will be guaranteed under a bond insurance policy to be issued concurrently with the delivery of the 2021 Bonds by BAM. See “BOND INSURANCE” above.

### **The 2021 Projects Financed With Bonds**

The 2021 Project and the 2008 Project are collectively, the “2021 Projects.”

#### **The 2021 Project**

The 2021 Project consists of the demolition of the existing Clearfield Fire Station, located in Clearfield City, Utah and the construction of a new approximately \$9.6 million, 17,036 square foot Clearfield Fire Station (the “Clearfield Fire Station”) on the same 1.42-acre site as the existing fire station. The Clearfield Fire Station will be a one-story, brick, masonry, concrete, structural steel and wood building. The Clearfield Station includes four apparatus bays, a training room, kitchen/dining, administrative offices, exercise room, living quarters, etc. The District owns the land on which the new Clearfield Station will be constructed (the “Clearfield Station Site”).

The Clearfield Station Site will be leased by the District to the Authority pursuant to a Ground Lease Agreement relating to the 2021 Projects (the “2021 Ground Lease”). Construction is expected to begin in May 2022 with an anticipated completion date of May 2023. Approximately \$9.6 million of 2021 Bond proceeds will be used for the demolition/construction of the Clearfield Station.

#### **The 2008 Project**

The 2008 Project consisted of the construction of the West Point Fire Station, an approximately \$3.1 million, 14,930 square foot, one-story, brick, masonry, concrete and steel building located in West Point City, Utah on 1.84 acres of land. The West Point Station includes three drive thru bays, living quarters, a training room, administrative offices, a workout room, kitchen/dining area, storage, etc. Construction was completed March 2007.

The District owns the land on which the West Point Station was constructed (the “West Point Station Site”). The West Point Station Site will be leased by the District to the Authority pursuant to the 2021 Ground Lease.

The Authority has acquired the West Point Station from the District.

With the issuance of the 2021 Bonds to refund the 2008 Project, the 2008 Project will be considered a Project under the Indenture and Master Lease.

The 2021 Project and the 2008 Project and any future projects issued under the Indenture are collectively, the “Projects.”

## **Cross-Collateralization**

Subject to the following section “Release Of A Project Upon Payment Of Related Series Of Bonds,” and to the provisions described above under the caption “THE 2021 BONDS—Redemption Provisions For The 2021 Bonds—Extraordinary Redemption In The Event of Damage, Destruction or Condemnation” pursuant to the Indenture and the Master Lease, all of the 2021 Bonds issued under the Indenture are cross-collateralized in that the Authority has granted to the Trustee, for the benefit of the Owners of all of the Bonds, a security interest in all of the Authority’s right, title and interest in all of the Projects. The occurrence of an Event of Default under the Indenture or an Event of Nonappropriation under the Master Lease will entitle the Trustee to take possession of the Projects and to exercise its rights and remedies to the extent provided in the Indenture against the Projects in such manner and order as the Trustee determines to be in the best interests of the Owners of the Bonds then outstanding. However, the security interest in some of the Projects may be released prior to the payment of all of the 2021 Bonds as described in the following section “Release Of A Project Upon Payment Of Related Series Of Bonds.”

### **Release Of A Project Upon Payment Of Related Series Of Bonds**

Pursuant to the Master Lease, the District has the option of purchasing a Project in advance of the final maturity of the Series of Bonds issued to finance that Project. So long as no Event of Default shall have occurred and be continuing under the Indenture and so long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing under the Master Lease, a Project may be released as security for the Bonds and may be transferred to the District if (i) the District shall deposit with the Trustee the Purchase Option Price for such Project; and (ii) there shall have been delivered to the Trustee an opinion of nationally-recognized bond counsel to the effect that the release of the Project will not adversely affect the excludability of interest on the Bonds from the federal gross income of the owners thereof. Pursuant to the Indenture and the Master Lease, the District may exercise this option with respect to any portion of the Projects.

### **Maintenance Of The Projects**

The District has agreed in the Master Lease, at its own expense, to maintain, manage and operate the Projects and all improvements thereon in good working order, condition, and repair, and to pay all costs associated therewith. As provided in the Master Lease, the Authority, the Trustee and the Bondowners have no obligation to incur any expense of any kind or character for the management, operation, or maintenance of the Projects during the term of the Master Lease. See “APPENDIX A—GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT—MASTER LEASE AGREEMENT—Maintenance Of The Projects By The Board” (page A-25).

## **NORTH DAVIS FIRE DISTRICT, UTAH**

### **General**

*General.* The District was established by resolution of the Board of County Commissioners of Davis County, Utah on January 27, 2004, to provide for essential fire protection, emergency medical, and related functions and services in and to Clearfield and West Point cities located in Davis County, Utah. The District began providing such services in June 2005. The District began providing services to Sunset City in accordance with an Interlocal Agreement on July 1, 2017 and continued under that Agreement until the annexation process was completed on April 19, 2019.

Using 2020 U.S. Census Bureau data, the District’s population is 48,347. The District’s office is located in West Point City, Utah and maintains a website at <http://northdavisfiredistrict.com/>. See “NORTH DAVIS FIRE DISTRICT, UTAH” below.

### **District Revenues And Collections**

Pursuant to State statutes, the District is a body corporate and politic, a quasi-municipal corporation and a political subdivision of the State with powers, among others, to sue and be sued, acquire property, issue bonds, and acquire property through the exercise of eminent domain. The District also has the ability to levy and collect property taxes for any lawful purpose.

## Property Tax Revenues

In Fiscal Year 2020 the District levied a certified property tax rate of 0.001053 (collected in November 2020). Based on a taxable valuation (of a “certified tax rate” and excluding redevelopment valuation) at approximately \$2.7 billion, tax revenues collected were approximately \$3.0 million. The tax rate for Fiscal Year 2021 is 0.001540 with projected revenue from real property taxes of approximately \$4.4 million.

For a five-year history of property tax collections including real property taxes, delinquent collections, and uniform (motor vehicle) fees of the District see “FINANCIAL INFORMATION REGARDING NORTH DAVIS FIRE DISTRICT, UTAH—Certain Property Tax Matters—Ad Valorem Tax Collection Record” below.

## Total District Revenues

For Fiscal Year 2020 total revenues within the General Fund of the District totaled approximately \$4.5 million; and for Fiscal Year 2021 total revenues totaled approximately \$5.9 million. Revenues for 2022 are projected at approximately \$6.2 million.

For a five-year Fiscal Year history of District total revenues including real property tax revenues, uniform (motor vehicle) fees, impact fees, investment earnings and other income, see “FINANCIAL INFORMATION REGARDING NORTH DAVIS FIRE DISTRICT, UTAH—Five-Year Financial Summaries—Statement of Revenue, Expenditures and Changes in Fund Balance—General Fund” below.

## Form Of Government

*Board of Trustees of the District.* The District is governed by the Board of Trustees of the District which consists of nine members. The Board of Trustees of the District meets in regular session on a monthly basis. Special meetings are periodically called as provided in the District’s administrative policies.

Current members of the Board of Trustees of the District and certain administrators of the District and their respective terms or appointment in office are as follows.

<u>Office/Representing</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Current Term</u>
Chairman(Clearfield).....	Tim Roper	5	January 1, 2022
Vice-Chairman (Sunset) .....	Howard Madsen	4	January 1, 2024
Trustee (Sunset).....	Chad Bangerter	2	January 1, 2024
Trustee (West Point).....	Jerry Chatterton	9	January 1, 2024
Trustee (West Point).....	Erik Craythorne	17	January 1, 2022
Trustee (West Point).....	Gary Petersen	17	January 1, 2024
Trustee (Clearfield).....	Nike Peterson	6	January 1, 2024
Trustee (Clearfield).....	Mark Shepherd	11	January 1, 2022
Trustee (Sunset).....	Scott Wiggill	4	January 1, 2022

(Source: The District.)

*District Employees.* The District currently has 30 full time and 23 part-time employees. Listed below are the administrative personnel for the District, their affiliations, their titles, and their years of professional service.

<u>Office</u>	<u>Person</u>	<u>Years of Service</u>	<u>Terms of Service</u>
Chief Executive Officer/Fire Chief.....	Mark Becraft	8	Appointed
Deputy Fire Chief .....	John Taylor	8	Appointed
Chief Financial Officer/Treasurer.....	Nicole Nelson	2	Appointed
Assistant Finance Director.....	Misty Rogers	6	Appointed
District Clerk .....	Misty Rogers	6	Appointed
District Attorney .....	Felshaw King	16	Appointed

(Source: The District.)

## **Employee Workforce And Retirement System; Other Post–Employment Benefits**

*District Employee Workforce and Retirement System.* The District provides pension benefits through the Utah Retirement Systems. Eligible participants participate in cost-sharing multiple employer defined benefit pension plans covering public employees of the State and employees of participating local government entities administered by the Utah State Retirement Systems (“URS”). The retirement system provides retirement benefits, a deferred compensation plan, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes. The District details the URS retirement systems plans and benefits in its Fiscal Year Ending June 30 financial statements, a copy may be obtained from the “Contact Person” listed above or may be downloaded via the State Auditor’s website at <https://reporting.auditor.utah.gov/searchreport>.

*Other District Post–Employment Benefits.* The District does not offer Post-Employment healthcare benefits.

## **Risk Management; Seismic Activity; Cybersecurity**

*Risk Management.* The District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions and natural disasters. It is the policy of the District to purchase commercial insurance for these risks (which commercial insurance has no deductibles). Various policies are purchased through an insurance agency to cover liability, theft, damage, and other losses. A deductible applies to certain policies which the District pays in the event of any losses. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

*As of the date of this OFFICIAL STATEMENT, all policies are current and in force.* The District believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the District provides.

*Seismic Activity (recent).* The State is in a region of seismic activity subject to earthquakes in varying strengths. On March 18, 2020 an earthquake occurred in Magna Metro Township, Utah (located in the north west portion of Salt Lake County; approximately 40 miles south of the District), which magnitude registered 5.7 on the Richter scale. The District suffered no other structural damage to its buildings or equipment from the March 2020 earthquake. The Authority believes that all of its facilities comply with local seismic codes. Additionally, the District carries a \$1,000,000 earthquake insurance policy.

*Cybersecurity.* Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the District’s technology systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage by cybersecurity incidents or cyberattacks, the District invests in multiple forms of cybersecurity and operational safeguards. The costs of remedying any damage from a cyberattack or protecting against future attacks could be substantial and expose the District to material litigation and other legal risks; therefore, the District maintains a \$5,000,000 aggregate limit cyber liability insurance policy. This policy provide both response and recovery services and coverage for third-party liability and first-party damages including business interruption. To date, the District has not experienced a material breach of cybersecurity.

## **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 District is currently complying with all the provisions of the Money Management Act for all District operating funds.



*The Utah Public Treasurers' Investment Fund.* A significant portion of District 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, and 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 PTIF is not rated.

See "APPENDIX B—FINANCIAL REPORT OF NORTH DAVIS FIRE DISTRICT, UTAH FOR FISCAL YEAR 2020—Notes to the Financial Statements—Note 2. Deposits and Investments" (audit page 22).

*Investment of 2021 Bond Proceeds.* Certain proceeds of the 2021 Bonds will be held by the Trustee and invested in accordance with the Indenture so as to be readily available. 2021 Bond proceeds may also be invested in the PTIF or other available investment funds authorized under the Money Management Act.

## Population

Using 2020 U.S. Census Bureau data, the District's population is approximately 48,347.

This historical population of the County and the State of Utah is as follows:

		% Change From Prior Period		% Change From Prior Period
	<u>Davis County</u>		<u>State of Utah</u>	
2020 Census .....	362,679	18.3%	3,271,616	18.4%
2010 Census .....	306,479	28.2	2,763,885	23.8
2000 Census .....	238,994	27.2	2,233,169	29.6
1990 Census .....	187,941	28.3	1,722,850	17.9
1980 Census .....	146,540	48.0	1,461,037	37.9

(Source: U.S. Department of Commerce, Bureau of the Census.)

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## Employment, Income, Construction, And Sales Taxes Within Davis County And The State of Utah

### Labor Force, Nonfarm Jobs and Wages within Davis County

	Calendar Year (1)						% change from prior year				
	2020	2019	2018	2017	2016	2015	2019-20	2018-19	2017-18	2016-17	2015-16
Civilian labor force.....	175,905	173,800	170,592	170,335	164,656	160,089	1.2	1.9	0.2	3.4	2.9
Employed persons.....	168,737	169,589	165,587	165,116	159,474	154,772	(0.5)	2.4	0.3	3.5	3.0
Unemployed persons.....	7,168	4,211	5,005	5,219	5,182	5,317	70.2	(15.9)	(4.1)	0.7	(2.5)
Total private sector (average).....	104,227	104,123	101,793	98,078	94,078	92,336	0.1	2.3	3.8	4.3	1.9
Agriculture, forestry, fishing and hunting.....	440	405	386	393	379	365	8.6	4.9	(1.8)	3.7	3.8
Mining.....	258	93	131	128	134	157	177.4	(29.0)	2.3	(4.5)	(14.6)
Utilities.....	85	84	100	117	121	115	1.2	(16.0)	(14.5)	(3.3)	5.2
Construction.....	10,789	11,048	10,703	10,216	9,931	9,177	(2.3)	3.2	4.8	2.9	8.2
Manufacturing.....	13,329	13,996	13,739	12,087	11,786	12,031	(4.8)	1.9	13.7	2.6	(2.0)
Wholesale trade.....	2,404	2,495	2,453	2,627	2,518	2,703	(3.6)	1.7	(6.6)	4.3	(6.8)
Retail trade.....	15,311	15,285	15,101	15,276	14,770	14,095	0.2	1.2	(1.1)	3.4	4.8
Transportation and warehousing.....	5,453	5,197	4,972	5,064	4,580	4,321	4.9	4.5	(1.8)	10.6	6.0
Information.....	1,031	1,067	1,061	1,208	1,171	1,246	(3.4)	0.6	(12.2)	3.2	(6.0)
Finance and insurance.....	2,996	3,028	2,991	2,639	2,529	2,508	(1.1)	1.2	13.3	4.3	0.8
Real estate, rental and leasing.....	1,590	1,502	1,461	1,342	1,335	1,345	5.9	2.8	8.9	0.5	(0.7)
Professional, scientific, and technical services.....	10,271	9,239	8,867	8,657	8,212	8,190	11.2	4.2	2.4	5.4	0.3
Management of companies and enterprises.....	1,061	1,085	1,114	957	1,002	885	(2.2)	(2.6)	16.4	(4.5)	13.2
Admin., support, waste mgmt., remediation.....	6,025	5,551	5,331	5,528	5,476	6,142	8.5	4.1	(3.6)	0.9	(10.8)
Education services.....	3,466	3,181	3,201	2,747	2,514	2,256	9.0	(0.6)	16.5	9.3	11.4
Health care and social assistance.....	14,476	14,233	13,681	13,172	12,339	11,850	1.7	4.0	3.9	6.8	4.1
Arts, entertainment and recreation.....	2,606	3,226	3,029	3,055	2,810	2,896	(19.2)	6.5	(0.9)	8.7	(3.0)
Accommodation and food services.....	9,474	10,144	10,125	9,662	9,261	8,977	(6.6)	0.2	4.8	4.3	3.2
Other services.....	3,602	3,668	3,733	3,599	3,588	3,440	(1.8)	(1.7)	3.7	0.3	4.3
Total public sector (average).....	29,189	29,240	28,476	28,302	27,287	26,364	(0.2)	2.7	0.6	3.7	3.5
Federal.....	14,419	13,799	13,279	13,443	13,282	12,574	4.5	3.9	(1.2)	1.2	5.6
State.....	1,800	1,786	1,761	1,719	1,167	1,016	0.8	1.4	2.4	47.3	14.9
Local.....	12,971	13,655	13,436	13,140	12,838	12,773	(5.0)	1.6	2.3	2.4	0.5
Total payroll (in millions).....	\$ 6,832	\$ 6,280	\$ 5,944	\$ 5,545	\$ 5,186	\$ 4,840	8.8	5.7	7.2	6.9	7.1
Average monthly wage.....	\$ 4,267	\$ 3,924	\$ 3,802	\$ 3,656	\$ 3,561	\$ 3,398	8.7	3.2	4.0	2.7	4.8
Average employment.....	133,415	133,363	130,269	126,380	121,365	118,700	0.0	2.4	3.1	4.1	2.2
Establishments.....	9,269	8,934	8,675	8,306	8,057	7,852	3.7	3.0	4.4	3.1	2.6

(1) Source: Utah Department of Workforce Services.

## Employment, Income, Construction, And Sales Taxes Within Davis County And The State Of Utah—Continued

### Personal Income; Per Capita Personal Income; Median Household Income within Davis County and the State of Utah

	Calendar Year (1)						% change from prior year				
	2019	2018	2017	2016	2015	2014	2018–19	2017–18	2016–17	2015–16	2014–15
Total Personal Income (in \$1,000's):											
Davis County.....	\$ 17,213,456	\$ 16,279,515	\$ 15,332,970	\$ 14,557,301	\$ 13,645,145	\$ 12,761,021	5.7	6.2	5.3	6.7	6.9
State of Utah.....	155,153,000	146,422,529	134,803,819	128,407,025	121,876,444	113,230,001	6.0	8.6	5.0	5.4	7.6
Total Per Capita Personal Income:											
Davis County.....	48,423	46,286	44,106	42,649	40,752	38,817	4.6	4.9	3.4	4.7	5.0
State of Utah.....	48,939	46,320	43,459	42,176	40,831	38,531	5.7	6.6	3.0	3.3	6.0
Median Household Income:											
Davis County.....	87,610	84,381	80,433	77,095	72,268	70,797	3.8	4.9	4.3	6.7	2.1
State of Utah.....	75,705	71,381	68,395	65,931	62,961	60,943	6.1	4.4	3.7	4.7	3.3

### Construction within Davis County

	Calendar Year (2)						% change from prior year				
	2020	2019	2018	2017	2016	2015	2019–20	2018–19	2017–18	2016–17	2015–16
Number new dwelling units.....	2,620	1,689	2,225	1,707	1,721	1,693	29,011.1	(24.1)	30.3	(0.8)	1.7
New (in \$1,000's):											
Residential value.....	\$ 596,031.0	\$ 412,402.3	\$ 473,386.2	\$ 354,331.4	\$ 377,935.2	\$ 366,998.2	62,514.9	(12.9)	33.6	(6.2)	3.0
Non-residential value.....	195,331.0	111,758.9	147,385.1	152,508.9	172,821.1	370,979.7	16,894.2	(24.2)	(3.4)	(11.8)	(53.4)
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	39,823.0	33,180.0	41,358.7	21,823.9	29,958.4	28,639.5	15,275.7	(19.8)	89.5	(27.2)	4.6
Non-residential value.....	55,342.0	64,186.6	47,308.9	42,171.3	73,250.4	52,720.3	9,159.2	35.7	12.2	(42.4)	38.9
Total construction value (in \$1,000's).....	<u>\$ 886,527.0</u>	<u>\$ 621,527.8</u>	<u>\$ 709,438.9</u>	<u>\$ 570,835.5</u>	<u>\$ 653,965.1</u>	<u>\$ 819,337.7</u>	29,869.5	(12.4)	24.3	(12.7)	(20.2)

### Sales Taxes Within Davis County, and the State of Utah

	Calendar Year (3)						% change from prior year				
	2020	2019	2018	2017	2016	2015	2019–20	2018–19	2017–18	2016–17	2015–16
Taxable Sales (in \$1,000's):											
Davis County.....	6,665,893	6,028,610	5,703,853	5,483,478	5,141,617	4,897,829	10.6	5.7	4.0	6.6	5.0
State of Utah.....	74,730,706	68,910,384	64,982,524	61,031,692	56,502,434	53,933,277	8.4	6.0	6.5	8.0	4.8
	Fiscal Year						% change from prior year				
	2020	2019	2018	2017	2016	2015	2019–20	2018–19	2017–18	2016–17	2015–16
Local Sales and Use Tax Distribution:											
Davis County (and all cities).....	67,314,336	63,479,842	61,459,271	57,264,199	54,122,907	51,284,441	6.0	3.3	7.3	5.8	5.5

(1) Source: Utah Department of Workforce Services.

(2) Source: University of Utah Kem C. Gardner Policy Institute, Ivory–Boyer Utah Report and Database.

(3) Source: Utah State Tax Commission.

## Largest Employers

The following is a list of the largest employers in the County with employment over 500 individuals.

<u>Employer (Location)</u>	<u>Business Category</u>	<u>Range of Number of Employees</u>
Hill Air Force Base (Clearfield) .....	Federal government	10,000–15,000
Davis School District (county-wide) .....	Educational services	7,000–10,000
Kroger Group Cooperative .....	Supermarkets and other grocery	2,000–3,000
ATK Space Systems (Clearfield) .....	Aerospace Manufacturing	1,000–2,000
Lifetime Products (Clearfield) .....	Sporting and athletic goods manufacturing	1,000–2,000
Wal-Mart (county-wide) .....	Warehouse clubs and supercenters	1,000–2,000
Lagoon Corporation Inc. (Farmington) .....	Amusement and theme parks	1,000–2,000
Utility Trailer and Manufacturing (Clearfield) .....	Truck trailer manufacturing	1,000–2,000
ATK Launch Systems (Clearfield) .....	Aerospace Manufacturing	500–1,000
Davis County Government .....	Public administration	500–1,000
Farmington Health Center .....	Outpatient care center	500–1,000
Davis Hospital and Medical Center (Layton) .....	Health care and social assistance	500–1,000
Tanner Memorial Clinic (Farmington) .....	Health care and social assistance	500–1,000
FedEx Ground .....	Transportation and warehousing	500–1,000
AAA of Northern California, Nevada (Layton) .....	Telemarketing bureaus	500–1,000
May Trucking Co. (Layton) .....	Transportation and warehousing	500–1,000
Ralcorp Frozen Bakery Products (North Salt Lake) .....	Cookie and cracker manufacturing	500–1,000
Northrop Grumman (Clearfield) .....	Engineering Services	500–1,000
South Davis Community Hospital (Bountiful) .....	Health care and social assistance	500–1,000
Layton City (Layton) .....	Municipal government	500–1,000
Management & Training Corporation (Clearfield) .....	Admin., support, waste mgmt., remediation	500–1,000
Parallon Employer (Kaysville) .....	Supply chain	500–1,000

(Source: Utah Department of Workforce Services. Information updated November 2020.)

## Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Davis County</u>	<u>State of Utah</u>	<u>United States</u>
2021(1) .....	2.3%	2.5%	5.2%
2020 .....	3.3	3.3	10.2
2019 .....	2.4	2.6	3.7
2018 .....	2.9	3.1	3.9
2017 .....	3.1	3.2	4.4
2016 .....	3.4	3.4	4.9

(1) Preliminary, subject to change. As of August 2021 (seasonally adjusted).

(Source: Utah Department of Workforce Services.)

## DEBT STRUCTURE OF NORTH DAVIS FIRE DISTRICT, UTAH

### Overlapping And Underlying General Obligation Debt Of The District

Although the District has no outstanding general obligation debt, it does levy an ad valorem property tax to support its ongoing financial operations. See “FINANCIAL INFORMATION REGARDING NORTH DAVIS FIRE DISTRICT, UTAH—Certain Property Tax Matters—Historical Property Tax Rates” below.

<u>Taxing Entity</u>	<u>2021 Taxable Value (1)</u>	<u>District's Portion of Tax- able Value</u>	<u>Service Area's Per- centage</u>	<u>Entity's General Obligation Debt</u>	<u>District's Portion of G.O. Debt</u>
<i>Overlapping:</i>					
State of Utah .....	\$379,388,497,596	\$3,526,091,494	1.0%	\$2,162,715,000	\$22,382,703
WBWCD (2) .....	90,814,092,679	3,526,091,494	3.9	10,095,000	391,964
Davis School District....	28,942,345,530	3,526,091,494	12.2	504,010,000	61,404,331
Davis County .....	28,942,345,530	3,526,091,494	12.2	6,890,000	839,420
Total overlapping .....					<u>\$85,018,418</u>
<i>Underlying:</i>					
North Davis Sewer					
District (3) .....	16,786,815,221	3,017,420,883	18.0	10,120,000	<u>1,238,474</u>
Total underlying .....					<u>1,238,474</u>
Total overlapping and underlying general obligation debt .....					<u>\$83,974,775</u>
Total <i>overlapping</i> general obligation debt (excluding the State) (4) .....					\$62,635,715
Total <i>direct</i> general obligation bonded indebtedness .....					<u>0</u>
Total <i>direct and overlapping</i> general obligation debt (excluding the State) (4) .....					<u>\$62,635,715</u>

This table excludes any additional principal amounts attributable to unamortized original issue bond premium.

- (1) Taxable value is preliminary; subject to change. Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property and valuation on semiconductor manufacturing equipment. See "FINANCIAL INFORMATION REGARDING NORTH DAVIS FIRE DISTRICT, UTAH—Certain Property Tax Matters—Taxable, Fair Market And Market Value Of Property" below.
- (2) For purposes of this table Weber Basin Water Conservancy District ("WBWCD") will be considered as overlapping debt. WBWCD covers all of Morgan County, the majority of the County and Weber County, and portions of Box Elder and Summit Counties. Principal and interest on WBWCD's outstanding general obligation bonds are limited ad valorem tax bonds. Certain portions of the principal of and interest on WBWCD's general obligation bonds are paid from revenues received from water sales.
- (3) A portion of this entity is in Weber County. North Davis Sewer District, Utah includes cities not included in the North Davis Fire District, Utah.
- (4) 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.

(Source: Municipal Advisor.)

### Debt Ratios Regarding General Obligation Debt

The following table sets forth the ratios of general obligation debt (excluding any additional principal amounts attributable to unamortized original issue bond premium) that is expected to be paid from taxes levied specifically for such debt and not from other revenues over the taxable value of property within the District, the estimated 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.*

	<u>To 2021 Estimated Taxable Value (1)</u>	<u>To 2021 Estimated Market Value (2)</u>	<u>To 2020 Population Estimate Per Capita (3)</u>
<i>Direct</i> general obligation debt .....	0.00%	0.00%	\$ 0
<i>Direct and overlapping</i> general obligation debt .....	1.78	1.21	1,296

- (1) Based on an estimated 2021 Taxable Value of \$3,526,091,494, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on an estimated 2021 Market Value of \$5,195,023,421, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on 2020 population estimate of 48,347 by the U.S. Census Bureau.

(Source: Municipal Advisor.)

See “FINANCIAL INFORMATION REGARDING NORTH DAVIS FIRE DISTRICT, UTAH—Certain Property Tax Matters—Property Tax Matters—Uniform Fees” and “—Taxable, Fair Market And Market Value Of Ad Valorem Property” below.

### General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

The general obligation indebtedness of the District is limited by State law to 12% of the fair market value of taxable property in the District (*based on the last equalized property tax assessment roll*). The debt limit and additional debt incurring capacity of the District shown below are based on the fair market value for 2020 and the calculated valuation from 2020 uniform fees, as shown in the following table:

2020 “Fair Market Value” .....	\$3,120,090,295
2020 Valuation from Uniform Fees (1) .....	<u>14,209,761</u>
2020 “Fair Market Value for Debt Incurring Capacity” .....	<u>\$3,134,300,056</u>
“Fair Market Value for Debt Incurring Capacity” times 12% equals (the “Debt Limit”) ....	\$376,116,007
Less: currently outstanding general obligation debt (net) .....	<u>(0)</u>
Additional debt incurring capacity .....	<u>\$376,116,007</u>

- (1) For debt incurring capacity only, in computing the fair market value of taxable property in the District, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the District.

(Source: Municipal Advisor.)

### No District Defaulted Obligations

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

## FINANCIAL INFORMATION REGARDING NORTH DAVIS FIRE DISTRICT, UTAH

### Management’s Current Discussion And Analysis Of Financial Operations

*Potential Impact Of The Coronavirus (COVID–19).* The COVID–19 outbreak in the United States produced nationwide economic uncertainties. The extent of the impact of COVID–19 on the District’s operational and financial performance are dependent upon certain developments, including duration and spread of the outbreak.

The District has not made any budget or expense reductions since the outbreak of COVID–19. As the majority of total revenues is funded from property taxes, at this point in time, COVID–19 impact has not impacted the collection of property taxes in the District. Property tax collections increased approximately 15 percent from 2019 to 2020 and with the approved increase in tax rates, property tax revenues are projected to increase approximately 40% from 2020 to 2021.

The continued extent to which COVID–19 may impact the District is unknown at this time. ***However, the District does not expect the various aspects of COVID–19 to negatively impact the District’s ability to make Rentals in sufficient amounts that will allow the Authority to pay principal of and interest on Bonds.*** See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS” above.

*Fiscal Year 2020 Financial Narrative.* The administration of the District prepared a narrative discussion, overview, and analysis of the financial activities of the District for Fiscal Year 2020. see “APPENDIX B—FINANCIAL REPORT OF NORTH DAVIS FIRE DISTRICT, UTAH FOR FISCAL YEAR 2020—Management’s Discussion and Analysis” (audit page 3).

### Fund Structure; Accounting Basis

The government–wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business–type activities, which rely to a significant extent on fees charged to external parties for goods or services.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (nonmajor) funds. Internal service funds are aggregated and reported in a single column on the proprietary fund financial statements.

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

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

## **Budget And Appropriation Process**

The budget and appropriation process of the District is governed by the budgeting and accounting provisions applicable to all local districts contained in Part 6, Chapter 1, Title 17B Utah Code (the “Local District Act”). Pursuant to the Local District Act, the budget officer of the District is required to prepare budgets for the general fund, special revenue funds, debt service funds, capital project funds and proprietary funds. These budgets are to provide a complete financial plan for the budget (ensuing fiscal) year. Each budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures. Under the Local District Act, the total of anticipated revenues must equal the total of appropriated expenditures.

On or before the first regularly scheduled meeting of the Board of Trustees of the District in May of each year, the budget officer is required to submit to the Board of Trustees of the District a proposed budget for all funds for the Fiscal Year commencing July 1. Various actual and estimated budget data are required to be set forth in the proposed budget including estimated revenue from non-property tax sources available for all funds and the revenue from general property taxes required by all funds. The proposed budget is then tentatively adopted by the District and may thereafter be amended or revised by the District prior to a public hearing. If the District proposes to budget an increased amount of property tax revenue exclusive of revenues from new growth, the Board of Trustees of the District shall comply with the certain notice and hearing requirements contained in the Property Tax Act, Chapter 2, Title 59, Utah Code (the “Property Tax Act”) in adopting the budget. After public notice and hearing, the tentative budget is adopted by the District, subject to further amendment or revisions by the District prior to adoption of the final budget.

On or before June 22 of each year, the final budgets for all funds are adopted by the Board of Trustees of the District. The Local District Act prohibits the District from making any appropriation in the final budget of any fund in excess of the estimated expendable revenue of such fund. The adopted final budget is subject to amendment by the District during the Fiscal Year. However, in order to increase the budget of the general fund or other funds, public notice and hearing must be provided.

*Adoption of Ad Valorem Tax Levy.* The legislative body of each taxing entity shall adopt a proposed, or, if the tax rate is not more than the certified tax rate, a final, tax rate for the taxing entity in the manner and by the time set forth in the Property Tax Act. The legislative body shall report the rate and levy, and any other information prescribed by rules of the State Tax Commission for the preparation, review, and certification of the rate, to the county auditor of the county in which the taxing entity is located. If the legislative body intends to adopt a tax rate that exceeds the “certified tax rate”, the legislative body must comply with the Property Tax Act in adopting the rate. See in this section “Certain Property Tax Matters” below.

*Net Position or Fund Balance.* A District may accumulate net assets in any enterprise or internal service fund or a fund balance in any other fund; but with respect to the general fund, its use shall be restricted to the following purposes: (i) to provide cash to finance expenditures from the beginning of the budget period until general property taxes, sales taxes, or other revenues are collected; (ii) to provide a fund or reserve to meet emergency expenditures; and (iii) to cover unanticipated deficits for future years. The maximum accumulated unappropriated surplus in the general fund, as determined prior to adoption of the tentative budget, may not exceed an amount equal to the greater of: (a) for a District with a taxable value of \$750 million or more and a population of 100,000 or more (the District falling within this parameter), 20% of the total revenues of the general fund for the current fiscal period; or (b) for any other District, 50% of the total revenues of the general

fund for the current fiscal period; and the estimated total revenues from property taxes for the current fiscal period. Any surplus balance in excess of the above computed maximum shall be included in the estimated revenues of the general fund budget for the next fiscal period and any fund balance exceeding 5% of the total general fund revenues may be used for budgetary purposes or may be placed into a Disaster Recovery Fund established by the District.

### **Financial Controls**

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

### **Five-Year Financial Summaries**

The summaries contained herein were extracted from the District's financial reports. The summaries themselves have not been audited.

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# North Davis Fire District

## Statement of Net Position

(This summary has not been audited)

	As of June 30				
	2020	2019	2018	2017	2016
Assets and deferred outflows of resources					
Assets					
Capital assets, net of accumulated depreciation (1) .....	\$ 3,717,041	\$ 3,255,662	\$ 3,870,962	\$ 3,671,494	\$ 3,737,483
Cash and cash equivalents.....	1,886,575	2,006,077	2,140,379	2,385,660	2,212,071
Restricted cash (2) .....	—	436,270	—	—	—
Accounts Receivables.....	259,589	245,934	231,800	207,777	139,371
Due from other government unit.....	3,294,418	2,686,828	2,693,822	—	2,295,896
Deposits.....	—	—	—	—	114,900
Prepaid expense.....	16,655	79,644	26,984	9,401	—
Cash with Fiscal Agent.....	—	—	57,839	77,226	57,946
Total assets.....	9,174,278	8,710,415	9,021,786	6,351,558	8,557,667
Deferred outflows of resources					
Relating to pensions.....	310,057	548,913	422,864	354,097	301,169
Total assets and deferred outflows of resources.....	<u>\$ 9,484,335</u>	<u>\$ 9,259,328</u>	<u>\$ 9,444,650</u>	<u>\$ 6,705,655</u>	<u>\$ 8,858,836</u>
Liabilities and net position					
Liabilities					
Current liabilities					
Accounts payable.....	\$ 33,373	\$ 50,670	\$ 52,022	\$ 17,649	\$ 23,488
Payroll liabilities.....	174,598	153,724	116,081	102,390	98,166
Accrued interest payable.....	27,040	29,912	32,705	36,975	41,113
Noncurrent liabilities					
Due in more than one year.....	1,646,715	\$ 1,862,388	\$ 2,156,325	\$ 2,441,610	\$ 2,718,353
Due within one year.....	338,386	293,938	285,284	276,743	268,310
Compensated absences.....	222,784	214,091	189,513	138,314	138,979
Net pension liability (3).....	48,920	409,867	26,846	38,084	32,230
Total liabilities.....	<u>2,491,816</u>	<u>3,014,590</u>	<u>2,858,776</u>	<u>3,051,765</u>	<u>3,320,639</u>
Deferred Inflows of Resources Relating to Property Taxes.....	2,987,691	2,466,214	2,435,931	2,176,812	2,021,827
Deferred Inflows of Resources Relating to pensions.....	323,787	108,438	443,502	171,955	154,992
Total liabilities and deferred inflows of resources.....	<u>3,311,478</u>	<u>2,574,652</u>	<u>2,879,433</u>	<u>2,348,767</u>	<u>2,176,819</u>
Net position					
Unrestricted.....	2,295,004	2,134,480	2,164,296	2,416,030	2,386,222
Net investment in capital assets.....	1,103,729	1,099,336	1,258,960	928,814	805,652
Restricted for					
Debt service.....	58,557	57,775	57,839	66,341	65,294
impact fees.....	223,751	378,495	225,346	259,399	109,210
Total net position.....	<u>3,681,041</u>	<u>3,670,086</u>	<u>3,706,441</u>	<u>3,670,584</u>	<u>3,366,378</u>
Total liabilities and net position.....	<u>\$ 9,484,335</u>	<u>\$ 9,259,328</u>	<u>\$ 9,444,650</u>	<u>\$ 9,071,116</u>	<u>\$ 8,863,836</u>

(1) Fiscal Years 2016, 2017 and 2018 includes Net Pension Assets ("NPA"). The NPA was \$0 in 2019. Additionally, in 2019 there was no capital outlay with \$444,000 in depreciation.

(2) In Fiscal Year 2019, "Restricted Cash" was listed in current assets rather than being included in "Capital assets, net of accumulated depreciation" as in other years.

(3) The increase in Fiscal Year 2019 is due to Utah Retirement System's reallocating how Tier 2 increases are counted. The increase in the NPA in Fiscal Year 2019 is offset by a decrease in Deferred Inflows of Resources Relating to Pensions.

(Source: Information taken from the District's audited financial reports, compiled by the Municipal Advisor.)

## North Davis Fire District

### Statement of Activities

(This summary has not been audited)

	<b>Net Expense and Net Position (1)</b>				
	<b>Fiscal Year Ended June 30</b>				
	2020 (2)	2019	2018	2017	2016
Governmental activities					
Operations.....	\$ (2,919,750)	\$ (2,776,030)	\$ (2,449,072)	\$ (2,063,901)	\$ (2,324,045)
Administration.....	(566,534)	(369,179)	(321,938)	\$ (321,150)	\$ (289,108)
Interest on long-term debt.....	(69,240)	(78,720)	(86,360)	(95,333)	(102,424)
Total governmental activities.....	<u>(3,555,524)</u>	<u>(3,223,929)</u>	<u>(2,857,370)</u>	<u>(2,480,384)</u>	<u>(2,715,577)</u>
General revenues					
Real property taxes.....	3,121,139	3,018,783	2,841,138	2,658,414	2,426,804
Nonemployer contributions relating to pension.....	330,728	65,341	6,998	71,010	131,195
Unrestricted investment earnings.....	46,619	67,450	39,141	26,666	17,907
Miscellaneous income.....	47,695	—	—	—	—
Gain (loss) on disposal of assets.....	20,298	36,000	5,950	28,500	20,000
Total general revenues.....	<u>3,566,479</u>	<u>3,187,574</u>	<u>2,893,227</u>	<u>2,784,590</u>	<u>2,595,906</u>
Change in net position (3).....	10,955	(36,355)	35,857	304,206	(119,671)
Net position—beginning (restated).....	<u>3,670,086</u>	<u>3,706,441</u>	<u>3,670,584</u>	<u>3,366,378</u>	<u>3,486,049</u>
Net position—ending.....	<u>\$ 3,681,041</u>	<u>\$ 3,670,086</u>	<u>\$ 3,706,441</u>	<u>\$ 3,670,584</u>	<u>\$ 3,366,378</u>

(1) This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Assets” and is not intended to be complete.

(2) The City annexed Sunset City in Fiscal Year 2020, collecting half of the contract from July 2019 to December 2019. In January 2020, Sunset was annexed and no longer paid for contract service, but the additional property tax revenue for that year was not received until November, which was included Fiscal Year 2021.

(3) The net loss of \$36,355 in Fiscal Year 2019 was due to an increase of personnel needed with increased costs of \$344,000 for wages and benefits, ambulance collections of only \$17,000 and an increase of \$50,000 in property taxes.

(Source: Information taken from the District's audited financial reports, compiled by the Municipal Advisor.)

# North Davis Fire District

## Balance Sheet

### Governmental Funds—Major Funds

#### General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
<b>Assets</b>					
Current assets					
Cash .....	\$ 1,055,120	\$ 1,195,037	\$ 1,365,875	\$ 1,186,729	\$ 821,045
Accounts receivable.....	259,589	244,934	231,800	207,777	139,371
Prepaid expenses.....	16,655	16,325	26,984	9,401	—
Intergovernmental receivables (1).....	3,294,418	2,686,828	2,672,175	2,333,909	2,256,023
Deposits.....	—	—	—	—	114,900
Interfund receivable.....	—	—	—	10,885	—
Restricted cash.....	223,751	378,495	—	—	—
Total assets.....	<u>\$ 4,849,533</u>	<u>\$ 4,521,619</u>	<u>\$ 4,296,834</u>	<u>\$ 3,748,701</u>	<u>\$ 3,331,339</u>
<b>Liabilities and fund balances</b>					
Liabilities					
Accounts payable.....	\$ 33,373	\$ 50,670	\$ 52,022	\$ 17,649	\$ 23,488
Accrued liabilities.....	174,598	153,724	116,081	102,390	98,166
Total liabilities.....	<u>207,971</u>	<u>204,394</u>	<u>168,103</u>	<u>120,039</u>	<u>121,654</u>
Deferred inflows of resources.....	2,987,691	2,466,214	2,435,931	2,176,812	2,021,827
Total liabilities and deferred inflows of resources.....	<u>3,195,662</u>	<u>2,670,608</u>	<u>2,604,034</u>	<u>2,296,851</u>	<u>2,143,481</u>
Fund balances					
Unassigned.....	1,413,465	1,456,191	1,429,893	1,027,113	859,748
Non-spendable.....	16,655	16,325	26,984	9,401	114,900
Committed.....	—	—	10,577	156,000	104,000
Restricted for:					
Impact fees.....	223,751	378,495	225,346	259,399	109,210
Total fund balances.....	<u>1,653,871</u>	<u>1,851,011</u>	<u>1,692,800</u>	<u>1,451,913</u>	<u>1,187,858</u>
Total liabilities and fund balances.....	<u>\$ 4,849,533</u>	<u>\$ 4,521,619</u>	<u>\$ 4,296,834</u>	<u>\$ 3,748,764</u>	<u>\$ 3,331,339</u>

(1) Property tax revenue increase of \$540,000 based on the certified tax rate for Fiscal Year 2020.

(Source: Information taken from the District's audited financial reports, compiled by the Municipal Advisor.)

# North Davis Fire District

## Statement of Revenues, Expenditures and Changes in Fund Balance

### Governmental Funds—Major Funds

#### General Fund

(This summary has not been audited)

#### Fiscal Year Ended June 30

	2020	2019	2018	2017	2016
<b>Revenues</b>					
Real property taxes.....	\$ 3,121,139	\$ 3,040,430	\$ 2,851,043	\$ 2,666,734	\$ 2,449,382
Ambulance.....	1,137,662	1,032,411	1,014,689	1,098,967	897,850
Contract Services.....	120,880	211,287	184,387	—	—
Impact fees.....	76,903	230,361	59,925	233,155	21,951
Incident Recovery.....	50,873	—	—	—	—
Interest income (1).....	—	44,418	21,762	11,378	7,446
Other income.....	20,730	15,688	13,688	16,067	11,443
Total revenues.....	<u>4,528,187</u>	<u>4,574,595</u>	<u>4,145,494</u>	<u>4,026,301</u>	<u>3,388,072</u>
<b>Expenditures</b>					
Current					
Salaries and benefits.....	3,087,543	2,812,216	2,477,654	2,241,483	2,176,064
Emergency Services.....	871,740	807,322	831,862	753,531	708,167
Debt service					
Principal.....	118,938	115,284	111,743	108,310	108,063
Interest.....	18,032	21,686	25,227	28,659	28,906
Total expenditures.....	<u>4,096,253</u>	<u>3,756,508</u>	<u>3,446,486</u>	<u>3,131,983</u>	<u>3,021,200</u>
Revenues over (under) expenditures.....	<u>431,934</u>	<u>818,087</u>	<u>699,008</u>	<u>894,318</u>	<u>366,872</u>
<b>Other financing sources (uses)</b>					
Interest income.....	28,557	—	—	—	—
CARES Act Funding (2) .....	47,695	—	—	—	—
Contributions to other governments.....	(402,472)	(352,496)	(204,382)	—	(237,471)
Transfers out.....	(302,854)	(307,380)	(253,739)	(346,805)	(937,034)
Total other financing sources (uses).....	<u>(629,074)</u>	<u>(659,876)</u>	<u>(458,121)</u>	<u>(346,805)</u>	<u>(1,174,505)</u>
Net change in fund balances.....	<u>(197,140)</u>	<u>158,211</u>	<u>240,887</u>	<u>547,513</u>	<u>(807,633)</u>
Fund balances—beginning of year (restated).....	<u>1,851,011</u>	<u>1,692,800</u>	<u>1,451,913</u>	<u>1,187,858</u>	<u>1,995,491</u>
Fund balances—end of year.....	<u>\$ 1,653,871</u>	<u>\$ 1,851,011</u>	<u>\$ 1,692,800</u>	<u>\$ 1,735,371</u>	<u>\$ 1,187,858</u>

(1) Interest income was moved to "Other financing sources(uses)" in Fiscal Year 2020

(2) CARES Act funds contributed from each City in the District to cover additional wages and supplies needed due to the COVID-19 pandemic

(Source: Information taken from the District's audited financial reports, compiled by the Municipal Advisor.

## **Certain Property Tax Matters**

The following information with respect to certain property tax matters is included in this OFFICIAL STATEMENT to provide background information relating to a major source of general fund revenues of the District. As described herein, the 2021 Bonds are not secured by any pledge of property tax revenues and do not constitute a debt or indebtedness of the District or the Authority. Also, see “INVESTMENT CONSIDERATIONS” above.

### **Ad Valorem Tax Levy And Collection**

The Utah State Tax Commission (the “State Tax Commission”) must assess all centrally–assessed property (as defined under “Property Tax Matters” below) by May 1 of each year. County assessors must assess all locally–assessed property (as defined under “Property Tax Matters” below) 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; provided if the governing body has not received the taxing entity’s certified tax rate at least seven days prior to June 22, the governing body of the taxing entity must, no later than 14 days after receiving the certified tax rate from the county auditor, adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate. 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 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 showing reasonable cause, may, on or before the later of August 1 or a day within 90 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. On or before November 1, each county treasurer furnishes each taxpayer a notice containing, among other things, 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.

Without an extension by a County legislative body, taxes are due November 30 (and 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 (delinquent taxes paid on or before January 31 immediately following the delinquency date the penalty is 1% of the amount of the delinquent tax or \$10 whichever is greater). Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6% from the January 1 following the delinquency date until paid (said interest may not be less than 7% nor 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 “Public Hearing On Certain Tax Increases” below). 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 “Public Hearing On Certain Tax Increases” below. 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 more than the certified tax rate. 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 eligible new growth. 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 advertise the notice of 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.

### **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 based on 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 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 by using a State mandated mass appraisal system 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, motorcycles, recreational vehicles, and all other tangible personal property required to be registered with the State, excluding exempt property such as aircraft, commercial vehicles, and property subject to a fixed age–based fee. Motor vehicles weighing 12,000 pounds or less and certain other vehicles are subject to an age–based fee that is due each time the vehicle is registered. The revenues collected from the various uniform fees are distributed by the county to the taxing entity in which the property is in the same proportion in which revenue collected from ad valorem real property is distributed.

### **Historical Property Tax Rates**

The maximum rate of levy applicable to the District under the Act, for operations and maintenance is .002300 per dollar of taxable value of taxable property within the District. The District may levy an unlimited tax levy to pay the principal of

and interest on legally issued general obligation bonds. To issue general obligation bonds for a project, the District must have passed an election by a majority of the voters who reside in the District's boundaries.

	Property Tax Rate (Fiscal/Calendar Year)					
	Maximum Limit (1)	2021	2020	2019	2018	2017
General operations.....	.002300	.001540	.001175	.001108	.001205	.001182
General obligation bonds	... Unlimited	.000000	.000000	.000000	.000000	.000000
Total levy .....		<u>.001540</u>	<u>.001175</u>	<u>.001108</u>	<u>.001205</u>	<u>.001182</u>

- (1) Recent State laws allow the District to levy a tax rate sufficient to capture the certified rate revenue calculated in accordance with State law even if that tax rate exceeds the statutory tax rate ceiling of the District.

(Source: Reports from the Utah State Tax Commission, compiled by the Municipal Advisor.)

#### Comparative Ad Valorem Total Property Tax Rates

This table only reflects those municipal entities and property tax rates within the County, except as noted. Cities included in the District are italicized.

Tax Levying Entity (1)	Total Tax Rate Within Taxing Area (Calendar/Fiscal Year)				
	2021	2020	2019	2018	2017
Davis School District:					
Bountiful City .....	0.010620	0.011960	0.010254	0.012402	0.012502
Centerville City.....	0.011020	0.012310	0.010609	0.012778	0.013009
<i>Clearfield City.....</i>	<i>0.011910</i>	<i>0.013522</i>	<i>0.011703</i>	<i>0.014060</i>	<i>0.014318</i>
Clinton City .....	0.011399	0.012795	0.011112	0.013354	0.013316
Farmington City.....	0.010815	0.012860	0.010487	0.012668	0.012950
Fruit Heights City .....	0.011483	0.011045	0.011045	0.013275	0.013508
Kaysville City .....	0.011146	0.012499	0.009158	0.012837	0.012980
Layton City .....	0.011216	0.012555	0.009158	0.012769	0.013026
North Salt Lake City .....	0.011053	0.012318	0.010635	0.012781	0.013017
South Weber City.....	0.010827	0.012108	0.008965	0.011797	0.011966
<i>Sunset City.....</i>	<i>0.011642</i>	<i>0.013066</i>	<i>0.010745</i>	<i>0.013014</i>	<i>0.013341</i>
Syracuse City .....	0.011147	0.012503	0.009158	0.012760	0.012964
West Bountiful City .....	0.011132	0.012351	0.010566	0.012769	0.013022
<i>West Point City.....</i>	<i>0.011822</i>	<i>0.013272</i>	<i>0.010560</i>	<i>0.013682</i>	<i>0.013902</i>
Woods Cross City .....	0.010801	0.012038	0.010331	0.012457	0.012673
Unincorporated areas (2).....	0.011910	0.012318	0.010388	0.012339	0.012529

- (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) These tax rates represent a taxing district within the unincorporated areas within the County with the highest combined total tax rates of all overlapping taxing districts.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

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## Taxable And Fair Market/Market Value Of Property

Calendar Year	Taxable Value (1)	% Change Over Prior Year	Fair Market/ Market Value (2)	% Change Over Prior Year
2021 *	\$ 3,526,091,494	13.0	\$ 5,195,023,421	13.8
2020	3,120,090,295	13.9	4,566,852,207	15.5
2019	2,738,801,710	10.5	3,954,814,541	11.8
2018	2,477,982,593	11.4	3,538,576,256	11.9
2017	2,223,865,117	7.3	3,163,175,081	8.1

\* Preliminary; subject to change. Fair Market/Market Value calculated by the Municipal Advisor.

(1) Taxable valuation includes redevelopment agency valuation but excludes semi-conductor manufacturing equipment ("SCME"). The estimated redevelopment agency valuation for Calendar Year 2021 was approximately \$416 million; for Calendar Year 2020 was approximately \$378 million; for Calendar Year 2019 was approximately \$369 million; for Calendar Year 2018 was approximately \$329 million; and for Calendar Year 2017 was approximately \$267 million.

(2) Estimated fair market values were 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. Does not include market valuation for SCME.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

## Historical Summaries Of Taxable Values Of Property

	Calendar Year				
	2021	2020	2019	2018	2017
	Taxable Value*	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission (centrally assessed)					
Total centrally assessed.....	\$ 158,593,630	% \$ 151,587,891	\$ 115,276,681	\$ 114,071,621	\$ 91,671,085
Set by County Assessor (locally assessed)					
Real property (land and buildings)					
Primary residential.....	2,034,735,165	1,763,194,035	1,481,160,807	1,292,507,028	1,144,354,225
Secondary residential.....	16,260,109	14,090,152	6,596,673	4,283,784	4,910,784
Commercial and industrial.....	902,067,396	781,683,965	728,715,299	673,988,064	601,211,369
FAA (greenbelt).....	974,553	844,496	868,925	987,233	1,060,084
Unimproved non FAA (vacant)....	34,202,159	29,637,785	27,599,999	25,769,392	26,190,838
Agricultural.....	1,547,446	1,340,935	1,076,278	1,097,688	1,175,608
Total real property.....	2,989,786,828	2,590,791,368	2,246,017,981	1,998,633,189	1,778,902,908
Personal property					
Primary mobile homes.....	5,070,524	5,070,524	5,077,098	3,774,116	3,691,287
Secondary mobile homes.....	12,259	12,259	30,230	9,796	212,677
Other business.....	372,628,253	372,628,253	372,399,720	361,493,871	349,387,160
SCME.....	0	0	0	0	0
Total personal property.....	377,711,036	377,711,036	377,507,048	365,277,783	353,291,124
Total locally assessed.....	3,367,497,864	2,968,502,404	2,623,525,029	2,363,910,972	2,132,194,032
Total taxable value.....	\$ 3,526,091,494	% \$ 3,120,090,295	\$ 2,738,801,710	\$ 2,477,982,593	\$ 2,223,865,117
Total taxable value (1).....	\$ 3,526,091,494	\$ 3,120,090,295	\$ 2,738,801,710	\$ 2,477,982,593	\$ 2,223,865,117

\* Preliminary; subject to change.

(1) Not including taxable valuation associated with SCME.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)



### Ad Valorem Property Tax Collection Record

Ad valorem property taxes are due on November 30 of each year. Fiscal Year 2020 taxes (Tax Year/Calendar Year 2020) were due on November 30, 2020.

Tax Year End 12/31	(1) Total Taxes Levied	(2) Trea- surer's Relief	Net Taxes Assessed	Current Collections	(3) Delinquent Personal Property/ Miscellaneous Collections	(4) Total Collections	% of Current Collec- tions to Net Taxes Assessed	% of Total Collec- tions to Net Taxes Assessed
2020	\$3,640,799	\$112,024	\$3,528,775	\$3,423,867	\$148,187	\$3,572,054	97.0%	101.2%
2019	3,071,210	87,359	2,983,851	2,913,245	87,831	3,001,076	97.6	100.6
2018	2,977,568	83,696	2,893,872	2,811,587	57,903	2,869,490	97.2	99.2
2017	2,609,341	73,851	2,535,490	2,345,344	66,891	2,412,235	92.5	95.1
2016	2,491,469	67,225	2,424,244	2,365,607	236,821	2,602,428	97.6	107.4

(1) Excludes redevelopment agencies valuation.

(2) Treasurer's Relief includes abatements established by statute to low-income, elderly and for hardship situations. These Treasurer's Relief items are levied against the property but are never collected and paid to the entity.

(3) Delinquent Collections include interest, sales of real and personal property, reallocation of personal property and miscellaneous delinquent collections.

(4) In addition to the Total Collections indicated above, the District also collected Uniform Fees (fees-in-lieu payments) for Tax Year 2020 of \$213,146; for Tax Year 2019 of \$177,192; for Tax Year 2018 of \$186,975; for Tax Year 2017 of \$171,549; and for Tax Year 2016 of \$159,259; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

(Source: Information taken from Utah State Tax Commission reports and compiled by the Municipal Advisor.)

### Some of the Largest Ad Valorem Property Tax Taxpayers

The District's single largest property taxpayer in Fiscal Year 2020 was Freeport Center Associates, a manufacturing, warehousing & distribution facilities located in Clearfield, Utah. The company comprised approximately 7.4% of the District's total taxable valuation for Fiscal Year 2020. The top 10 largest property taxpayers comprised approximately 22.5% of the District's total taxable valuation for Fiscal Year 2020.

The 10 largest ad valorem property taxpayers for Fiscal Year 2020 (Tax Year 2020) are as follows:

Taxpayer	Type of Business	2020 Taxable Value (1)	% of District's 2020 Taxable Value
Freeport Center Associates .....	Man., warehousing & dist.	\$231,299,031	7.4
ATK Aerospace .....	Aerospace manufacturing	130,591,311	4.2
Lifetime Products.....	Sporting & athletic goods	85,963,283	2.8
USA & Northrop Grumman.....	Engineering services	76,236,948	2.4
Union Pacific Railroad Co. ....	Railroad/transportation	42,932,220	1.4
Pacificorp.....	Electric utility	38,746,424	1.2
Utility Trailer Manufacturing Co.....	Manufacturing	26,571,360	0.9
K & M Two LLC.....	Real estate	25,070,002	0.8
HRA Mountain View Owner LLC .....	Real estate	24,914,999	0.8
Belleau, Wayne & Teton Investment Holding LLC.....	Real estate	<u>20,615,000</u>	0.7
Totals.....		<u>\$702,940,578</u>	22.5

(1) Taxable Value used in this table excludes the taxable value used to determine Uniform Fees on tangible personal property. See "Taxable, Fair Market And Market Value Of Ad Valorem Property" above.

(Source: The District.)

## LEGAL MATTERS

### Absence Of Litigation Concerning The 2021 Bonds

There is no litigation pending or threatened against the 2021 Bonds questioning or in any manner relating to or affecting the validity of the 2021 Bonds.

On the date of the execution and delivery of the 2021 Bonds, certificates will be delivered by the Authority and the District to the effect that to the knowledge of the Authority and the District, there is no action, suit, proceeding or litigation pending or threatened against the Authority or the District, which in any way materially questions or affects the validity or enforceability of the 2021 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the Authority or the District.

A non-litigation opinion issued by Legal Counsel, King & King, Kaysville City, Utah, dated the date of closing, will be provided stating, among other things, that there is not now pending, or to their knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the District or the Authority, or the titles of their respective officers to their respective offices, or the ability of the District, the Authority or their respective officers to authenticate, execute or deliver the 2021 Bonds or such other documents as may be required in connection with the issuance and sale of the 2021 Bonds, or to comply with or perform their respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2021 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2021 Bonds are issued, the legality of the purpose for which the 2021 Bonds are issued, or the validity of the 2021 Bonds or the issuance and sale thereof.

### General

All legal matters incident to the authorization and issuance of the 2021 Bonds are subject to the approval of Gilmore & Bell, P.C., Bond Counsel to the Authority. Certain matters regarding this OFFICIAL STATEMENT will be passed upon by Gilmore & Bell, P.C.. Certain legal matters will be passed upon for the Authority and the District by Legal Counsel, King & King, Kaysville City, Utah. The approving opinion of Bond Counsel will be delivered with the 2021 Bonds. The approving opinion of Bond Counsel will be delivered with the 2021 Bonds. See “APPENDIX C—FORM OF OPINION OF BOND COUNSEL.”

## TAX EXEMPTION

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the 2021 Bonds. This summary is based upon laws, regulations, rulings, and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the 2021 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the 2021 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the 2021 Bonds.

### Opinion Of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under the law currently existing as of the issue date of the 2021 Bonds:

*Federal Tax Exemption.* The interest on the 2021 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

*Alternative Minimum Tax.* Interest on the 2021 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

*State of Utah Tax Exemption.* The interest on the 2021 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel's opinions are provided as of the date of the original issue of the 2021 Bonds, subject to the condition that the Authority and the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the 2021 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the District have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2021 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2021 Bonds.

*No Other Opinion.* Bond Counsel is expressing no opinion regarding other federal, state, or local tax consequences arising with respect to the 2021 Bonds, except as expressly provided herein. Purchasers of the 2021 Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership, and disposition of the 2021 Bonds, including the possible application of state, local, foreign, and other tax laws.

## **Other Tax Consequences**

*Original Issue Discount.* For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a 2021 Bond over its issue price. The issue price of a 2021 Bond is generally the first price at which a substantial amount of the 2021 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrue on a compound basis. The amount of original issue discount that accrues to an owner of a 2021 Bond during any accrual period generally equals (1) the issue price of that 2021 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 2021 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that 2021 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that 2021 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

*Original Issue Premium.* For federal income tax purposes, premium is the excess of the issue price of a 2021 Bond over its stated redemption price at maturity. The issue price of a 2021 Bond is generally the first price at which a substantial amount of the 2021 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds is amortized over the term of the 2021 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the 2021 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the 2021 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

*Sale, Exchange, or Retirement of Bonds.* Upon the sale, exchange or retirement (including redemption) of a 2021 Bond, an owner of the 2021 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the 2021 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the 2021 Bond. To the extent a 2021 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the 2021 Bond has been held for more than 12 months at the time of sale, exchange, or retirement.

*Reporting Requirements.* In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the 2021 Bonds, and to the proceeds paid on the sale of the 2021 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

*Collateral Federal Income Tax Consequences.* Prospective purchasers of the 2021 Bonds should be aware that ownership of the 2021 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2021 Bonds. Bond Counsel expresses no opinion regarding

these tax consequences. Purchasers of 2021 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership, and disposition of the 2021 Bonds, including the possible application of state, local, foreign, and other tax laws.

## **MISCELLANEOUS**

### **Bond Ratings**

As of the date of this OFFICIAL STATEMENT, the 2021 Bonds are expected to be rated “AA” by S&P, with the understanding that upon delivery of the 2021 Bonds, a policy guaranteeing the payment when due of the principal of and interest on the 2021 Bonds will be issued by BAM. No underlying rating was requested from S&P. See “BOND INSURANCE” above.

Moody’s has assigned its municipal bond rating of “A1” to the 2021 Bonds. An explanation of the ratings may be obtained from Moody’s. The Authority has not directly applied to Fitch Ratings, Inc., or S&P for a rating on the 2021 Bonds.

Such ratings do not constitute a recommendation by the rating agency to buy, sell or hold the 2021 Bonds. Such ratings reflects only the views of Moody’s and S&P and any desired explanation of the significance of such rating should be obtained from the rating agencies. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own.

There is no assurance that the rating given the outstanding 2021 Bonds will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2021 Bonds.

### **Trustee**

The obligations and duties of the Trustee are described in the Indenture and the Trustee has undertaken only those obligations and duties that are expressly set out in the Indenture. The Trustee has not independently passed upon the validity of the 2021 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the exclusion from gross income for federal tax purposes of the interest on the 2021 Bonds. The Trustee may resign or be removed or replaced as provided in the Indenture.

### **Municipal Advisor**

The Authority has requested, and the District has entered into an agreement with the Municipal Advisor where under the Municipal Advisor provides financial recommendations and guidance to the District with respect to preparation for sale of the 2021 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2021 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, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty or warranty respecting the accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

### **Independent Auditors**

The financial statements of the District as of and for the year ended June 30, 2020 included in this OFFICIAL STATEMENT, have been audited by Ulrich & Associates, P.C., Certified Public Accountants, Ogden, Utah (“Ulrich & Associates”), as stated in their report in “APPENDIX B—FINANCIAL REPORT OF NORTH DAVIS FIRE DISTRICT, UTAH FOR FISCAL YEAR 2020.” Ulrich & Associates. has not been engaged to perform and has not performed, since the date of their report included in the financial statements, any procedures on the financial statements.

Ulrich & Associates has not participated in the preparation or review of this OFFICIAL STATEMENT. Based upon their non-participation, they have not consented to the use of their name in this OFFICIAL STATEMENT.

**Additional Information**

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

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether or not expressly so stated, are intended as such and not as a representation of fact.

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

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the Authority and the District.

**Local Building Authority of North Davis Fire District, Utah**

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## **APPENDIX A**

### **GENERAL INDENTURE OF TRUST AND MASTER LEASE AGREEMENT**

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between		
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and		
ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Trustee		
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## GENERAL INDENTURE OF TRUST

THIS GENERAL INDENTURE OF TRUST dated as of October 1, 2021 (the “General Indenture”), between the LOCAL BUILDING AUTHORITY OF NORTH DAVIS FIRE DISTRICT, UTAH, a nonprofit corporation duly organized and existing under the laws of the State of Utah (the “Authority”), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States with its principal office located in Salt Lake City, Utah as trustee (the “Trustee”):

### WITNESSETH:

WHEREAS, North Davis Fire District, Utah (the “District”) has organized the Authority solely for the purpose of (a) accomplishing the public purposes for which the District exists by acquiring, constructing, improving or extending any improvements, facilities or properties (whether real or personal) and appurtenances to them which the District is 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 (collectively, the “Projects”) and (b) financing or refinancing the costs of such Projects on behalf of the District in accordance with the procedures and subject to the limitations of the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended, the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (collectively, the “Act”), including, but not limited to, the costs of refunding and retiring existing obligations, funding debt service reserves, and paying issuance expenses to be incurred in connection with the issuance and sale of the Bonds herein authorized and defined; and

WHEREAS, the Act provides that the Authority may issue and sell its Bonds for the purposes described above; and

WHEREAS, the Bonds shall be secured by a pledge and assignment of certain base rentals (the “Base Rentals”) received by the Authority under that certain Master Lease Agreement dated as of even date herewith between the Authority, as lessor, and the District, as lessee (the “Master Lease”), and a purchase option price (the “Purchase Option Price”), if paid by the District, with respect to a Project under the Master Lease and will be further secured by the Security Documents (as defined herein); and

WHEREAS, pursuant to the Master Lease, the Authority has agreed to acquire, construct, improve and equip or to refinance one or more Projects and to lease the same to the District upon the terms and conditions set forth in the Master Lease; and

WHEREAS, pursuant to the provisions of a resolution of the District adopted on July 15, 2021 (the “District Resolution”), the District has authorized and approved the execution of the Master Lease and has authorized and approved certain actions to be taken by the Authority in connection with the financing or refinancing of the acquisition, construction, improvement and equipping (as applicable) of a Project or Projects, including, among other things, the execution, delivery and performance of this General Indenture and the issuance of the Bonds hereunder; and

WHEREAS, pursuant to the provisions of a resolution of the Authority adopted on July 15, 2021 (the “Authority Resolution”), the governing board of the Authority (the “Governing Board”) has authorized, approved and directed the execution of the Master Lease and this General Indenture and has authorized and approved certain actions to be taken by the Authority in connection with the financing or refinancing of the acquisition, construction, improvement and equipping (as applicable) of a Project or Projects, including the issuance of the Bonds hereunder; and

WHEREAS, the Authority has determined that the Bonds shall be secured by this Indenture (as hereinafter defined) and as provided herein and has ascertained and determined that the provisions herein contained for protecting and enforcing the rights and remedies of the registered owners of such Bonds are reasonable, proper and in accordance with law, and that this Indenture is necessary to the performance of its duties and the execution of its powers under law, and does deem and determine all of the provisions herein contained to be reasonable and proper for the security of the registered owners of the Bonds; and

WHEREAS, all acts and things required by law and by the Articles of Incorporation and Bylaws of the Authority necessary to make this Indenture a valid and binding trust instrument for the security of all Bonds duly issued hereunder have been done and performed and the execution and delivery of this Indenture have been in all respects duly authorized; and

WHEREAS, the Trustee has accepted the trust created and established by this Indenture and in evidence thereof has joined in the execution hereof.

NOW, THEREFORE, THIS GENERAL INDENTURE OF TRUST WITNESSETH:

### GRANTING CLAUSES

That the Authority, in consideration of the premises and the acceptance of the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Bondholders thereof, and of the sum of One Dollar, 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 for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, assign and pledge, and does hereby grant a security interest in, the following properties, rights, interests and privileges (collectively, the “Trust Estate”) to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Authority hereinafter set forth:

#### GRANTING CLAUSE FIRST

The Authority’s interest in the Projects, and any other interest, easements, licenses, rights and interests in real property hereafter acquired by the Authority for use in connection with the Projects, together with all additions thereto and substitutions thereof, subject to the Permitted Encumbrances.

#### GRANTING CLAUSE SECOND

The improvements made as part or all of the Projects and all substitutions or replacements thereof and in general all property acquired by the Authority with the proceeds of the Bonds issued under and secured by this Indenture and substitutions and replacements thereof and any other property which under the terms of the Master Lease is to become the property of the Authority or be subjected to the lien of this Indenture or the Security Documents, subject to Permitted Encumbrances.

#### GRANTING CLAUSE THIRD

The equipment constituting a part of the Projects and any other interest in personal property hereafter acquired by the Authority for use in connection with the Projects, together with all additions thereto and replacements, renewals and substitutions therefor.

#### GRANTING CLAUSE FOURTH

The Master Lease, including all extensions and renewals of the term thereof, if any, the present and continuing right to make claim for, collect, receive and receipt for any of the Base Rentals, Additional Rentals, Purchase Option Price, if paid by the District, as applicable, with respect to a Project or Projects, sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Master Lease with respect to the Projects for deposit with the Trustee under this Indenture (except for amounts payable under Sections 6.3(d), 6.3(j), 13.3 and 14.5 thereof), to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Authority under the Master Lease or any lessor under the Master Lease is or may become entitled to.

#### GRANTING CLAUSE FIFTH

All moneys and securities from time to time held by the Trustee under the terms of this Indenture (except for moneys deposited with or paid to the Trustee for the payment of Bonds not then deemed Outstanding under the Indenture and the Rebate Fund) 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 Authority or by anyone on 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 thereof;

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto Trustee and its respective successors (for the benefit of the Bondholders) in said Trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms, conditions and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Bondholders of the Bonds, 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 other Bonds, except as expressly provided therein, and for all Security Instrument Issuers and second, for the equal and proportionate benefit, security and protection of all Reserve Instrument Providers;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and premium (including any make-whole additional payments), if any, and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds, the Security Instrument Repayment Obligations and all Reserve Instrument Repayment Obligations according to the true intent and meaning thereof, and shall cause the payments to be made on the Bonds as required under Article IV hereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon (as provided in Article VIII hereof), and shall well and truly cause to be kept, performed and observed all of its covenants and conditions pursuant to the terms of this Indenture, 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 the final payment thereof this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture shall be and remain in full force and effect.

THIS GENERAL 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, Additional Rentals, Purchase Option Price, if paid by the District, with respect to a Project or Projects and other amounts hereby assigned and 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 herein expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant with Trustee and with the respective Bondholders, Security Instrument Issuers and Reserve Instrument Providers as follows (subject, however, to the provisions of Section 2.3 hereof):

## ARTICLE I

### DEFINITIONS

Section 1.1. Definitions. All terms defined in Article I of the Master Lease shall have the same meaning in the Indenture unless otherwise indicated. In addition, unless the context otherwise requires, the terms defined in the recitals to this General Indenture set forth above and in this Article I shall, for all purposes of the Indenture and the Master Lease, have the meaning herein specified.

“Additional Bonds” means all Bonds (other than the Initial Bonds) issued under the Indenture pursuant to Section 2.14 hereof.

“Authority Representative” means the President and Secretary-Treasurer of the Authority, and any other person or persons at any time designated to act on behalf of the Authority for purposes of performing any act on behalf of the Authority with respect to a Project by a written certificate furnished to the District and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Authority by any duly authorized officer of the Authority. Such certificate may designate an alternate or alternates. The Authority Representative may be an officer or employee of the Authority or the District.

“Base Rentals” means that portion of the rentals payable under the Master Lease which is pledged to the payment of debt service on the bonds and to the replenishment of the Debt Service Reserve Fund under the Indenture.

“Bond Documents” means the Master Lease, the Security Documents and the Indenture.

“Bond Fund” means Local Building Authority of North Davis Fire District, Utah, Bond Fund established under Section 5.2 hereof.

“Bond Registrar” means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the initial registrar for the Bonds pursuant to Section 2.8 hereof, and any additional or successor registrar appointed pursuant hereto.

“Bondholder,” “Holder,” “Owner” or “Registered Owner” means the person or persons in whose name or names a Bond shall be registered on the books of the Authority kept for that purpose in accordance with provisions of the Indenture.

“Bonds” means (i) the Initial Bonds, (ii) any Refunding Bonds issued pursuant to Section 2.13 hereof and (iii) any Additional Bonds issued pursuant to Section 2.14 hereof.

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

“Construction Fund” means Local Building Authority of North Davis Fire District, Utah, Construction Fund established under Section 5.5 hereof.

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

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

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

“Debt Service Reserve Fund” means the Local Building Authority of North Davis Fire District, Utah, Debt Service Reserve Fund established under Section 5.4 hereof for the purpose of securing payment of Bonds issued under this Indenture.

“Debt Service Reserve Requirement” means with respect to each Series of Bonds issued pursuant to this Indenture, the amount, if any, required in the related Supplemented Indenture. Each account of the Debt Service Reserve Fund shall only be used with respect to the related Series of Bonds.

“Direct Obligations” means direct noncallable obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America, obligations unconditionally guaranteed as to principal and interest by the United States of America and evidences of ownership interests in such direct or unconditionally guaranteed obligations.

“Direct Payments” means the interest subsidy payments received by the Authority from the Internal Revenue Service pursuant to Section 6431 and 1400U-2 of the Code or other similar programs (with respect to Bonds issued hereunder).

“District Representative” means the President and the Vice President and any other person at any time designated to act on behalf of the District for purposes of performing any act with respect to a Project by a written certificate furnished to the Authority and the Trustee containing the specimen signature of such person and signed on behalf of the District or any duly authorized officer thereof. Such certificate may designate an alternate or alternates. The District Representative may be an officer or employee of the Authority or the District.

“Event of Default” means any occurrence or event specified in and defined by Section 9.1 hereof.

“General Indenture” means this General Indenture of Trust, by and between the Authority and the Trustee.

“Indenture” means this General Indenture and any Supplemental Indentures entered into in compliance with the provisions of Article XI.

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

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

“Investment Obligations” means any of the following securities:

- (i) Direct Obligations;
- (ii) Obligations of any of the following federal agencies which obligations represent full faith and credit obligations of the United States of America: the Export-Import Bank of the United States; the Government National Mortgage Association; the Federal Financing Bank; the Farmer’s Home Administration; the Federal Housing Administration; the Maritime Administration; General Services Administration, Small Business Administration; or the Department of Housing and Urban Development (PHA’s);
- (iii) Money market funds rated at the time of purchase “AAAm” or “AAAm-G” or better by S&P, including money market funds from which the Trustee or its affiliates receive fees for investment, advisory or other services to the fund;
- (iv) Commercial paper which is rated at the time of purchase in the single highest classification, P-1 by Moody’s or A-1+ by S&P, and which matures not more than 270 days after the date of purchase;
- (v) Bonds, notes or other evidences of indebtedness rated “AAA” by S&P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;
- (vi) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or

“A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

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

(viii) Any investments or securities permitted for investment of public funds under the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated 1953, as amended.

“Master Lease” means the Master Lease Agreement dated as of even date herewith by and between the Authority, as lessor and the District, as lessee and any amendments and supplements thereto entered into in accordance with Article XII hereof.

“Moody’s” means Moody’s Investors Service, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

“Outstanding” or “Bonds Outstanding” means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

- (a) Bonds delivered to the Trustee for cancellation, whether after purchase in the open market or because of payment at, or redemption prior to, maturity;
- (b) Bonds in lieu of which others have been authenticated under Sections 2.6, 2.7 and 2.13 hereof; and
- (c) Bonds deemed paid under Article VIII of this General Indenture.

“Paying Agent” means the Trustee, appointed as the initial paying agent for the Bonds pursuant to Section 2.8 hereof, and any additional or successor paying agent appointed pursuant hereto.

“President” means the President (including any acting President) of the Authority.

“Project” or “Projects” means collectively each Project identified in a Supplemental Indenture to be financed or refinanced with a Series of Bonds issued under the Indenture.

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

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

“Rebate Fund” means Local Building Authority of North Davis Fire District, Utah, Rebate Fund established by Section 5.6 hereof.

“Refunding Bonds” means all Bonds (other than the Initial Bonds) issued pursuant to Section 2.13 hereof.

“Regular Record Date” means the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date.

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

“Required Rebate Deposit” means, with respect to any Series of Bonds an amount determinable as of each Rebate Calculation Date, which when added to amounts then on deposit in the Rebate Fund with respect to such Series of Bonds, if any, equals the aggregate amount of Rebateable Arbitrage for such Series of Bonds less the amount of Rebateable Arbitrage theretofore paid to the United States with respect to such Series of Bonds, if any.

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

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

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

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

“Reserve Instrument Fund” means the Local Building Authority of North Davis Fire District, Utah Reserve Instrument Fund created in Section 5.18 of the General Indenture to be held by the Trustee and administered pursuant to Section 5.19 of the General Indenture.

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

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

“Reserve Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Reserve Instrument Agreement, those outstanding amounts payable by the Authority under such Reserve Instrument Agreement to repay the Reserve Instrument Provider for payments previously made by it pursuant to a Reserve Instrument. There shall not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs.

“S&P” means S&P Global Ratings, its successors and assigns, and, if such entity shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, with the approval of the Trustee.

“Security Documents” means collectively the security documents described in each Supplemental Indenture.

“Security Instrument” means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term “Security Instrument” includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices (but does not include a Reserve Instrument); provided, however, that no such device or instrument shall be a “Security Instrument” for purposes of this Indenture unless specifically so designated in a Supplemental Indenture authorizing the use of such device or instrument.

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

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

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

“Security Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Security Instrument Agreement, any outstanding amounts payable by the Authority under the Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs.

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

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

“Sinking Fund Account” means Local Building Authority of North Davis Fire District, Utah, Sinking Fund Account of the Bond Fund established by Section 5.3 hereof.

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

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

“State” means the State of Utah.

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

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

“Tax-Exempt Bonds” means Bonds the interest on which is intended to be excludable from gross income for federal income tax purposes.

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

“Trust Estate” means the property conveyed to the Trustee pursuant to the Granting Clauses hereof.

“Trustee” means Zions Bancorporation, National Association, a national banking association and its successors and any association 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.

Section 1.2. Indenture to Constitute Contract. In consideration of the purchase and acceptance from time to time of any and all of the Bonds authorized to be issued hereunder by the Registered Owners thereof, and the issuance from time to time of any and all Reserve Instruments by Reserve Instrument Providers and all Security Instruments by Security Instrument

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

Section 1.3. Construction. This General Indenture, except where the context by clear implication herein otherwise requires, shall be construed as follows:

- (a) The terms “hereby,” “hereof,” “herein,” “hereto,” “hereunder,” and any similar terms used in this General Indenture shall refer to this General Indenture in its entirety unless the context clearly indicates otherwise.
- (b) Words in the singular number include the plural, and words in the plural include the singular.
- (c) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender refer to any gender.
- (d) Articles, sections, subsections, paragraphs and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections, paragraphs and subparagraphs hereof so numbered or otherwise so designated.
- (e) The titles or leadlines applied to articles, sections and subsections herein are inserted only as a matter of convenience and ease in reference and in no way define, limit or describe the scope or intent of any provisions of this General Indenture.

## ARTICLE II

### TERMS AND PROVISIONS OF BONDS; ADDITIONAL BONDS AND REFUNDING BONDS

Section 2.1. Authorization of Bonds. There is hereby created for issuance hereunder an issue of Bonds which may, if and when authorized by Supplemental Indenture, be issued in one or more separate Series. Each Series of Bonds shall be authorized by a Supplemental Indenture, which shall state the purpose or purposes for which each such Series of Bonds is being issued. The aggregate principal amount of Bonds which may be issued shall not be limited except as provided herein or as may be limited by law provided that the aggregate principal amount of Bonds of each such Series shall not exceed the amount specified in the Supplemental Indenture authorizing each such Series of Bonds.

#### Section 2.2. Description of Bonds; Payment.

(a) The Bonds of each Series issued under the provisions hereof may be issued only as registered bonds. Unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds, Bonds of each Series shall be in the denomination of Five Thousand Dollars (\$5,000) each or any integral multiple thereof, shall be numbered consecutively from R-1 upwards and if applicable shall bear interest payable as specified in each Supplemental Indenture.

(b) The Bonds of each Series issued hereunder shall be dated, shall bear interest calculated on the basis of a 360-day year consisting of twelve 30-day months (unless otherwise specified by Supplemental Indenture) at a rate or rates not exceeding the maximum rate permitted by law on the date of initial issuance of Bonds of such Series, and be payable on the days, shall be stated to mature on the days and in the years and shall be subject to redemption prior to their respective maturities, all as set forth in the Supplemental Indenture authorizing such Series of Bonds. The Bonds of each Series shall be designated “Local Building Authority of North Davis Fire District, Utah [Taxable] Lease Revenue [Refunding] Bonds, Series \_\_\_\_\_,” in each case inserting the year in which the Bonds are issued and an identifying Series letter or a project designation (if applicable).

(c) Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America, as at the respective time of payment, shall be legal tender for payment of public and private debts. Payment of the interest on any Bond shall be made to the person appearing on the Bond registration books of the Bond Registrar hereinafter provided for as the Registered Owner thereof by check or draft mailed to the Registered Owner at his address as it appears on such registration books or to owners of \$1,000,000 or more in aggregate principal amount of Bonds (or owners of 100% of any Series then Outstanding) by wire transfer to a bank account within the United States designated by the Registered Owner in written instructions furnished to the Trustee. The interest on Bonds so payable, and punctually paid and duly provided for, on any Interest Payment Date will be paid to the person who is the Registered Owner thereof at the close of business on the Regular Record Date for such interest. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner of any Bond on such Regular Record Date, and may be paid to the person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof to be given to such Registered Owner not less than ten days prior to such Special Record Date. The principal of and premium, if any, on Bonds are payable upon presentation and surrender thereof at the designated corporate trust office of the Trustee as Paying Agent, except as otherwise provided by Supplemental Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions hereof as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board or otherwise, as may be specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 2.3. Execution; Limited Obligation. The Bonds shall be executed on behalf of the Authority with the manual or official facsimile signature of its President, countersigned with the manual or official facsimile signature of the Secretary-Treasurer, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Authority. In case any officer, the facsimile of whose signature shall appear on the Bonds, shall cease to be such officer before the delivery

of such Bonds, such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Bonds shall not be general obligations but shall be special, limited obligations of the Authority payable solely out of and to the extent available from the Base Rentals, and, if paid by the District, the Purchase Option Price under the Master Lease and other amounts derived from the leasing of the Projects (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or to income from the temporary investment thereof and, under certain circumstances, to moneys held in funds or accounts by the Trustee, to Net Proceeds from insurance policies, performance bonds, condemnation awards and liquidation proceeds with respect to the Projects and from Direct Payments) and shall be a valid claim of the respective Bondholders thereof only against the Bond Fund, the Debt Service Reserve Fund and other moneys held by the Trustee and the Base Rentals, and other amounts derived from the leasing of the Projects under the Master Lease, which Base Rentals and other amounts are hereby pledged, assigned and otherwise secured for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds (including any make whole interest payments or redemption premiums on any Bonds), except as may be otherwise expressly authorized in the Indenture or in the Master Lease. The Authority shall not be obligated to pay the principal of such Bonds or the interest thereon or other costs incident thereto except from the moneys pledged therefor under the Indenture. The Bonds and the interest thereon shall never constitute an indebtedness of the District within the meaning of any constitutional limitation or statutory provision and shall not constitute or give rise to a pecuniary liability of the District or a charge against the general credit or taxing power of the District. Neither the District, nor the Authority on its behalf, has pledged the credit of the District to the payment of the Bonds, the interest thereon or amounts due or to become due under the Master Lease. The District shall not be obligated to appropriate Funds for the purpose of paying Base Rentals, Additional Rentals or the Purchase Option Price under the Master Lease, and no judgment may be entered against the District in the event of an insufficiency of moneys to pay the principal of, premium, if any, and interest on the Bonds. The payment obligations of the District under the Master Lease are subject to annual renewal and will be terminated upon the occurrence of an Event of Nonappropriation. In such event, all payments from the District under the Master Lease will terminate, and the Bonds and the interest thereon will be payable solely from and to the extent of such moneys, if any, as may be held by the Trustee under the Indenture (except amounts held for the payment of Bonds not deemed Outstanding and in the Rebate Fund) and, subject to the provisions of Article IX hereof, any moneys made available from a liquidation of the Authority's interest in the Project financed with such Bonds subsequent to foreclosure of the lien of the Indenture and the Security Documents. No deficiency judgment subsequent to foreclosure of the lien of the Indenture and the Security Documents may be entered against the District or the Authority, and no breach of any provision of the Master Lease, the Security Documents or the Indenture shall impose any general obligation or liability upon or a charge against the District, the Authority or upon the general credit or taxing powers of the District. Except as expressly provided in the Master Lease, no judgment requiring a payment of money may be entered against the District under the Master Lease.

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

#### Section 2.4. Authentication and Delivery of Bonds.

(a) The Authority shall deliver executed Bonds of each Series to the Trustee for authentication. Subject to the satisfaction of the conditions for authentication of Bonds set forth herein, the Trustee shall authenticate such Bonds, and deliver them upon the order of the Authority to the purchasers thereof upon the payment by the purchasers to the Trustee for the account of the Authority of the purchase price therefor. Delivery by the Trustee shall be full acquittal to the purchasers for the purchase price of such Bonds, and such purchasers shall be under no obligation to see to the application thereof. The proceeds of the sale of such Bonds shall, however, be disposed of only as provided herein and in the Master Lease, and in the Supplemental Indenture executed in connection therewith.

(b) No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit hereunder, unless and until a certificate of authentication on such Bond substantially in the form set forth in the Supplemental Indenture authorizing such Bond shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. 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 issued hereunder.

(c) Prior to the authentication by the Trustee of each Series of Bonds there shall have been filed with the Trustee:

(i) A copy, duly certified by the Secretary-Treasurer of the Authority of the resolution of the Authority and a copy, duly certified by the District Clerk, of the resolution of the District, each approving the execution and delivery of the instruments specified in Subparagraphs (ii) and (iii) below and the execution and delivery of such Series of Bonds, together with a certificate, dated as of the date of authentication of such Series of Bonds, of the Secretary-Treasurer and the District Clerk, respectively, that such proceedings are still in force and effect without amendments except as shown in such proceedings;

(ii) A copy, duly certified by the Secretary-Treasurer of the Authority, of (a) this General Indenture (to the extent not theretofore so filed) and the Supplemental Indenture authorizing such Series of Bonds and (b) the Master Lease (to the extent not theretofore so filed) and any amendments to the Master Lease executed in connection with such Supplemental Indenture and such Series of Bonds;

(iii) Original executed counterparts of the Security Documents identified in such Supplemental Indenture;

(iv) A request and authorization to the Trustee on behalf of the Authority and signed by the President of the Authority to authenticate and deliver the Bonds to the purchasers therein identified upon payment to the Trustee, but for the account of the Authority, of a sum specified in such request and authorization. The proceeds of such payment shall be deposited with the Trustee as provided in the Master Lease and the Supplemental Indenture;

(v) (A) In the case of the Initial Bonds, an ALTA mortgagee title policy or policies, or commitment therefor, of mortgage title insurance in an aggregate amount equal to not less than the principal amount of the Initial Bonds insuring the lien of the Security Documents identified in the Supplemental Indenture, subject only to Permitted Encumbrances and (B) in the case of Additional Bonds and Refunding Bonds, the title insurance specified in Section 2.14(c) and Section 2.13(c) hereof, respectively; alternatively, for the situations described in both (A) and (B), the Authority may reasonably expect to be able to deliver the required mortgage title insurance following delivery of the related Series of Bonds, provided that no proceeds of such Bonds shall be drawn out of the Construction Fund until such mortgage title insurance is delivered (except for costs of issuance related to such Bonds);

(vi) A written opinion of nationally recognized bond counsel, to the effect that (a) the Authority has authorized the execution and delivery of the General Indenture and Supplemental Indenture and such Series of Bonds, (b) the General Indenture and Supplemental Indenture have been duly executed and delivered by the Authority and are valid and binding agreements of the Authority; and (c) such Series of Bonds have been duly executed and delivered to the Trustee by the Authority and, upon authentication thereof by the Trustee pursuant to the Indenture and delivery thereof by the Trustee pursuant to the request referred to in Subparagraph (iv), will be valid and binding obligations of the Authority;

(vii) A written opinion of counsel to the District as to the legal, valid and binding nature of the Master Lease as against the District and such other matters as may be reasonably required by the purchasers of such Series of Bonds;

(viii) A written opinion of counsel to the Authority as to the legal, valid and binding nature of the Master Lease, the General Indenture, the Supplemental Indenture and the Security Documents as against the Authority and such other matters as may be reasonably required by the purchasers of such Series of Bonds;

(ix) Evidence that upon the issuance of such Bonds there will be on deposit in the Debt Service Reserve Fund an amount (including Reserve Instruments) at least equal to the Debt Service Reserve Requirement, if any, for all Bonds to be Outstanding immediately following the issuance of such Bonds;



(x) The items required by Section 2.13 in the case of Refunding Bonds and Section 2.14 in the case of Additional Bonds; and

(xi) Such other agreements, certificates, documents and opinions as are required to be delivered to the purchasers of such Series of Bonds or to the Security Instrument Issuers.

Section 2.5. Form of Bonds. For each Series of Bonds, the text of such Bonds, and the Trustee's Authentication Certificate shall be in substantially the forms thereof set forth in the Supplemental Indenture authorizing the issuance of such Bonds, with such omissions, insertions and variations not inconsistent with the terms hereof as may be necessary, desirable, authorized and permitted hereby.

Section 2.6. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Authority may execute and the Trustee may authenticate a new Bond of like date, maturity and denomination to that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Authority and the Trustee evidence of such loss, theft or destruction satisfactory to the Authority and the Trustee, together in each case with an indemnity satisfactory to them. In the event any such Bond shall have matured or been redeemed or be approaching maturity, instead of issuing a duplicate Bond, the Authority may pay the same on or after the due date thereof without surrender thereof, making such requirements as it deems fit for its protection, including a lost instrument bond or other satisfactory indemnity. The Authority and the Trustee may charge the Bondholder of such Bond with their reasonable fees and expenses in this connection. Any Bond issued pursuant to this Section shall be deemed part of the Series of the Bonds in respect of which it was issued and an original additional contractual obligation of the Authority.

Section 2.7. Registration and Exchange of Bonds; Persons Treated as Owners. The Authority shall cause books for the registration and for the transfer of the Bonds to be kept by the Trustee which is hereby constituted and appointed the Bond Registrar of the Authority, provided, however, that the Authority may by Supplemental Indenture select a party other than the Trustee to act as Bond Registrar with respect to the Series of Bonds issued under said Supplemental Indenture. Any Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Bond Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the registrar. This Indenture shall constitute a "system of registration" for all purposes of the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code Annotated 1953, as amended. Upon surrender for transfer of any Bond at the designated office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder or his attorney duly authorized in writing, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new, fully registered Bond or Bonds of the same Series and the same maturity for a like aggregate principal amount as the Bond surrendered for transfer. Bonds may be exchanged at the designated corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series and the same maturity. The execution by the Authority of any Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Bond upon such exchange. The Authority and the Trustee shall not be required to transfer or exchange any Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption.

The Authority, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered on the registration books kept by the Bond Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever, and neither the Authority, nor the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary. Payment of or on account of either principal or interest on any Bond shall be made only to or upon order of the Registered Owner thereof or such person's legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee shall require the payment by the Bondholder requesting exchange or transfer of Bonds of any tax or other governmental charges which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Bond shall be delivered.

Section 2.8. Designation of the Trustee as Bond Registrar and Paying Agent and Designation of Any Additional Paying Agents. The Trustee is hereby designated and agrees to act as Bond Registrar and Paying Agent for and in respect to the Bonds. The Authority hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of any additional paying agents and for the making available of moneys hereunder for the payment of such of the Bonds as shall be presented when due at the principal office of said additional paying agent.

Section 2.9. Cancellation. All Bonds which have been surrendered for payment, redemption or exchange, and Bonds purchased from any moneys held by the Trustee hereunder or surrendered to the Trustee by the Authority, shall be canceled and destroyed by the Trustee and shall not be reissued.

Section 2.10. Nonpresentation of Bonds. Unless otherwise provided by Supplemental Indenture, in the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Authority to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability to the Registered Owner of such Bond for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part hereunder or on, or with respect to, said Bond. If any Bond shall not be presented for payment within four (4) years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall, to the extent permitted by law, repay to the Authority the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Authority, and the Registered Owner thereof shall be entitled to look only to the Authority for payment, and then only to the extent of the amount so repaid, and the Authority shall not be liable for any interest thereon and shall not be regarded as a trustee of such money. The provisions of this Section are subject to the provisions of Title 67, Chapter 4a, Utah Code Annotated 1953, as amended.

Section 2.11. Initial Bonds. Subject to the provisions hereof, the Initial Bonds may be authenticated and delivered by the Trustee upon satisfaction of the conditions specified in Section 2.4 hereof and any additional conditions specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 2.12. Reserved.

Section 2.13. Issuance of Refunding Bonds. So long as the Master Lease is in effect and no Event of Default under the Indenture or the Master Lease has occurred and is continuing and so long as no Event of Nonappropriation has occurred and is continuing, one or more Series of Refunding Bonds may be issued, authenticated and delivered for the purpose of refunding Bonds or other obligations of the Authority. The Refunding Bonds may be issued in one or more Series, shall be authenticated by the Trustee and, upon payment to the Trustee of the proceeds of said sale of Refunding Bonds, they shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon satisfaction of the conditions specified in Section 2.4 hereof and there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental Indenture, a supplement or amendment (if necessary) to the Security Documents and the Master Lease providing for the issuance of such Refunding Bonds, and further providing for a revision to the Base Rentals to be paid by the District under the Master Lease to such amount as shall be necessary to pay, assuming that no Event of Default or Event of Nonappropriation shall occur, the principal of, premium, if any, and interest on the Bonds (including the Refunding Bonds being issued and the Initial Bonds and any Additional Bonds and Refunding Bonds theretofore issued and to remain Outstanding), and to extend the Lease Term if the maturity of any of the Refunding Bonds would otherwise occur after the expiration of the then current Lease Term. The date or dates of the Refunding Bonds, the rate or rates of interest on the Refunding Bonds, and the redemption provisions (if any) with respect thereto all shall be as provided in the Supplemental Indenture;

(b) If any of the Bonds theretofore issued were Tax-Exempt Bonds or were designated as Tax Credit Bonds qualifying for Direct Payments, a written opinion of nationally recognized bond counsel, to the effect that the

exclusion from gross income of the interest on the Tax-Exempt Bonds theretofore issued or the status of the Bonds as Tax Credit Bonds qualifying for Direct Payments, for federal income tax purposes, will not be adversely affected by the issuance of the Refunding Bonds being issued;

(c) A date-down endorsement to the ALTA mortgagee title insurance policy issued in connection with the issuance of the Bonds being refunded or commitment therefor (or if the bonds or other obligations being refunded were not issued pursuant to this Indenture, an ALTA Mortgagee title insurance policy or commitment therefor), which endorsement or policy shall insure to the date of issuance of such Refunding Bonds and the recording of any supplement or amendment to the Security Documents the continuing validity of the lien thereof, as modified by any supplement or amendment to the Security Documents, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement or policy shall increase the amount of title insurance coverage thereunder, if necessary, to an amount, which when added to the coverage provided under any other title policies delivered with respect to other Bonds then Outstanding and issued with respect to the Project financed by the Bonds or other obligations to be refunded, is at least equal to the aggregate principal amount of all Bonds to be Outstanding with respect to such Project following said refunding and naming the Trustee as an insured; alternatively, the Authority may reasonably expect to be able to deliver the required mortgage title insurance following delivery of the related Series of Bonds, provided that no proceeds of such Bonds shall be drawn out of the Construction Fund until such mortgage title insurance is delivered (except for costs of issuance related to such Bonds);

(d) (i) A report of an independent firm of certified public accountants to the effect that, upon the issuance of the Refunding Bonds, moneys and Direct Obligations will be deposited with the Trustee or an escrow agent sufficient to cause the Bonds (or other obligations) being refunded to be deemed paid under Article VIII hereof (or a comparable provision of the documents authorizing the obligations to be refunded even if not deemed paid for Cross-over Refunding Bonds); or (ii) in the event that the Bonds (or other obligations) to be refunded are to be redeemed on the date of issuance of the Refunding Bonds or within ninety (90) days thereafter, there shall be delivered to the Trustee evidence satisfactory to it that upon the issuance of the Refunding Bonds moneys and Direct Obligations will be deposited with the Trustee or an escrow agent sufficient, without taking into account investment earnings thereon, to redeem the Bonds (or other obligations); and

(e) A certificate of the Authority, 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; provided however that the existence of an Event of Default shall not preclude the issuance of any Refunding Bonds if: (i) the issuance of such Refunding Bonds otherwise complies with the provisions hereof and (ii) any Event of Default will cease to continue upon the issuance of such Refunding Bonds and the application of the proceeds thereof.

Each Series of Refunding Bonds issued pursuant to this Indenture shall be equally and ratably secured under the Indenture with the Initial Bonds and all other Series of Refunding Bonds and Additional Bonds, if any, theretofore issued pursuant to the Indenture, without preference, priority or distinction of any Bonds over any other thereof.

Section 2.14. Additional Bonds. So long as the Master Lease is in effect and no Event of Default under the Indenture or the Master Lease has occurred and is continuing and so long as no Event of Nonappropriation has occurred and is continuing, one or more Series of Additional Bonds may be issued, authenticated and delivered for the purpose of financing Costs of Acquisition and Construction of a Project or Projects. The Additional Bonds may be issued in one or more Series, shall be authenticated by the Trustee and, upon payment to the Trustee of the proceeds of said sale of Additional Bonds, they shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon satisfaction of the conditions specified in Section 2.4 hereof and there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental Indenture, additional Security Documents or a supplement or amendment (if necessary) to the Security Documents and Master Lease providing for the financing of a Project and for the issuance of the Additional Bonds and further providing for an increase in the Base Rentals to be paid by the District under the Master Lease in such amount as shall be necessary to pay, assuming that no Event of Default or Event of Nonappropriation shall occur, the principal of, premium, if any, and interest on the Bonds (including the Additional Bonds being issued and the Initial Bonds and any Additional Bonds and Refunding Bonds theretofore issued and Outstanding), and to extend the Lease Term if the maturity of any of the Additional Bonds

would otherwise occur after the expiration of the then current Lease Term. The date or dates of the Additional Bonds, the rate or rates of interest on the Additional Bonds, and the redemption provisions (if any) with respect thereto all shall be as provided in the Supplemental Indenture;

(b) If any of the Bonds theretofore issued were Tax-Exempt Bonds or were designated as Tax Credit Bonds qualifying for Direct Payments, a written opinion of nationally recognized bond counsel, to the effect that the exclusion from gross income of the interest on the Tax-Exempt Bonds theretofore issued or the status of the Bonds as Tax Credit Bonds qualifying for Direct Payments, for federal income tax purposes, will not be adversely affected by the issuance of the Additional Bonds being issued;

(c) A date-down endorsement to the ALTA mortgagee title insurance policy issued in connection with the issuance of the Initial Bonds (or other Bonds) or commitment therefor or an additional ALTA mortgagee title insurance policy or commitment therefor, which endorsement or policy shall insure to the date of issuance of such Additional Bonds and the recording of any additional Security Documents or supplement to the Security Documents, if required, the continuing validity of the lien thereof, as modified by any supplement to the Security Documents, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement or additional policy shall increase the amount of title insurance coverage thereunder by an amount at least equal to the aggregate principal amount of the Additional Bonds to be issued (or in the case of Additional Bonds issued to complete or extend a Project previously financed hereunder the endorsement to the original policy for such Project shall increase the coverage to at least the aggregate principal amount of Bonds issued for such Project to be Outstanding following the issuance of such Additional Bonds) and naming the Trustee as an insured. In the event that the property upon which additional projects are to be located has not been acquired at or prior to the time of issuance of the Additional Bonds, the amendment to Master Lease relating to such Additional Bonds shall require that such endorsement or additional title policy with respect to such property be delivered at the time of or prior to any disbursements being made from the Construction Fund with respect to such portion of the Project (except for costs of issuance related to such Bonds);

(d) If such Series of Additional Bonds is being issued in whole or in part for construction purposes, (i) a copy, duly certified by the Secretary-Treasurer of the Authority, of the project contract and architect's agreement with respect to such construction and the performance and payment bond covering such contract or, in the alternative, a requirement that a copy of such documents be delivered to the Trustee prior to the time that moneys are withdrawn from the Construction Fund with respect to such portions of the Project, and (ii) a certificate of the architect or engineer responsible for planning and designing any such construction which sets forth the estimated useful life of the Project or Projects, as so improved and extended, in compliance with Section 17D-2-301 of the Act; and

(e) A certificate of the Authority, 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; provided however that the existence of an Event of Default shall not preclude the issuance of any Additional Bonds if: (i) the issuance of such Additional Bonds otherwise complies with the provisions hereof and (ii) any Event of Default will cease to continue upon the issuance of such Additional Bonds and the application of the proceeds thereof.

Each Series of Additional Bonds issued pursuant to the Indenture shall be equally and ratably secured under the Indenture with the Initial Bonds and all other Series of Additional Bonds and Refunding Bonds, if any, theretofore issued pursuant to the Indenture, without preference, priority or distinction of any Bonds over any other thereof.

ARTICLE III  
REDEMPTION PROVISIONS

Section 3.1. Redemption. The Bonds of a Series may be callable for redemption prior to maturity as provided in the Supplemental Indenture authorizing said Series of Bonds.

Section 3.2. Extraordinary Redemption. The Bonds of a Series shall be callable for redemption prior to maturity in whole on any date, if (i) the Project financed by such Series or a material portion thereof is damaged or destroyed or taken in a condemnation proceeding, or a material defect in the construction of said Project shall become apparent, or title to or the use of all or any material portion of said Project shall be lost by reason of a defect in title thereto, (ii) the Net Proceeds of any insurance policy, performance bond or condemnation award made available by reason of one or more such occurrences shall be insufficient to pay in full the cost of repairing or replacing such portion of said Project, and (iii) the District elects to discharge its obligation to repair and replace such portion of said Project by depositing such Net Proceeds into the Bond Fund. Upon the deposit of such Net Proceeds in the Bond Fund, the payment obligations of the District with respect to said Project or Projects financed by such Series of Bonds under the Master Lease shall terminate and the District shall have no further obligation for the payment of Base Rentals and Additional Rentals with respect to said Project or Projects, and possession of said Project or Projects, as well as all right, title and interest of the District and the Authority in any funds or accounts created under the Indenture with respect to said Project or Projects shall be surrendered to the Trustee, as trustee for the Bondholders. Thereafter, the Indenture and the Security Documents applicable to said Project or Projects may, subject to the limitations of Article IX hereof, be foreclosed and the Authority's interest in said Project or Projects liquidated and the proceeds of such liquidation and the Net Proceeds of any insurance policy, performance bond or condemnation award 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 or Projects (except moneys held in the Rebate Fund or for the payment of Bonds not then deemed outstanding), shall be applied to the redemption of the applicable Series of Bonds at the earliest date practicable, as specified in a written notice from the Authority to the Trustee. Any such redemption of said Series of Bonds shall be made upon payment of all or a prorated portion of the principal amount thereof plus accrued interest thereon to the redemption date. IN THE EVENT THE BONDS OF ANY SERIES ARE TO BE REDEEMED BY PAYMENT OF AN AMOUNT LESS THAN THE OUTSTANDING PRINCIPAL AMOUNT THEREOF, AND ACCRUED INTEREST TO THE REDEMPTION DATE, NO FURTHER CLAIM FOR PAYMENT MAY BE HAD BY THE BONDHOLDERS AGAINST THE AUTHORITY, THE DISTRICT, ANY SUBLESSEE OR THE TRUSTEE WITH RESPECT TO SAID SERIES OF BONDS. In the event there are moneys remaining in the Bond Fund after payment in full of all Bonds of said Series issued under the Indenture, the Trustee is authorized and directed to transfer said moneys to the District.

Section 3.3. Other Redemption Provisions. The Term Bonds of each Series may be subject, to the extent provided in the Supplemental Indenture authorizing each such Series of Bonds, to redemption prior to maturity by operation of Sinking Fund Installments required to be made to the Sinking Fund Account. The Bonds of each Series shall further be subject to redemption prior to maturity at the option of the Authority at such times and upon such terms as shall be fixed by such Supplemental Indenture. If fewer than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular Bonds or portions thereof, as determined in accordance with Section 3.7 herein, to be redeemed shall be selected by the Trustee in such manner as the Trustee, in its discretion, may deem proper in order to assure each Registered Owner of Bonds of such Series or maturity a fair opportunity to have their Bond or Bonds or portions thereof selected.

Section 3.4. Notice of Redemption.

(a) In the event any of the Bonds are to be redeemed, the Bond Registrar shall cause notice to be given as provided in this Section 3.4. Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, notice of such redemption (i) shall be filed with the paying agent designated for the Bonds being redeemed; and (ii) shall be mailed by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books of the Bond Registrar at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall state the following information:

(i) the complete official name of the Bonds, including Series, to be redeemed, the identification numbers of Bonds and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as

printed on such Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;

(ii) any other descriptive information needed to identify accurately the Bonds being redeemed, including, but not limited to, the Original Issue Date of, and interest rate on, such Bonds;

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

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

(v) the redemption price;

(vi) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

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

(b) In addition to the foregoing, further notice of any redemption of Bonds hereunder shall be given by the Trustee, to at least one national information service that disseminates notices of redemption of obligations such as the Bonds (which may be the Electronic Municipal Market Access System). Such further notice shall contain the information required in clause (a) above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

(c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number, if any, identifying, by issue and maturity, of the Bonds being redeemed with the proceeds of such check or other transfer.

(d) If at the time of mailing of any notice of optional redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

(e) A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Bonds or portions thereof redeemed but who failed to deliver Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds.

(f) In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

Section 3.5. Redemption Payments. On or prior to the date fixed for redemption, moneys shall be deposited by the Authority with the Trustee to pay to the Paying Agent, and the Paying Agent is hereby authorized and directed to apply such moneys to the payment of the Bonds, or portions thereof called, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of moneys for redemption with the Paying Agent, interest on the Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption and said Bonds shall cease to be entitled to any lien, benefit or security under the Indenture or the Security Documents, and the Bondholders of said Bonds shall have no rights in respect thereof except to receive payments of the redemption price thereof. Unless otherwise specified in a Supplemental Indenture, no payment shall be made by the Paying Agent upon any Bond or portion

thereof called for redemption until such Bond or portion thereof shall have been delivered for payment or cancellation or the Trustee shall have received the items required by Section 2.6 hereof with respect to any mutilated, lost, stolen or destroyed Bond.

Section 3.6. Cancellation. All Bonds which have been redeemed shall not be reissued but shall be canceled and destroyed by the Trustee in accordance with Section 2.9 hereof.

Section 3.7. Partial Redemption of Bonds. Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, in case any registered Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Authority shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Authority, a Bond or Bonds of the same Series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. If less than all of the applicable Series of Bonds of any maturity are to be redeemed, the particular Bond or portion of Bonds of such maturity to be redeemed will be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. Unless otherwise provided by Supplemental Indenture, a portion of any Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bonds by \$5,000.

## ARTICLE IV

### GENERAL COVENANTS

Section 4.1. Payment of Principal and Premium, if any, and Interest. The Authority covenants that it will promptly pay the principal of and premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof, but solely from the Trust Estate created by the Indenture, including the Base Rentals and, if paid by the District under the Master Lease, the Purchase Option Price with respect to a Project or Projects, and other amounts pledged thereof which are from time to time held by Trustee in the Bond Fund and the Debt Service Reserve Fund. The principal of and premium, if any, and interest on the Bonds are payable solely from the Trust Estate created by the Indenture, including the Base Rentals and, if paid by the District under the Master Lease, the Purchase Option Price with respect to a Project or Projects, and other amounts derived from the lease of the Projects and otherwise as provided herein, in the Security Documents, and in the Master Lease, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein and in the Master Lease specified, and nothing in the Bonds or in the Indenture shall be construed as pledging any other funds or assets of the Authority or the District. The Authority shall in no event be liable for the payment of the principal of and premium, if any, or interest on any of the Bonds or for the performance of any pledge, obligation or agreement undertaken by the Authority except to the extent that the moneys, properties, interests and assets constituting the Trust Estate are sufficient therefor.

Section 4.2. Performance of Covenants; Due Authority. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part contained in the Indenture, in the Master Lease, in the Security Documents, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Authority represents and warrants that it is duly authorized under its Articles of Incorporation, the Constitution and laws of the State, including the Act, to issue the Bonds authorized hereby and to execute the Indenture, to assign the Master Lease and to pledge the Base Rentals, the Purchase Option Price and other amounts hereby pledged in the manner and to the extent herein set forth, that all action required on its part for the issuance of the Bonds and the execution and delivery of the Master Lease, the Security Documents and the Indenture has been duly and effectively taken, and that the Bonds are and will be valid and enforceable special, limited obligations of the Authority according to the terms thereof and hereof.

Section 4.3. Ownership; Instruments of Further Assurance. The Authority covenants that it will own the Projects, and any property becoming a part of the Projects shall be acquired and kept, free of all liens and encumbrances, except Permitted Encumbrances. The Authority will defend the title to and interest in the Projects and each part thereof to the Trustee, for the benefit of the Bondholders against the claims and demands of all persons whomsoever, except for claims and demands arising from Permitted Encumbrances as provided in the Master Lease. The Authority will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee the Projects, the Base Rentals, Purchase Option Price and other amounts pledged hereby to the payment of the principal of and premium, if any, and interest on the Bonds. The Authority, except as herein and in the Master Lease or Security Documents provided, will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Projects or the Base Rentals, the Additional Rentals, the Purchase Option Price, the revenues and receipts therefrom or its rights under the Master Lease, together with any additions thereto and substitutions therefor, subject to Permitted Encumbrances.

Section 4.4. Perfection of Security Interest. The Indenture creates a valid and binding pledge and assignment of and security interest in all of the personal property pledged as part of the Trust Estate held by the Trustee under the Indenture in favor of the Trustee as security for payment of the Bonds and amounts owed to any Security Instrument Issuer or any Reserve Instrument Provider, enforceable by the Trustee in accordance with the terms thereof. Under the laws of the State, such pledge and assignment and security interest is automatically perfected by Section 11-14-501, Utah Code Annotated 1953, as amended, and is and shall be prior to any judicial lien hereafter imposed on the personal property pledged as part of the Trust Estate to enforce a judgment against the Authority on a simple contract.

Section 4.5. Inspection of Project Books. All books and records of the Authority wherever located relating to the Projects and the Base Rentals, the Additional Rentals, Purchase Option Price and other amounts derived from the Projects shall at all reasonable times be open to inspection by such accountants or other agents as the Trustee may from time to time designate.

Section 4.6. List of Bondholders. The Trustee shall keep a list of names and addresses of the Bondholders as from time to time registered on the registration books of the Authority maintained by the Trustee as Bond Registrar, together with the principal amount and numbers of such Bonds. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the District or by Bondholders (or a designated representative thereof) of 15% or more in aggregate principal amount of Bonds then Outstanding, such ownership and the authority of such designated representative to be evidenced to the satisfaction of the Trustee.

Section 4.7. Rights Under 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 Authority and the District, including provisions that, subsequent to the 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 or altered without the written consent of the Trustee, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Authority and the District thereunder, and the Authority agrees that the Trustee in its name or in the name of the Authority may but shall not be obligated to enforce all rights of the Authority and all obligations of the District under and pursuant to the Master Lease for and on behalf of the Bondholders, whether or not the Authority is in default hereunder.

Section 4.8. Payment of Taxes, Charges, Insurance, etc. The Authority shall cause the District 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 Projects, the Base Rentals, the Additional Rentals, the Purchase Option Price, the Net Proceeds and any and all other amounts held pursuant to the Indenture, or any part thereof, which might impair or prejudice the lien and property of the Indenture; provided, however, that nothing contained in this Section 4.8 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 the Master Lease. The Authority shall maintain such insurance and pay such taxes, assessments and charges to the same extent as provided in the Master Lease as if said provisions were herein set forth in full, if and to the extent that the District fails to maintain such insurance or pay such taxes, assessments or charges, but the liability hereby imposed on the Authority shall only be paid from the Trust Estate as herein provided.

Section 4.9. Maintenance and Repair. Pursuant to the Master Lease, the District has agreed at its own expense to maintain, manage and operate the Projects in good order, condition and repair, and the District may, at its own expense, make from time to time additions, modifications or improvements to the Projects under the terms and conditions set forth in the Master Lease.

Section 4.10. Warranty. The Authority has the right, power and authority to grant a mortgage lien on the Projects to the Trustee pursuant to the Security Documents and to pledge and assign a security interest in the Trust Estate to the Trustee pursuant to the Indenture, all for the uses and purposes herein set forth. The Authority warrants that there is no financing statement or other filed or recorded instrument in which the Authority is named as, or which the Authority 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, or financing statements to be released in connection with the issuance of Bonds and that the lien and security interest herein created have been duly perfected and are prior to any other (other than the Permitted Encumbrances).

Section 4.11. Further Assurances. The Authority will, at the District's expense, do, execute, acknowledge and deliver all and every act, deed, conveyance, transfer and assurance 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, 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.

Section 4.12. Actions with Respect to Trust Estate. The Authority 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 in the Master Lease) or by affirmative act consent to the creation or existence of any lien or encumbrance (other than the security interest and lien of this Indenture and the Security Documents) 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 Projects; or

(c) Sell, mortgage, transfer, assign or hypothecate (other than to the Trustee hereunder) its interest in the Projects or any part thereof or interest therein or in any amount to be received by it from the disposition of the Projects except as herein provided under Article IX, and except as provided in the Master Lease and the Security Documents.

Section 4.13. Power of Attorney in Respect of the Master Lease. The Authority 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 the Indenture, to exercise any remedies available under the Master Lease and the Security Documents as fully as the Authority 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 Authority 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 Base Rentals, the Additional Rentals, the Purchase Option Price, the Net Proceeds and all other amounts payable under the Master Lease and other sums and the security intended to be afforded hereby, whether or not the Authority is in default hereunder.

## ARTICLE V

### REVENUES AND FUNDS

Section 5.1. Source of Payment of Bonds. The Bonds herein authorized and all payments by the Authority hereunder are not general obligations of the Authority but are special, limited obligations of the Authority payable solely as provided in Section 2.3 hereof.

The Projects have been leased under the Master Lease and the Base Rentals and the Purchase Option Price provided for in Sections 6.2 and 12.1, respectively, of the Master Lease are to be remitted directly to the Trustee for the account of the Authority and deposited in the Bond Fund and the Debt Service Reserve Fund along with all other moneys authorized or required to be deposited in the Bond Fund and Debt Service Reserve Fund under the Master Lease. Such Base Rentals and the Purchase Option Price are hereby pledged to such payment. Said pledge shall constitute a first and exclusive lien on the Base Rentals and the Purchase Option Price 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.

Section 5.2. Creation of Bond Fund. There is hereby created by the Authority and ordered established in the custody of the Trustee a special trust fund to be designated "Local Building Authority of North Davis Fire District, Utah, Bond Fund" (herein defined as the "Bond Fund"), which shall be used to pay the principal of and premium, if any, and interest on the Bonds.

Section 5.3. Creation of Sinking Fund Account. There is hereby created by the Authority and ordered established in the custody of the Trustee a separate account within the Bond Fund to be designated "Local Building Authority of North Davis Fire District, Utah, Sinking Fund Account" (herein defined as the "Sinking Fund Account").

Section 5.4. Creation of Debt Service Reserve Fund. There is hereby created by the Authority and ordered established in the custody of the Trustee a special trust fund to be designated "Local Building Authority of North Davis Fire District, Utah, Debt Service Reserve Fund." By Supplemental Indenture, there may be established within the Debt Service Reserve Fund a separate account for each Series of Bonds. (Said Debt Service Reserve Fund and applicable accounts therein are herein referred to as the "Debt Service Reserve Fund.")

Section 5.5. Creation of Construction Fund. There is hereby created by the Authority and ordered established in the custody of the Trustee a special trust fund to be designated "Local Building Authority of North Davis Fire District, Utah, Construction Fund." There is hereby created and ordered established in the custody of the Trustee a separate account within the Construction Fund for each Series of Bonds. (Said Construction Fund and applicable accounts therein are herein referred to as the "Construction Fund.")

Section 5.6. Creation of Rebate Fund. There is hereby created by the Authority and ordered established in the custody of the Trustee a special trust fund to be designated "Local Building Authority of North Davis Fire District, Utah, Rebate Fund" (herein defined as the "Rebate Fund").

Section 5.7. Creation of Funds. Notwithstanding anything contained herein to the contrary, the Trustee need not create any of the funds or accounts referenced in this Article V until such funds or accounts shall be utilized as provided in a Supplemental Indenture authorizing a Series of Bonds. By Supplemental Indenture the Authority may authorize the creation of additional funds and accounts within any funds.

Section 5.8. Use of Bond Fund.

(a) There shall be deposited into the Bond Fund all accrued interest received, if any, at the time of the issuance, sale and delivery of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received, (i) any amount directed to be paid into the Bond Fund pursuant to the Master Lease or any amount in the Debt Service Reserve Fund directed to be paid into the Bond Fund in accordance with the provisions of Section 5.10 hereof; (ii) any Net Proceeds of any insurance policy, performance bond or condemnation award to be deposited in the Bond Fund pursuant to the Master Lease; (iii) all Base Rentals, and, if paid by the District, that portion of the Purchase Option Price attributable to the retirement of the applicable Series of Bonds issued hereunder, as specified

in the Master Lease; and (iv) any Direct Payments and all other moneys received by the Trustee under and pursuant to any of the provisions hereof or of the Master Lease which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Authority hereby covenants and agrees that so long as any of the Bonds issued hereunder are Outstanding it will deposit, or cause to be paid to the Trustee for deposit in the Bond Fund for its account, any moneys which are pledged under this Indenture for the payment of the principal of and premium, if any, and interest on the Bonds and which are required to be deposited into the Bond Fund.

(b) Except as provided in Section 5.15 herein, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bonds and for the redemption of the Bonds prior to maturity.

(c) The Bond Fund shall be in the custody of the Trustee but in the name of the Authority, and the Authority hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of and premium, if any, and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee hereby accepts.

Section 5.9. Use of Sinking Fund Account.

(a) As required by Supplemental Indenture, the Trustee shall apply moneys in the Sinking Fund Account to the retirement of any Term Bonds required to be retired by operation of the Sinking Fund Account under the provisions of and in accordance with the Supplemental Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental Indenture or, at the direction of the Authority, purchase of such Term Bonds in the open market prior to the date on which notice of the redemption of such Term Bonds is given pursuant hereto, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond Fund other than those in the Sinking Fund Account). Sinking Fund Installments may also be collected in the Sinking Fund Account without redemption of Bonds prior to maturity.

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

Section 5.10. Use of Debt Service Reserve Fund

(a) Except as otherwise provided in this Section, moneys in accounts within the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the Debt Service Reserve Requirement. In calculating the amount on deposit in each account of the Debt Service Reserve Fund, the amount of the Reserve Instrument Coverage will be treated as an amount on deposit therein. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify that the amount, if any, of the Debt Service Reserve Requirement applicable to such Series which shall be deposited immediately upon the issuance and delivery of such Series either from (a) proceeds from the sale thereof or from any other legally available source or may be built up over time as provided by the Supplemental Indenture, or (b) by a Reserve Instrument, or (c) any combination thereof. Funds on deposit in accounts within the Debt Service Reserve Fund shall be used only to make up any deficiencies in accounts within the Bond Fund with respect to the related Series of Bonds.

(b) If on any Interest Payment Date the moneys held in the Bond Fund are insufficient to pay all interest, premium, if any, and principal then becoming due on the Bonds of a Series for which an account of the Debt Service Reserve Fund has been established, the Trustee shall transfer, on or before such date, moneys from the applicable accounts within the Debt Service Reserve Fund to the Bond Fund to the extent necessary so that the amount of money so transferred plus all moneys then held in the Bond Fund for such Series of Bonds shall be sufficient to pay all interest, premium, if any, and principal payments then becoming due and payable on such date;

(c) In the event funds on deposit in the Debt Service Reserve Fund are needed to make up any deficiencies in the Bond Fund as aforementioned, and there is insufficient cash available in an account of the Debt Service Reserve Fund to make up such deficiency and a Reserve Instrument applicable to such Series of Bonds is in effect, the Trustee shall immediately make a demand for payment on such Reserve Instrument, to the maximum extent authorized by such Reserve Instrument, in the amount necessary to make up such deficiency, and immediately deposit

such payment upon receipt thereof into the Bond Fund. Thereafter, the Authority shall be obligated to reinstate the Reserve Instrument from Base Rentals received from the District under Section 6.2 of the Master Lease, including any interest owing on any draws on the Reserve Instrument.

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

(e) In the event that the District shall exercise its option to purchase a Project or Projects and terminate its payment obligations under the Master Lease upon payment of the Purchase Option Price with respect to said Project or Projects, the Trustee shall transfer all moneys held in the Debt Service Reserve Fund (other than any amount drawn under any Reserve Instrument) applicable to said Project or Projects to the Bond Fund in accordance with the written direction of the District.

(f) In the event moneys are drawn from the related account of the Debt Service Reserve Fund to pay principal, premium or interest on the related Series of Bonds, such that there shall be remaining in said account an amount less than the Debt Service Reserve Requirement, the Trustee shall immediately give notice to the Authority and the District of such deficiency. Such account shall be replenished to the Debt Service Reserve Requirement upon the deposit by the Trustee of the additional Base Rental payment to be paid by the District pursuant to the Master Lease.

(g) Any moneys (other than any amount drawn under any Reserve Instrument) remaining in the related account of the Debt Service Reserve Fund with respect to a Series of Bonds on the final maturity of said Series of Bonds (whether at stated maturity or upon prior redemption) shall be transferred on such date into the Bond Fund.

(h) If, following the payment of principal and interest due on a Series of Bonds on each Interest Payment Date, the moneys (other than any amount drawn under any Reserve Instrument) held in the related account of the Debt Service Reserve Fund exceed the related Debt Service Reserve Requirement, all moneys in excess of said sum shall be immediately transferred to the Bond Fund. To the extent so paid, such excess shall reduce the amount of the succeeding Base Rental otherwise payable under the Master Lease.

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

#### Section 5.11. Use of Construction Fund; Disbursements.

(a) The moneys in the Construction Fund shall be expended in accordance with the provisions of the Master Lease and the Supplemental Indenture authorizing such Series of Bonds.

(b) The Authority covenants and agrees to take all necessary and appropriate action promptly in approving and ordering disbursements from the Construction Fund in accordance with provisions of the Master Lease. The Trustee is hereby authorized and directed to make each disbursement so requested by the District on behalf of the Authority and to issue its checks therefor, but only in compliance with the provisions of the Master Lease. The Trustee shall keep and maintain adequate records pertaining to each account within the Construction Fund and all disbursements therefrom, and after the related Project has been completed and a certificate of payment of all costs is, or has been, filed as provided in Section 7.4 of the Master Lease, the Trustee shall file an account thereof with the Authority and the District.

Section 5.12. Completion of Project. Any balance remaining in the Construction Fund following the establishment of the Completion Date for a Project pursuant to the Master Lease (except amounts the District shall have directed the Trustee to retain for any Cost of Acquisition and Construction not then due and payable) shall at the direction of the District and the Authority, be used as provided in the related Supplemental Indenture.

#### Section 5.13. Rebate Fund and Arbitrage Rebate.

(a) When directed in writing to do so by the Authority, the Trustee shall establish and thereafter maintain, so long as the Bonds are Outstanding, a Rebate Fund and an account therein for each such Series, which shall be held separate and apart from all other funds and accounts established under the Indenture and from all other moneys of the Trustee.

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

(c) The Authority shall determine the amount of Rebateable Arbitrage and the corresponding Required Rebate Deposit with respect to each Series of Bonds on each applicable Rebate Calculation Date. The Authority shall deposit into the Rebate Fund the Required Rebate Deposit, if any, with respect to each Series of Bonds (or instruct the Trustee to transfer to the Rebate Fund moneys representing such Required Rebate Deposit from the Funds and Accounts held under the Indenture other than the Rebate Fund) within 30 days of each such Rebate Calculation Date. The Authority shall instruct the Trustee to withdraw from the Rebate Fund and pay over to the United States Government with respect to each Series of Bonds: (1) not less frequently than once each five years commencing no later than 60 days after the first Rebate Calculation Date for such Series of Bonds and upon each fifth anniversary of such date, an amount which when added to all previous rebate payments made with respect to such Series of Bonds equals 90% of the sum of the Rebateable Arbitrage pertaining to such Series of Bonds, and (2) not later than 60 days after the retirement of the last Bond of such Series, 100% of the Rebateable Arbitrage with respect to such Series. The determination of Rebateable Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Authority from the Rebate Fund pursuant to the Indenture must be verified in writing by an independent public accountant or other qualified professional or properly trained District staff.

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

(e) The Trustee, on behalf of the Authority shall keep and retain, until the date six years after the retirement of the last of the Bonds of each series, records with respect to each Series of the Bonds and the investment and expenditure of proceeds thereof to comply with the arbitrage rebate requirements of this Section, including without limitation a complete list of all investments and reinvestments of proceeds of each Series of the Bonds. For purposes of the computation required by this Section, the Trustee shall upon request, furnish to the Authority all information in the Trustee's control which is necessary for such computations.

(f) The Authority hereby covenants and agrees that it will not enter into any transaction or cause any transaction to be entered into with respect to the investment of proceeds of the Bonds, or otherwise, which reduces the amount which may be required to be paid to the United States pursuant to the arbitrage rebate requirements specified hereinabove, because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on each Series of the Bonds not been relevant to either party.

(g) The provisions of this Section may be amended or deleted, with respect to any or all Series of the Bonds, from this Indenture upon receipt by the Authority and the Trustee of an opinion of nationally recognized bond counsel that such amendment or deletion will not adversely affect (i) the exclusion from gross income of interest in the case of Tax-Exempt Bonds or (ii) the qualification of the Bonds for tax credits or Direct Payments in the case of Tax Credit Bonds.

Section 5.14. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for account to any fund referred to in any provision of the Indenture or the Master Lease shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the payment of Bonds not then deemed Outstanding shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created hereby.

Section 5.15. Repayment to the District from Bond Fund or Debt Service Reserve Fund. Any amounts remaining in the Bond Fund or the applicable account within the Debt Service Reserve Fund after payment in full of the principal of and premium, if any, and interest on the Bonds of a Series, the fees, charges and expenses of Trustee and all other amounts required to be paid hereunder (including amounts owed to a Security Instrument or a Reserve Instrument Provider) shall be paid immediately to the District as an overpayment of Base Rentals or Additional Rentals. In the event that Direct Payments are deposited with the Trustee after the District has made the related payment of Base Rentals, the District may elect to have the Trustee return to the District an amount equal to such Direct Payments or to have the Trustee retain the Direct Payments in the Bond Fund and take the credit with respect to the next required Base Rentals payment.

Section 5.16. Custody of Separate Trust Fund. The Trustee is authorized and directed to establish a separate trust fund after the Completion Date to hold all Net Proceeds from any insurance policies, performance bonds or condemnation awards and disburse such proceeds in accordance with the Master Lease, or if the District directs that the Net Proceeds be applied to redeem Bonds pursuant to the Master Lease, the Authority covenants and agrees to transfer all of the Net Proceeds in such fund to the Bond Fund and to redeem the Bonds as provided in the Indenture.

Section 5.17. Cost of Issuance Account. The Trustee shall establish a Cost of Issuance Account, into which shall be deposited upon delivery of a Series of Bonds, sufficient moneys to pay costs of issuance of such Series of Bonds. The Trustee shall disburse said moneys upon receipt of written authorization to pay costs of issuance executed by an Authority Representative. Any remaining moneys on deposit therein after payment in full of all costs of issuance shall be transferred by the Trustee to the Construction Fund, unless otherwise specified by Supplemental Indenture.

Section 5.18. Creation of Reserve Instrument Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund to be designated the "Local Building Authority of North Davis Fire District, Utah Reserve Instrument Fund" (herein defined as the "Reserve Instrument Fund"). By Supplemental Indenture, there may be established within the Reserve Instrument Fund a separate account for each Series of Bonds.

Section 5.19. Use of Reserve Instrument Fund. There shall be paid into the Reserve Instrument Fund the amounts required hereby and by a Supplemental Indenture to be so paid in order to reimburse or repay a Reserve Instrument Provider. The amounts in the Reserve Instrument Fund shall, from time to time, be applied by the Trustee on behalf of the Authority to pay the amounts which are due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

## ARTICLE VI INVESTMENT OF MONEYS

Section 6.1. Trustee to Invest Funds. The District will direct the Trustee in investing amounts held in the funds created hereunder. Any moneys held as part of the Construction Fund, the Bond Fund, the Debt Service Reserve Fund, the Rebate Fund or any other fund shall be invested and reinvested by the Trustee in Investment Obligations at the written direction of the District in accordance with the provisions hereof and the Master Lease. Any such investments shall be held by or under the control of the Trustee. The Trustee shall sell and reduce to cash a sufficient amount of such investments within the Bond Fund whenever the cash balance therein is insufficient to pay the principal of and premium, if any, and interest on the Bonds when due. All income and earnings from the investment of amounts on deposit in any fund shall be retained therein; provided, however, that any moneys held in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall be transferred to the Bond Fund at least annually.

The Authority and the District acknowledge that to the extent regulations of the comptroller of the currency or any other regulatory entity grant the Authority and the District the right to receive brokerage confirmations of the security transactions as they occur, the Authority and the District specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Issuer periodic cash transaction statements which include the detail for all investment transactions made by the Trustee hereunder.

Section 6.2. Method of Valuation and Frequency of Valuation. In computing the amount in any Fund or account, Investment Obligations shall be valued at the fair market value of such Obligations, exclusive of accrued interest. All funds and accounts are to be valued on the basis of a market valuation conducted annually by the Trustee.



## ARTICLE VII

### RIGHTS OF THE DISTRICT

Section 7.1. Subordination of Master Lease to Indenture; Certain Rights to District. As provided in the Master Lease, the Master Lease and the District's interest in the Projects and its interest as lessee under the Master Lease shall at all times be subject to the lien of the 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 District shall not be disturbed by the Authority or the Trustee in its possession, use and enjoyment of the Projects during the term of the Master Lease or in the enjoyment of its rights under the Master Lease; provided further that this Indenture and the rights and privileges hereunder of the Trustee and Bondholders are specifically made subject and subordinate to the rights and privileges of the District set forth in the Master Lease to exercise its option to purchase the Projects in the event of, and subsequent to, the occurrence of an Event of Default, but prior to the liquidation of the Authority's interest in the Projects. As a condition of the exercise of such option, the District under the Master Lease must pay, in addition to the Purchase Option Price, any interest payment deficiencies accruing from the date of the Event of Default or Event of Nonappropriation. The Trustee agrees that it shall execute and deliver any instrument necessary or appropriate at any time to confirm, evidence or enable the District to enjoy such rights and privileges, including without limitation, those referred to in Section 7.2 hereof.

Section 7.2. Granting of Rights in and to the Projects. Reference is made to the provisions of the Master Lease, whereby the Authority and the District have reserved the right to grant rights in and to certain portions of the Projects and to withdraw portions of the Projects from the terms of the Master Lease and the lien of this Indenture and the Security Documents upon compliance with the terms and conditions of the Master Lease.

Section 7.3. Release of Equipment Forming a Part of the Projects. Reference is made to the provisions of the Master Lease, whereby the District, may withdraw certain items of equipment forming a part of the Projects upon substitution of other property of comparable or greater value, or upon deposit of sale proceeds in the Bond Fund, in conformity with the terms and conditions of the Master Lease.

Section 7.4. Release of Portions of Project Upon Payment of Related Series of Bonds. Pursuant to the Master Lease the District has been granted the option of purchasing a Project in advance of the final maturity of the related Series of Bonds. So long as no Event of Default shall have occurred and be continuing under the Indenture and so long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing under the Master Lease, a Project may be released from the lien created with respect to the related Series of Bonds and the Indenture and the Master Lease and transferred to the District if (a) the District shall deposit with the Trustee the Purchase Option Price for such Project; and (b) if any of the related Series of the Bonds are Tax-Exempt Bonds or one or more Series of Bonds are Tax Credit Bonds qualifying for Direct Payments, there shall have been delivered to the Trustee an opinion of nationally recognized bond counsel to the effect that the release of the Project will not adversely affect the excludability of interest on said Bonds, if applicable, from the federal gross income of the owners thereof or affect the status of the Bonds as Tax Credit Bonds qualifying for Direct Payments.

For purposes of this Section 7.4 the Authority may, in the Supplemental Indenture authorizing a Series of Bonds, designate a subseries of such Series of Bonds with respect to any discreet portion of a Project financed with such Series of Bonds and in the Master Lease or an amendment to Master Lease provide for a separate schedule of Base Rental payments and Purchase Option Price for such subseries. The District shall be entitled to the option to purchase such discreet portion of a Project upon payment of the related Purchase Option Price for such portion of the Project and compliance with the provisions of the preceding paragraph.

## ARTICLE VIII

### DISCHARGE OF LIEN

If the Authority shall pay or cause to be paid, or there shall be otherwise paid or unconditional provisions for payment made to or for the Bondholders, the principal of and premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee and any paying agents, all Security Instrument Issuers, and all Reserve Instrument Providers all sums of money due or to become due according to the provisions hereof and any Supplemental Indenture (including any make whole interest payment or redemption premiums), then these presents and the estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of the Indenture, and release, assign and deliver unto the Authority and the District any and all the estate, right, title and interest in and to any and all rights assigned to the Trustee or otherwise subject to the lien of the Indenture, including amounts in the Bond Fund and the Debt Service Reserve Fund and all rights granted under the Security Documents, except moneys or securities held by the Trustee for the payment of the principal of and premium, if any, and interest on the Bonds.

Any Bond shall be deemed to be paid within the meaning of this Article and for all purposes of the Indenture when (a) payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (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 or for the benefit of the Trustee, in trust, and the Trustee shall have irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, and/or (2) Direct Obligations maturing as to principal and interest in such amount and at such times as will insure, without reinvestment, the availability of sufficient moneys to make such payment as verified by a certified public accountant, and (b) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such 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 the Indenture, except for the purposes of any such payment from such moneys or Direct Obligations.

Notwithstanding the foregoing, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds shall have been previously given in accordance with Article III of this General Indenture, or in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, until the Authority shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Bondholders of the Bonds, in accordance with Article III hereof, that the deposit required by (a)(ii) above has been made with or for the benefit of the Trustee and that said Bonds are deemed to have been paid in accordance with this Article VIII, and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds and to call for redemption pursuant to the Indenture any Bonds to be redeemed prior to maturity; or (b) the maturity of such Bonds.

All moneys so deposited with or for the benefit of the Trustee as provided in this Article VIII may at the direction of the Authority also be invested and reinvested in Direct Obligations, maturing in the amounts and at times as hereinbefore set forth, and all income from all Direct Obligations pursuant to this Article VIII which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in that fund.

The Authority hereby covenants that no deposit will be made hereunder and no use made of any such deposit which would cause the Tax-Exempt Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

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

ARTICLE IX  
DEFAULT PROVISIONS AND REMEDIES OF  
THE TRUSTEE AND BONDHOLDERS

Section 9.1. Events of Default. If any of the following events occur, it is hereby declared to constitute an “Event of Default” under this Indenture:

- (a) Failure to pay when due interest on any Bond;
- (b) Failure to pay when due the principal of, or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof (other than the event contemplated in Section 3.4(d) herein, which shall not be an Event of Default);
- (c) Failure to perform or observe any other of the covenants, agreements or conditions on the part of the Authority contained in the Indenture or in the Bonds and failure to remedy the same after notice thereof pursuant to Section 9.13 hereof;
- (d) The occurrence of an event of default under the terms of any of the Bond Documents on the part of either the Authority or the District;
- (e) The Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder;
- (f) The Authority (1) is adjudged insolvent by a court of competent jurisdiction, (2) admits in writing its inability to pay its debts generally as they become due, (3) files a petition in bankruptcy, (4) makes an assignment for the benefit of creditors, or (5) consents to the appointment of a receiver of itself or property with respect to the Projects;
- (g) An order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Authority, a receiver of the Authority or of the property with respect to the Projects, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty days from the date of such appointment;
- (h) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against the Authority under the provisions of any bankruptcy act and such order, judgment or decree shall not be vacated or set aside or stayed within sixty days from the date of entry of such order, judgment or decree;
- (i) Under the provisions of any other law now or hereafter existing for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the property with respect to the Projects or any part thereof, and such custody or control shall not be terminated within sixty days from the date of assumption of such custody or control; or
- (j) Subject to the limitations contained in the Master Lease, the Authority shall unreasonably delay or fail to carry on with reasonable dispatch, or shall discontinue construction of any substantial part of a Project.

Section 9.2. Acceleration, Limitation on Remedies. Upon the occurrence and continuation of an Event of Default, the Trustee shall (subject to the rights of any Security Instrument Issuer contained in a Supplemental Indenture) have all the rights and remedies with respect to the Trust Estate as the Authority, as lessor, has against the Projects and the District under the pertinent provisions of the Master Lease; and the Trustee may, and upon the written request of Bondholders of not less than 25% in aggregate principal amount of the Bonds Outstanding shall, by notice in writing delivered to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable without further action. Such amounts of principal and interest shall bear interest from the date of acceleration, as herein provided, until paid at the same rate borne by the accelerated Bonds prior to acceleration.

Upon any sale made either under the power of sale given in this Article IX or given in the Security Documents or under a judgment, order or decree made in any judicial proceedings for the foreclosure or enforcement of this Indenture and/or the Security Documents, the principal of all Bonds then outstanding, if not previously due, shall at once become and be immediately due and payable without declaration or notice by the Trustee or the Bondholders.

Notwithstanding anything to the contrary contained in the Indenture, no deficiency judgment upon foreclosure of the lien of the Indenture or of the Security Documents against the Projects may be entered against the District or the Authority, and no breach of any provision of the Master Lease, the Security Documents or this Indenture shall impose any general obligation or liability upon or a charge against the District or the Authority or upon the general credit or taxing powers of the District. Additionally, no judgment requiring a payment of money may be entered against the District by reason of an Event of Default or an Event of Nonappropriation under the Master Lease; provided to the extent permitted by law that the Trustee may, subject to compliance with the applicable provisions of the “one action rule” set forth in Title 78B, Chapter 6, Utah Code Annotated 1953, as amended, recover from the District (a) the portion of Base Rentals and Additional Rentals (including amounts owed to any Security Instrument Issuer and any Reserve Instrument Provider) which are or would otherwise have been payable under the Master Lease during any period in which the District continues to use, occupy and operate a Project or Projects or any portion thereof; and (b) Base Rentals and Additional Rentals which are or would otherwise have been payable by the District under the Master Lease during the remainder, after the District vacates the applicable Project or Projects, of the then-current annual term of the Master Lease in which such Event of Default occurs for which term the District had lawfully appropriated moneys for purposes of paying such Base Rentals and Additional Rentals; provided, however, that the Authority shall be obligated to the District to use its best efforts to lease or sublease the Project or Projects for the remainder of such annual term, and the Net Proceeds of such leasing shall be offset against the amount recoverable from the District under this clause (b).

Notwithstanding anything contained herein to the contrary, the rights and privileges of the Trustee and the Bondholders are subject to the right of the District to purchase the Project or Projects as set forth in the Master Lease and the Trustee shall make no final sale or other final disposition of any interest in said Project or Projects pursuant to any available foreclosure remedy without notifying the District in writing of the occurrence of an Event of Default, and allowing the District ninety days from the mailing of such notice to exercise its option and purchase the Project or Projects.

Section 9.3. Surrender of Possession of Projects; Rights and Duties of Trustee in Possession. Subject to Section 9.2 hereof, upon the occurrence and continuation of an Event of Default under the Indenture, the Authority, upon demand of the Trustee, shall forthwith surrender, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Projects together with the books, papers and accounts of the Authority pertaining thereto, and including the rights and the position of the Authority with respect to the Projects under the Master Lease and to make all needful repairs and improvements as the Trustee shall deem wise. Upon the occurrence and continuation of an Event of Default, the Trustee may execute a written notice of default and an election to cause the Authority’s interest in the Projects or any portion thereof to be sold (subject to any reversionary rights of the District which may be retained in the Project site or sites in the event any ground lease may be executed between the Authority and the District) to satisfy the obligations of the Authority under the Indenture in accordance with the provisions of the Security Documents and/or may cause a sale of personal property as provided by law. The Trustee may also lease or otherwise dispose of the Authority’s interest in the Projects in the name and for the account of the Authority and in such manner as the Trustee, in its sole discretion, may elect. In connection with any such sale or leasing of the Projects, the Trustee may collect, receive and sequester the rental payments, revenues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver pay, or set up the proper reserve for the payment of, all proper costs and expenses of so taking, holding, leasing, selling and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of the Indenture and the Security Documents which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of Section 9.8 hereof. Whenever all that is due upon the Bonds and all other obligations secured hereby shall have been paid and all defaults made, cured or waived, the Trustee shall surrender whatever possession the Trustee shall retain to the Authority; the same right of entry, however, to exist upon any subsequent Event of Default.

While in possession of such property the Trustee shall render annually to the Authority and the District and, at the request and at the expense of any Bondholder, at its address set forth in the registration book required by Section 4.6 hereof, a summarized statement of income and expenditures in connection therewith.

While any Bonds are Outstanding, the Authority shall not exercise any of the remedies on default specified in the Master Lease without the prior written consent of the Trustee and any Security Instrument Issuer.

Section 9.4. Other Remedies; Rights of Bondholders. Except as otherwise limited by the provisions of the Indenture and subject to the rights of any Security Instrument Issuer, upon the occurrence of an Event of Default under the Indenture, the Trustee may, upon being indemnified to its satisfaction, pursue any available remedy that it deems to be in the best interest of the Bondholders by suit at law or in equity to enforce the payment of the principal of and premium, if any, and interest on the Bonds then Outstanding.

Subject to Section 9.5, if an Event of Default shall have occurred under the Indenture, and if requested so to do by the Bondholders of 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in Section 10.1 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 9.4 and by Section 9.2 hereof, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

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

No delay or omission to exercise any right or power accruing upon any default or Event of Default under the Indenture shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and such right and power may be exercised from time to time as often as may be deemed expedient. Every power or remedy given by the Indenture, the Master Lease or the Security Documents or to which the Trustee 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.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Notwithstanding anything contained herein or in the Security Documents to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Law, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The term "Environmental Laws" shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto. The term "Hazardous Substances" shall mean any chemical, substance or material classified or designated as hazardous, toxic or radioactive, or other similar term, and now or hereafter regulated under any Environmental Law, including without limitation, asbestos, petroleum and hydrocarbon products. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action.

Section 9.5. Right of Bondholders to Direct Proceedings. The Bondholders 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 the 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 the Indenture and such bondholders have provided the Trustee indemnification as it is provided in Article X. The Trustee shall have the right to decline to follow any direction of Bondowners that in the sole discretion of the Trustee would be unjustly prejudicial to the Trustee or to Bondowners not parties to such direction, that would expose the Trustee to unreasonable liability or financial exposure or that is not in accordance with law or the provisions of this Indenture, shall be entitled to rely without further investigation or inquiry upon any direction given by the Owners of a majority in aggregate principal amount of the Bonds Outstanding, and shall not be responsible for the propriety of or liable for the consequences of following any such direction. Notwithstanding anything to the contrary contained herein, the Trustee shall not be required to foreclose the lien of the Security Documents or bid on behalf of Bondowners at any foreclosure sale (a) if, in the Trustee's sole discretion, such action would

subject the Trustee to personal liability for the cost of investigation, removal and/or other remedial activity with respect to Hazardous Substances (as defined in the Security Documents) or (b) if the presence of Hazardous Substances on the property subject to the lien of the Security Documents results in such property having no or nominal value. It is acknowledged and agreed that the Trustee has no authority to manage, own or operate the Project, or any portion thereof, except as necessary to exercise remedies upon default.

Section 9.6. Appointment of Receivers. Upon the occurrence of an Event of Default under the Indenture and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under the Indenture, the Trustee shall be entitled to the appointment of a receiver or receivers of the Trust Estate and of the rents, revenues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 9.7. Waiver. Upon the occurrence of an Event of Default under the Indenture, to the extent that such rights may then lawfully be waived, neither the Authority, nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of the Indenture, and the Authority, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws.

Section 9.8. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, including any Trustee fees and the fees and expenses of its counsel, be deposited in the Bond Fund and all moneys in the Bond Fund (except as otherwise provided herein or in a Supplemental Indenture) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

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

SECOND—To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due (with interest on overdue installments of interest, at the same rate as the rate of the respective Bond or Bonds which are past 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 to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD—To be held for the payment of the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto 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 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, plus, to the extent permitted by law, interest on overdue installments of interest or principal at the same rate as the rate of the respective Bond or Bonds which are past due.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declarations shall thereafter have been rescinded and annulled under the provisions of this Article IX then, subject to the provisions of Section 9.8(b) hereof 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 Section 9.8(a) hereof.

(d) Following the payment of amounts due with respect to the Bonds, remaining amounts shall be applied to the payment of all obligations then due and payable to any Security Instrument Issuer or Reserve Instrument Provider in connection with any Security Instrument or applicable Reserve Instrument, respectively.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.8, 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. Setting aside such moneys in trust for the proper purpose shall constitute proper application by the Trustee, and the Trustee shall have no liability whatsoever to the Authority, to any Bondholder, or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with the circumstances known at the time of the application by the Trustee. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date 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 Bondholder of any Bond until such Bond shall be presented to Trustee for appropriate endorsement or for cancellation if fully paid (unless otherwise specified by Supplemental Indenture).

Whenever the principal of and premium, if any, and interest on all Bonds and all Reserve Instrument Repayment Obligations have been paid under the provisions of this Section 9.8 and all fees, expenses and charges of the Trustee and its counsel have been paid, any balance remaining in the Bond Fund shall be paid to the District as provided in Section 5.15 of this General Indenture as overpayment of Base Rentals.

Section 9.9. Remedies Vested in the Trustee. All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Bondholders, and any recovery of judgment shall be for the equal and ratable benefit of the Bondholders of the Outstanding Bonds.

Section 9.10. Rights and Remedies of Bondholders. No Bondholder shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 10.1(h) hereof, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an Event of Default under the Indenture and the Bondholders of 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names, nor unless also they have offered to the Trustee indemnity as provided in Section 10.1(l) hereof, nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Bondholders shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his, her 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, had and maintained in the manner herein provided and for the equal and ratable benefit of the Bondholders of all Bonds then Outstanding. However, nothing contained in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and premium, if any, and interest on any Bond at and after the maturity thereof or the redemption date established therefor, or the obligation of the Authority to pay the Bonds issued hereunder to the respective Bondholders thereof at the time, place, from the source and in the manner in the Bonds expressed.

Section 9.11. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 9.12. Waivers of Events of Default. The Trustee may, with the consent of all Security Instrument Issuers and upon the written direction of Security Instrument Issuers insuring a majority of the Bonds then Outstanding or, if some Bonds are uninsured, any combination of Bondholders and Security Instrument Issuers are representing a majority of the Bonds then Outstanding, waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of the principal of the Bonds; provided, however, that there shall not be waived (1) any Event of Default under the Indenture in the payment of the principal of any Outstanding Bonds at the date of maturity specified therein, or (2) any Event of Default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interests (including interest on overdue installments of interest) or all arrears of payments of principal when due, as the case may be, both with interest at the same rate as the rate of the respective Bond or Bonds which are past due, and all fees and expenses of the Trustee and its counsel, in connection with such Event of Default shall have been paid or provided for, and in cases of any such waiver or rescission, or in case any proceeding taken by Trustee, the Security Instrument Issuers on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 9.13. Notice of Events of Default under Section 9.1(c); Opportunity of the Authority and the District to Cure Such Events of Default. Anything herein to the contrary notwithstanding, no default under Section 9.1(c) hereof shall constitute an Event of Default under the Indenture until actual notice of such default by registered or certified mail shall be given to the Authority and the District by the Trustee or by the Bondholders of not less than 25% in aggregate principal amount of all Bonds Outstanding, and the Authority and the District shall have had thirty days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, that, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default under the Indenture if corrective action is instituted by the Authority and the District within the applicable period and diligently pursued, to the satisfaction of the Trustee until the default is corrected (provided that no such grace period shall exceed 90 days unless the Security Instrument Issuers shall have consented thereto).

With regard to any default concerning which notice is given to the Authority and the District under the provisions of this Section 9.13, the Authority hereby grants the District full authority for account of the Authority to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution.

Section 9.14. Cooperation of Authority. The Authority covenants and agrees that should there be an Event of Default under the Master Lease with the result that the right of possession of the Projects is returned to the Authority, the Authority shall fully cooperate with the Trustee and with the Bondholders to fully protect the rights and security of the Bondholders and shall diligently proceed in good faith and, if requested by the Trustee or any Bondholder, shall use its best efforts to secure a purchaser or another lessee of the Projects so that at all times sufficient rents and other amounts will be derived from the Projects promptly to meet and pay the principal of and premium, if any, and interest on the Bonds as the same become due and payable, as well as to cover the cost of all Additional Rentals with respect to the Projects required under the Master Lease. Nothing herein shall be construed as requiring the Authority to operate the Projects or to use any funds or revenues from any source other than the rents and other amounts derived from the Projects.

## ARTICLE X

### THE TRUSTEE

Section 10.1. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default under the Indenture and after the curing of all Events of Default under the Indenture which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred under the Indenture (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a corporate trustee would exercise or use under the circumstances in the conduct of its own affairs.

No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that (i) prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred:

(A) The duties and obligations of the Trustee shall be determined solely by the express provisions of the Indenture, and the Trustee shall be liable only for the performance of such duties and obligations as are specifically set forth in the Indenture, and no implied covenant or obligation shall be read into the Indenture against the Trustee; and

(B) In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee conforming to the requirements of the Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture;

and (ii) the Trustee shall not be liable for any other judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for the conduct of the same appointed in accordance with the standard specified above, and shall be entitled to advice of counsel (including its own in-house counsel) concerning its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Authority or the District), approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or inaction in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein or in any official statement or in the Bonds (except with respect to the certificate of the Trustee endorsed on the Bonds), or for insuring the Projects or collecting any insurance moneys, or for the validity of the execution by the Authority of the Indenture, or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of title of the Projects or any lien waivers with respect to the Projects; provided, however, that the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Authority or on the part of the District under the Master Lease in connection with the matters referred to in Article XIV of the Master Lease, except as hereinafter set forth; but the Trustee may require of the Authority or the District full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property herein conveyed and the Trustee shall not be responsible for any loss suffered in connection with any investment of funds made by it in accordance with Article VI hereof.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to the Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Bondholder of any Bonds, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by the Authority Representative or the District Representative as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in Section 10.1(h) hereof, or of which by said Section 10.1(h) it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of any of the officers of the Authority who have executed the Bonds (or their successors), and of any member of the governing body of the District, to the effect that a resolution in the form therein set forth has been adopted by the Authority or the District, as the case may be, as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty and it shall not be answerable for other than its gross negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under the Indenture except an Event of Default under Section 9.1(a) or 9.1(b) hereof or the failure by the Authority to cause to be made any of the payments to the Trustee required to be made by Article IV hereof or failure by the Authority, any Security Instrument Issuer or the District to file with the Trustee any document required by the Indenture or the Master Lease to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the Holders of at least 25% in aggregate principal amount of any Series of Bonds then Outstanding, and all notices or other instruments required by the Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books and records of the Authority pertaining to the Projects and the Bonds, and to take such memoranda from and with regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in the Indenture with respect to the authentication of any Bonds, the withdrawal of any cash or the taking of any action whatsoever, within the purview of the Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certifications, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, by the Trustee deemed desirable for the purpose of establishing the right of the Authority to the authentication of any Bonds, the withdrawal of any cash or the taking of any other action by the Trustee.

(l) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Bondholders, pursuant to the provisions of the Indenture, unless such Bondholders shall have offered to the Trustee security or indemnity acceptable to it against the fees, costs, expenses and liabilities, including fees and expenses of its counsel, which may be incurred therein or thereby.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

**Section 10.2. Fees, Charges and Expenses of the Trustee.** The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services and such other compensation as may be authorized under the Master Lease. Upon an Event of Default under the Indenture, but only upon such an Event of Default, the Trustee shall have a first lien with right of payment, prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the Trust Estate for the foregoing fees, charges and expenses incurred by it.

**Section 10.3. Notice to Bondholders.** The Trustee shall give to the Bondholders notice of each default hereunder known to the Trustee (or of which the Trustee is deemed to have notice by Section 10.1(h) hereof) within ninety days after the occurrence thereof, unless such default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of principal of or premium, if any, or interest on any of the Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Bondholders. Each such notice of default shall be given by the Trustee by mailing written notice thereof to all Bondholders of Bonds then outstanding whose names appear on the list of Bondholders as provided in Section 4.6 hereof.

**Section 10.4. Intervention by the Trustee.** In any judicial proceeding to which the Authority is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interest of owners of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the Bondholders of at least 25% of the aggregate principal amount of Bonds then Outstanding.

**Section 10.5. Successor Trustee.** Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor to the Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**Section 10.6. Resignation by the Trustee.** The Trustee and any successor to the Trustee may at any time resign from the trusts herein created by giving sixty days' written notice by registered or certified mail to the Authority and to the Bondholders of each Bond as shown by the list of Bondholders required by Section 4.6 hereof to be kept by the Trustee, and such resignation shall take effect only upon the appointment of a successor Trustee by the Bondholders or by the Authority; provided, however that if no successor Trustee has been appointed within 60 days of the date of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it deems proper and prescribes, appoint a successor Trustee.

**Section 10.7. Removal of the Trustee.** The Trustee may be removed by the Authority at any time, by an instrument or concurrent instruments in writing delivered to the Trustee, provided that such instrument or instrument concurrently appoint a successor Trustee meeting the qualifications set forth herein.

**Section 10.8. Appointment of Successor Trustee.** In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Authority by an instrument or concurrent instruments executed by its President and attested by its Secretary-Treasurer under its seal (or, if an Event of Default exists, by the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Authority by an instrument executed by the President and attested by the Secretary-Treasurer under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Registered Owners in the manner above provided; and any such temporary Trustee so appointed by the Authority shall immediately and without further act be superseded by the Trustee so appointed by such

Registered Owners). The original Trustee and every such Trustee appointed pursuant to the provisions of this Section 10.8 shall be a trust company or bank in good standing located in or incorporated under the laws of the State duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than Seventy-Five Million Dollars (\$75,000,000).

**Section 10.9. Concerning Any Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority and the District an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the Authority, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article X, shall be filed or recorded by the successor Trustee in each recording office where the Indenture shall have been filed or recorded. Additionally, all substitutions of Trustee under the Security Documents shall be filed or recorded in accordance with the laws of the State.

In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be Trustee hereunder and Bond Registrar for the Bonds and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee, Bond Registrar and Paying Agent for the Bonds.

**Section 10.10. Right of the Trustee to Pay Taxes and Other Charges.** In case any tax, assessment, governmental or other charge upon, or insurance premium with respect to, any part of a Project or Projects is not paid as required herein or in the Master Lease or the Security Documents, the Trustee may pay such tax, assessment, governmental or other charge, or insurance premium, without prejudice, however, to any rights of the Trustee or the Bondholders arising in consequence of such failure; and any amount at any time so paid under this Section 10.10, with interest thereon from the date of payment at a rate per annum equal to the then prevailing base rate of the Trustee as of the date of payment shall become so much additional indebtedness secured by the Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of Base Rentals or Additional Rentals collected from the Projects, if not otherwise caused to be paid; but the Trustee shall not be under any obligation to make any such payment unless it shall have been requested to do so by the Bondholders of at least 25% of the aggregate principal amount of Bonds then Outstanding and shall have been provided with adequate funds for the purpose of such payment.

**Section 10.11. Appointment of Co-Trustee.** It is the purpose of the Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as the Trustee in such jurisdiction. It is recognized that in case of litigation under the Indenture, the Master Lease, or the Security Documents, and in particular in case of the enforcement of either upon an Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or Co-Trustee. The following provisions of this Section 10.11 are adapted to these ends.

The Trustee may appoint an additional individual or institution as a separate or Co-Trustee, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by the Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vested in such separate or Co-Trustee, but only to the extent necessary to enable such separate or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or Co-Trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Authority be required by the separate or Co-Trustee so appointed by the Trustee for more fully and certainly vesting in it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed,

acknowledged and delivered by the Authority. In case any separate or Co-Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate or Co-Trustee.

Section 10.12. Trustee Not Responsible for Actions of Authority. The Trustee shall not be liable or responsible because of the failure of the Authority or of any of its officers, employees or agents to make any collections or deposits, or to perform any act herein required of the Authority or its officers, directors, employees or agents. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with the provisions of the Indenture. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 10.13. Trustee's Right to Own and Deal in Bonds. The bank or trust company acting as Trustee under the Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by the Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee under the Indenture.

Section 10.14. Requirements as to Trustee's Records. So long as any of the Bonds shall remain outstanding:

(a) the records of the Trustee pertaining to the Bonds and to the Trustee hereunder shall be available to and open for inspection at all reasonable times by the Authority, the District and all other governmental bodies legally entitled to inspect such records, and

(b) the Trustee shall retain in its possession all financial statements furnished to it pursuant to the Indenture. The Trustee shall transfer to any successor trustee copies of the records of the Trustee pertaining to the Bonds and to the Trustee.

Section 10.15. Trustee's Own Funds. No provision of the Indenture or of the Bond Documents shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 10.16. Direct Payment Authorization. (a) The Authority hereby authorizes and directs the Trustee to take all necessary actions to effectively carry out the duties required to apply for and accept Direct Payments from the Internal Revenue Service on behalf of the Authority under Sections 54AA, 1400U-2, and 6431 of the Code or such other tax provisions of substantially similar nature which may be hereafter authorized. In connection with such application and acceptance of Direct Payments, the Authority shall provide to the Trustee (i) a copy of the executed Form 8038-TC filed in connection with the issuance of the Bonds, (ii) an incumbency certificate listing the officers of the Authority authorized to act on behalf of the Authority under this Indenture and (iii) such other instruments, opinions and certificates as the Trustee may reasonably request. Upon receipt of any Direct Payments, the Trustee shall promptly deposit such payment in the Bond Fund for use in paying debt service on the Bonds. Failure by the Trustee to prepare or file the Form 8038-CP shall not affect any payment obligations of the Authority hereunder. The Authority hereby authorizes and directs the Trustee to prepare and file the IRS Form 8038-CP as may be required from time to time under the Code as are within its power and are requested by and at the expense of the Authority and agreed to by the Trustee, to request the Direct Payments. The Form 8038-CP shall authorize the Direct Payments requested in accordance with this clause (a) to be paid to the Trustee.

(b) For fixed rate bonds, at least ninety (90) days prior to each Interest Payment Date with respect to the Bonds, the Trustee shall deliver to the Authority by a delivery method that provides the Trustee with evidence of delivery a completed Form 8038-CP, which is to be signed by an Authority Representative. The form and the certification shall be sent to the attention of an Authority Representative for the Authority's signature. The Authority shall return such signed Form 8038-CP to the Trustee not later than eighty (80) days prior to each Interest Payment Date with respect to the Bonds, by a delivery method which provides the Authority with evidence of delivery. Not more than ninety (90) and not less than seventy (70) days prior to each Interest Payment Date for the Bonds, the Trustee shall file, or cause to be filed a Form 8038-CP with the Internal Revenue Service Center, Ogden, Utah 84201, or any successor location specified by the Internal Revenue Service, or take such other or additional actions as may be required from time to time under the Code as are within its power and are requested by the Authority and agreed

to by the Trustee, to request the Direct Payments with respect to such Interest Payment Date. Upon completion of filing, the Trustee shall deliver a copy of such Form 8038-CP to the Authority.

(c) For variable rate bonds, no more than five (5) days after the last Interest Payment Date within the calendar quarter period for which reimbursement is being requested, the Trustee shall deliver to the Authority by a delivery method that provides the Trustee with evidence of delivery a completed Form 8038-CP, which is to be signed by an Authority Representative. The form and certification shall be sent to the attention of an Authority Representative. The Authority shall return such signed Form 8038-CP to the Trustee not later than twenty (20) days after the last Interest Payment Date within the calendar quarter period for which reimbursement is being requested with respect to the Bonds, by a delivery method which provides the Authority with evidence of delivery. Not more than 35 days after the last Interest Payment Date within the calendar quarter period for which reimbursement is being requested, the Trustee shall file or cause to be filed a Form 8038-CP with the Internal Revenue Service Center, Ogden, Utah 84201, or any successor location specified by the Internal Revenue Service, or take such other or additional actions as are within its power and are requested by the Authority and agreed to by the Trustee, to request the Direct Payments with respect to such prior Interest Payment Dates. Upon completion and filing, the Trustee shall deliver a copy of such Form 8038-CP to the Authority.

## ARTICLE XI

### SUPPLEMENTAL INDENTURES

Section 11.1. Supplemental Indentures Not Requiring Consent of Bondholders. The Authority and the Trustee may (subject to the rights of any Security Instrument Issuer under any Supplemental Indenture), without consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to the Indenture which shall not be inconsistent with the general terms and provisions hereof for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee;
- (c) To subject to the Indenture additional revenues, properties or collateral;
- (d) To modify, amend or supplement the Indenture or any indenture supplemental hereto in such matter as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;
- (e) To evidence the appointment of a separate Trustee or a Co-Trustee or paying agent or the succession of a new Trustee or paying agent hereunder;
- (f) To issue the Initial Bonds, Refunding Bonds or Additional Bonds in accordance with the Indenture and the Master Lease; and
- (g) To make any other change which, in the judgment of the Trustee is not materially adverse of the Trustee or, as evidenced by an opinion of counsel delivered to the Trustee, the holders of the Bonds.

Section 11.2. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of Supplemental Indentures covered by Section 11.1 hereof and subject to the terms and provisions contained in this Section 11.2, and not otherwise, the Bondholders of not less than 66 2/3% (100% if applicable) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such Supplemental Indentures hereto as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in this Section 11.2 or in Section 11.1 hereof contained shall permit, or be construed as permitting, (i) an extension of the maturity of the principal of, or the interest on, any Bond issued hereunder, or (ii) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indentures, or (v) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture and the Security Documents on the Trust Estate or any part thereof (except in connection with the issuance of Refunding Bonds or Additional Bonds), or (vi) deprive the Bondholder of any Bond then Outstanding of the lien hereby created on any material portion of the Trust Estate, without the prior consent of the Bondholders of 100% of the Bonds affected by such action. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which adversely affects the Trustee's rights, deeds or immunities under the Indenture or the Master Lease.

If at any time the Authority shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section 11.2, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be given by registered or certified mail to the Bondholder of each Bond shown by the list of Bondholders required by the terms of Section 4.6 hereof to be kept at the office of the Trustee. Such notices shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated office of the Trustee for inspection by all Bondholders. If the Bondholders of not less than 66 2/3% in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall

have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Article XI permitted and provided, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything therein to the contrary notwithstanding, so long as no Event of Default or Event of Nonappropriation with respect to the Projects shall have occurred and be continuing under the Master Lease, a Supplemental Indenture under this Article shall not become effective unless and until the District shall have consented to the execution and delivery of such Supplemental Indenture. In this regard and except with respect to Supplemental Indentures for which the District has otherwise been notified, the Trustee shall cause notice of the proposed execution of any such Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed by certified or registered mail to the District at least fifteen days prior to the proposed date of execution and delivery of any such Supplemental Indenture. The District shall be deemed to have consented to the execution and delivery of any such Supplemental Indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the District on or before the fifteenth day after the mailing of said notice.



## ARTICLE XII

### AMENDMENT OF MASTER LEASE

Section 12.1. Amendments, etc., to Master Lease Not Requiring Consent of Bondholders. The Authority and the Trustee shall without the consent of or notice to the Bondholders (subject to the rights of any Security Instrument Issuer under any Supplemental Indenture) consent to any amendment, change or modification of the Master Lease as may be required (i) by the provisions of the Indenture and the Master Lease (including those provisions applicable to the issuance of the Initial Bonds, Refunding Bonds and Additional Bonds), (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) so as to more precisely identify the Projects, or the Project sites or substitute or add additional improvements or equipment to the Projects or additional rights or interests in property acquired in accordance with the provisions of the Master Lease, or (iv) in connection with any amendment to the Indenture pursuant to Section 11.1 hereof, or (v) in connection with any other change therein which, in the judgment of the Trustee is not materially adverse of the Trustee or, as evidenced by an opinion of counsel delivered to the Trustee, the holders of the Bonds.

Section 12.2. Amendments, etc., to the Master Lease Requiring Consent of Holders of the Bonds. Except for the amendments, changes or modifications as provided in Section 12.1 hereof, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of the Master Lease without mailing of notice and receipt of the written approval or consent of the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds at the time outstanding given as in this Section 12.2 provided and the consent of any Security Instrument Provider as provided in any Supplemental Indenture. If at any time the Authority and the District 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 given in the same manner as provided by Section 11.2 of the Indenture 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 office of Trustee for inspection by all Holders of the Bonds. No such amendment, change or modification of the Master Lease shall reduce the aggregate principal amount of the Bonds the Bondholders of which are required to consent to any amendment, change or modification of such Master Lease, or materially reduce or postpone payments required to be made under the Master Lease without the consent of all of the Holders of the Bonds Outstanding. Approval or consent shall be evidenced in a manner acceptable to the Trustee and the Authority.

## ARTICLE XIII

### MISCELLANEOUS

Section 13.1. Consents, etc. of Bondholders. Any consent, request, direction, approval, objection or other instrument required by the Indenture to be signed and executed by the Bondholders may be in any number of concurrent documents and may be executed by such Bondholders 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 the 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 certificate 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 registration books of the Authority maintained by the Trustee pursuant to Section 4.6 of the Indenture.

Section 13.2. Limitation of Rights. With the exception of any rights herein expressly conferred, nothing expressed or mentioned in or to be implied from the Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, any Security Instrument Provider, any Reserve Provider, and the holders of the Bonds, any legal or equitable right, remedy or claim under or with respect to the Indenture or any covenants, conditions and provisions herein contained; the Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the District, any security Instrument Provider, any Reserve Provider and the Bondholders as herein provided.

Section 13.3. Severability. If any provision of the Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 13.4. Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by facsimile addressed as follows: If to the Authority, to the Local Building Authority of North Davis Fire District, Utah, 381 North 3150 West, West Point City, Utah, 84015, Attention: President; if to the Trustee, to Zions Bancorporation, National Association, One South Main Street, 12<sup>th</sup> Floor, Salt Lake City, Utah, 84133, Attention: Corporate Trust Department; if to the District, 381 North 3150 West, West Point City, Utah, 84015, Attention: Fire Chief. A duplicate copy of each notice required to be given hereunder by the Trustee to either the Authority or the District shall also be given to the others. The Authority, the District, and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 13.5. Payments Due on Days other than Business Days. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be other than a Business Day, then payment of principal and premium, if any, or interest 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 or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 13.6. Governmental Entity Provisions. The parties hereto acknowledge and agree that the Authority is a governmental entity under the Governmental Immunity Act of Utah, Section 63G-7-101, et seq., Utah Code Annotated 1953, as amended (the "Immunity Act"). Nothing in this General Indenture shall be construed as a waiver by the Authority of any protections, rights, or defenses applicable to the Authority under the Immunity Act, including without limitation, the provisions of Section 63G-7-604 regarding limitation of judgments. It is not the intent of the Authority to incur by contract any liability for the operations, acts, or omissions of the Trustee or any third-party and nothing in this General Indenture shall be so interpreted or construed. Without limiting the generality of the foregoing, and notwithstanding any provisions to the contrary in this General Indenture, any indemnity obligations of the Authority contained in this General Indenture are subject to the

Immunity Act and are further limited only to claims that arise directly and solely from the negligent acts or omissions of the Authority.

Section 13.7. Counterparts. This General Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.8. Applicable Provisions of Law. The Indenture shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, the Authority has caused these presents to be signed in its corporate name and with its official seal hereunto affixed and attested by its duly authorized officers, and to evidence its acceptance of the trust hereby created, the Trustee has caused these presents to be executed in its corporate name with its corporate seal hereunto affixed all by its duly authorized officers, as of the date first above written.

LOCAL BUILDING AUTHORITY OF NORTH  
DAVIS FIRE DISTRICT, UTAH

(SEAL)

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

ATTEST AND COUNTERSIGN:

By: \_\_\_\_\_  
Secretary-Treasurer

ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION, as Trustee

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

(SEAL)

MASTER LEASE AGREEMENT

Dated as of October 1, 2021

between

LOCAL BUILDING AUTHORITY  
OF NORTH DAVIS FIRE DISTRICT, UTAH,  
as Lessor

A Nonprofit Corporation Organized Under the Laws of  
the State of Utah

and

NORTH DAVIS FIRE DISTRICT, UTAH,  
as Lessee

A Body Corporate Existing Within  
the State of Utah

Various interests of the Local Building Authority of North Davis Fire District, Utah, in this Master Lease Agreement have been assigned to Zions Bancorporation, National Association, as Trustee under the General Indenture of Trust, as amended and supplemented by a First Supplemental Indenture of Trust, each dated as of the date hereof and each by and between the Local Building Authority of North Davis Fire District, Utah, and Zions Bancorporation, National Association, as Trustee, and is subject to the security interest of Zions Bancorporation, National Association, as Trustee under said Indenture.

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## MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT (the “Master Lease”) dated as of October 1, 2021, entered into by and between the LOCAL BUILDING AUTHORITY OF NORTH DAVIS FIRE DISTRICT, UTAH (the “Authority”), as lessor hereunder, a nonprofit corporation duly organized, existing and in good standing under the laws of the State of Utah, and also acting as grantor under a General Indenture of Trust of even date herewith (the “General Indenture”), and NORTH DAVIS FIRE DISTRICT, UTAH (the “District”), as lessee hereunder, a body corporate duly existing as such within the State under the Constitution and laws of the State of Utah:

### WITNESSETH:

WHEREAS, the District is a body corporate duly existing as such within the State under the Constitution and laws of the State; and

WHEREAS, the District has previously authorized and directed the creation of the Authority pursuant to the provisions of a resolution adopted on May 20, 2021 (the “Creating Resolution”) by the District; and

WHEREAS, the Authority has been duly and regularly created, established and is organized and existing as a nonprofit corporation under and by virtue of the provisions of the laws of the State of Utah, including, in particular, the provisions of the Utah Local Building Authority Act, Title 17D, Chapter 2 Utah Code Annotated 1953, as amended (the “Building Authority Act”), and the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended (the “Nonprofit Corporation Act”); and

WHEREAS, under the articles of incorporation of the Authority (the “Articles”) and the Building Authority Act, the objects and purposes for which the Authority has been founded and incorporated are to acquire, construct, improve or extend any improvements, facilities or properties (whether real or personal) and appurtenances to them which the District is 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 (collectively, the “Projects”) and to finance or refinance the costs thereof on behalf of the District in accordance with the procedures and subject to the limitations of the Building Authority Act, the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (collectively, the “Act”) in order to accomplish the public purposes for which the District exists; and

WHEREAS, the Authority is possessed under the Articles and the Act of all powers set forth in the Act, the Constitution and other laws of the State of Utah, including, without limitation, the power to acquire, own, hold, lease and improve real and personal property and to enter into agreements providing for a lease, mortgage or other conveyance of real and personal property; and

WHEREAS, the Authority and the District desire to (i) finance the costs of construction of all or a portion of the costs of the replacement and construction of a new Fire Station 42 located at 88 East Center Street in Clearfield, Utah, and related improvements (collectively, the “Project”); and

WHEREAS, the Authority desires to issue its Lease Revenue and Refunding Bonds, Series 2021 (the “Series 2021 Bonds”) in the aggregate principal amount of \$10,645,000 to (i) finance the Project, (ii) refinance certain District capital projects and effectively refund all or a portion of outstanding revenue bonds of the District and (iii) pay costs associated with the issuance of the Series 2021 Bonds; and

WHEREAS, the Series 2021 Bonds will be insured by a bond insurance policy (the “Policy”) issued by Build America Mutual Assurance Company (“BAM”) and the Bond Insurance Provisions attached hereto as Exhibit E are hereby incorporated into this Master Lease; and

WHEREAS, the District has reviewed and approved (i) the estimated costs of the Project and (ii) the plans and specifications for the Project; and

WHEREAS, the District is the owner of the fee simple title to the site of the Project and has agreed to lease to the Authority such site (the “Property”) described in and pursuant to a Ground Lease Agreement dated as of October 1, 2021 (the “Ground Lease”);

WHEREAS, the District desires to lease, as lessee, the Project and any other Projects hereafter acquired by the Authority for lease to the District and the Authority desires to lease, as lessor, the Project and any other Projects hereafter acquired under the terms and provisions set forth in this Master Lease; and

WHEREAS, under the provisions of a resolution adopted on July 15, 2021 (the “District Resolution”), the District has authorized and approved the execution of this Master Lease, the General Indenture and a First Supplemental Indenture of Trust of even date herewith (the “First Supplemental Indenture” and collectively with the General Indenture, the “Indenture”) between the Authority and Zions Bancorporation, National Association, as trustee, and the issuance of the Series 2021 Bonds; and

WHEREAS, pursuant to the provisions of a resolution adopted on July 15, 2021 (the “Authority Resolution”), the governing board of the Authority has authorized, approved and directed the execution of this Master Lease and the Indenture and the issuance of the Series 2021 Bonds; and

WHEREAS, pursuant to and in accordance with the provisions of the Act and the Articles, the Authority proposes to undertake the financing or refinancing of Projects and the leasing of such Projects to the District under the terms and provisions of this Master Lease; and

WHEREAS, the Authority may finance or refinance all or a portion of the Costs of Acquisition and Construction of other Projects through the issuance of its Bonds under the General Indenture; and

WHEREAS, all Bonds issued under the General Indenture will be secured as provided in the General Indenture including by means of the Security Documents and a pledge and assignment of this Master Lease and certain revenues and receipts derived by the Authority from the Projects, all as more fully set forth in the Indenture.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

All terms defined in Article I of the General Indenture, unless the context otherwise requires, shall have the same meaning in this Master Lease. In addition, unless the context otherwise requires, the terms defined in this Article I shall, for all purposes of this Master Lease and the Indenture, have the meaning herein specified.

“Act” means collectively, the Building Authority Act, the Local Government Bonding Act, the Nonprofit Corporation Act and, to the extent applicable, the Refunding Bond Act.

“Additional Rentals” means the cost of all taxes, insurance premiums and expenses payable by, and fees and expenses of, the Trustee and its counsel with respect to the Bonds and other charges and costs which the District assumes or agrees to pay exclusively from District Funds under Section 6.3 of this Master Lease, together with all interest and penalties that may accrue thereon in the event that the District shall fail to pay the same, as specifically set forth herein, including all Security Instrument Repayment Obligations, Security Instrument Costs, Reserve Instrument Repayment Obligations and Reserve Instrument Costs.

“Amendment to Master Lease” means any amendment to this Master Lease between the Authority, as lessor, and the District, as lessee, entered into pursuant to and in compliance with the provisions of Section 15.6 of this Master Lease and Article XII of the General Indenture.

“Authority” means the Local Building Authority of North Davis Fire District, Utah, a nonprofit corporation organized under the laws of the State, acting in the capacity of lessor under this Master Lease and as grantor under the Indenture, and any successor to the duties and functions of the Authority.

“Authority Representative” means the President, Secretary-Treasurer and any other person or persons at any time designated to act on behalf of the Authority for purposes of performing any act on behalf of the Authority with respect to a Project by a written certificate furnished to the District and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Authority by any duly authorized officer of the Authority. Such certificate may designate an alternate or alternates. The Authority Representative may be an officer or employee of the Authority or the District.

“Base Rentals” means the payments payable by the District exclusively from District Funds pursuant to Section 6.2 hereof during the Lease Term hereof, which constitute the payments payable by the District for and in consideration of the right of use of the Projects during such Lease Term and the purchase option granted herein.

“Board” means the Board of Trustees of North Davis Fire District, a body corporate duly established and existing under and by virtue of the Constitution and laws of the State, and any entity succeeding to its rights and obligations under this Master Lease. Any reference herein to the “governing body” of the Board or the District shall refer to the Board of Trustees and to any successor governing body as authorized by applicable law.

“Building Authority Act” means the Utah Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended.

“Business Day” means a legal business day on which banking business is transacted in the cities in which the Trustee or Paying Agent has its principal corporate trust offices.

“Completion Date” means the date of completion of acquisition and/or construction of a Project, within the meaning of Section 17D-2-401(2) of the Building Authority Act, and of final acceptance by the District of such Project.

“Construction Contract” means any contract or agreement relating to the acquisition, development or construction of a Project or portion thereof.

“Contractor” means that party to a Construction Contract or Design Contract providing services related to a Project or portion thereof.

“Costs of Acquisition and Construction” means:

(1) obligations of the District or the Authority incurred for labor, materials and equipment in connection with a Project or the cost of acquiring a Project;

(2) the cost of payment, 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 a Project;

(3) all costs of planning and designing a Project, including architectural, planning, engineering, legal and fiscal advisors’ fees and the costs incurred by the District or the Authority 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 such Project;

(4) payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the acquisition and construction of a Project;

(5) the cost of equipment and furnishings for a Project, the cost of acquiring a site for a Project (or any interest therein) and all other costs authorized by the Building Authority Act which are considered to be a part of the costs of a Project in accordance with generally accepted accounting principles, including but not limited to interest accruing on the Bonds during the period required to complete the acquisition and construction of such Project and for not more than twelve (12) months after the Completion Date;

(6) any sums required to reimburse the Authority or the District 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 a Project;

(7) such amounts as the governing body of the Authority shall find to be necessary to provide necessary working capital in connection with a Project; and

(8) all expenses connected with the authorization, sale and issuance of a series of Bonds and the refunding of any Bonds, including the initial fees of the Trustee, escrow agent, rating agency fees, bond insurance premiums, fees for outside attorneys or accountants, whose opinions are required to obtain the issuance of the Bonds, financial advisors’ fees and commissions and printing costs, those amounts as the Authority shall find necessary to establish reserves and maintenance, repair, replacement, and contingency funds and accounts, and the interest on Bonds for a reasonable time prior to, during, and for a reasonable period of time after completion of a Project.

“Design Contract” means any contract or agreement relating to the architecture, design, engineering or planning of a Project or portion thereof.

“District” means North Davis Fire District, Utah a body corporate duly established and existing under and by virtue of the Constitution and laws of the State, and any entity succeeding to its rights and obligations under this Master Lease.

“District Funds” means all revenues and receipts derived by the District from the operation of the Projects, including, without limitation, funds of the District legally available therefor, all to the extent the same are budgeted and appropriated by the District for the purpose of paying Base Rentals, Additional Rentals or the Purchase Option Price hereunder during the Lease Term in which this Master Lease may be in effect.

“District Representative” means the Chairman or Vice Chairman of the Board and any other person at any time designated to act on behalf of the Board for purposes of performing any act with respect to a Project by a written certificate furnished to the Authority and the Trustee containing the specimen signature of such person and signed on behalf of the District or any duly authorized officer thereof. Such certificate may designate an alternate or alternates. The District Representative may be an officer or employee of the Authority or the District.

“Event of Default” means one or more events of default as defined in Section 14.1 herein.

“Event of Nonappropriation” means a failure by the District to renew this Master Lease by failing or refusing to budget and appropriate sufficient District Funds for the payment of all or any part of the Base Rentals and Additional Rentals for any Renewal Term hereof as set forth in Section 4.1 and Section 6.6 hereof. The existence or nonexistence of an Event of Nonappropriation shall be determined as of the date on which the governing body of the District 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 4.1 hereof or on any earlier or later date on which the Trustee receives written notice from the District that the governing body of the District has failed or refused to make such appropriations and the term of this Master Lease will not be renewed; provided, however, that the Trustee with the consent of any Security Instrument Issuer, may waive any Event of Nonappropriation which is cured by the District within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the Bondholders, except as otherwise provided in Section 4.1 hereof or as otherwise provided by Supplemental Indenture. Notwithstanding anything herein to the contrary, the District's failure or refusal to adopt a final budget in accordance with applicable law within the time provided by Section 4.1 hereof 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” means the twelve-month period used from time to time by the District for its financial accounting purposes.

“Force Majeure” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies and terrorists; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the District and not due to its negligence.

“Ground Lease” means the Ground Lease Agreement dated as of October 1, 2021, by and between the District and the Authority.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the State and who is not a full-time employee of the Authority, the District or the Trustee.

“Lease Term” means the duration of the leasehold estate created in the Projects as provided in Article IV of this Master Lease.

“Local Government Bonding Act” means the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended.

“Net Proceeds”, when used with respect to (i) proceeds from policies of insurance required hereby (including any self-insurance), (ii) any condemnation award, (iii) proceeds resulting from a default under a contract relating to the acquisition and construction of a Project (including liquidated damages, if any), or (iv) the proceeds of any liquidation of all or portions of a Project, means the amount remaining after deducting all expenses (including, without limitation, attorneys' fees and costs) incurred in the collection of such proceeds or award from the gross proceeds thereof.

“Nonprofit Corporation Act” means the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended.

“Original Term” means the portion of the Lease Term which terminates on \_\_\_\_\_.

“Permitted Encumbrances” means, as of any particular time, (i) liens for taxes and assessments not then delinquent, or which the District may, pursuant to the provisions of Article IX of this Master Lease, permit to remain unpaid; (ii) this Master Lease, including any security interests granted herein or therein; (iii) utility access and other easements and rights of way, restrictions and exceptions which the District Representative and the Authority Representative certify in writing to the Trustee will not interfere with the operation of the Projects or impair the marketability of title to the Projects or the general security provided for the Bondholders of the Bonds; (iv) the Indenture, the Security Documents and related financing statements; (v) the ownership interests of the District in any real or personal property which is the subject of any lease

between the District, as lessor and the Authority, as lessee that is entered into in furtherance of any Project; (vi) any mechanic's laborer's materialmen's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question; (vii) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Projects and as do not materially impair the operation or marketability of title to the Projects; and (viii) any items contained in a Title Insurance Policy delivered in accordance with Sections 2.4, 2.13 or 2.14 of the General Indenture.

“Project” means, with respect to the Series 2021 Bonds, the construction of all or a portion of the costs of the replacement and construction of a new Fire Station 42 located at 88 East Center Street in Clearfield, Utah, and related improvements, and the Authority's interest in the Property for lease to the District, as more fully described in Exhibit A hereto.

“Projects” has the meaning ascribed to that term in the Indenture and includes the Project.

“Property” means the real property, as more fully described in Exhibit B hereof, where the Project is to be constructed.

“Purchase Option Price” means an amount payable, at the option of the District, at any time for the purpose of terminating the payment obligation of the District under this Master Lease with respect to a Project and purchasing the Authority's interest in such Project, which amount, when added to the amounts then on deposit in the Bond Fund and the subaccount within the Debt Service Reserve Fund with respect to such Project (other than moneys held by the Trustee for the payment of the Bonds under the Indenture not deemed Outstanding), shall be sufficient (i) to pay, defease, retire and/or redeem all the Outstanding Bonds of the Series of Bonds issued to finance or refinance the particular Project in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, the principal of and interest to maturity or earliest applicable redemption date of the relevant Bonds and premium, if any, thereon, the expenses of defeasance and/or redemption, including escrow agent fees, if any, and fee and expenses of the District, the Authority and the Trustee and all Security Instrument Costs, Security Instrument Repayment Obligations, Reserve Instrument Costs and Reserve Instrument Repayment Obligations); (ii) in case of redemption, to make arrangements satisfactory to the Trustee for the giving of the required notice of redemption; and (iii) to make any necessary payment of rebate with respect to any Bonds to be paid, defeased, retired and/or redeemed.

“Refunding Bond Act” means the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended.

“Renewal Terms” means the optional Renewal Terms of the Lease Term as provided in Article IV of this Master Lease.

“Rentals” means all Base Rentals and Additional Rentals payable during the Lease Term under this Master Lease.

“Series 2021 Bonds” means the Authority's Lease Revenue and Refunding Bonds, Series 2021, originally issued in the aggregate principal amount of \$10,645,000.

## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the District. The District represents, covenants and warrants for the benefit of the Authority and the Trustee as follows:

(a) The District is a body corporate duly existing as such within the State under the Constitution and laws of the State. Under the provisions of the Constitution and laws of the State, the District is authorized to enter into the transactions contemplated by this Master Lease and to carry out its obligations hereunder. The District has duly authorized and approved the execution and delivery of this Master Lease. The District agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(b) The Authority has by this Master Lease leased the Project and may pursuant to this Master Lease lease other Projects to the District as hereinafter provided. It is understood by the parties hereto that the Authority has all rights, title and interest in the Project, subject to Permitted Encumbrances.

(c) During the Lease Term, the Project will at all times be used for purposes which are within and consistent with the legal rights, powers and authority of the Authority and the District under the Constitution and laws of the State.

(d) The District is not in default under any of the provisions of the laws of the State which default would affect its existence or its powers referred to in this Section 2.1(a) hereof. Neither the execution and delivery of this Master Lease nor the issuance and sale by the Authority of its Bonds, nor the performance by the District of its obligations under this Master Lease will constitute on the part of the District a breach of or a default under, any existing law, court or administrative regulation, decree, order or any material agreement, indenture, mortgage, lease or any other instrument to which the District is subject or by which it is or may be bound.

(e) There is no action, suit or proceeding pending or, to the best knowledge of the District, threatened, or any basis therefor, before any court or administrative agency which may adversely affect the District or ability of the District to perform its obligations under this Master Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the District of this Master Lease or in connection with the carrying out by the District of its obligations under this Master Lease have been obtained.

(f) The Project constitutes a "project" within the meaning of the Building Authority Act.

(g) The acquisition and construction of the Project will be accomplished in accordance with all applicable laws and the construction and financing of the Project is necessary and appropriate for accomplishing one or more of the authorized functions or public purposes of the District and is suitable for such purpose and in furtherance of the purposes of the District and the best interests of the citizens of the District.

(h) No voter approval was sought on the question of whether general obligation bonds of the District should be issued to finance the Project.

Section 2.2. Representations, Covenants and Warranties of the Authority. The Authority represents, covenants and warrants for the benefit of the District and the Trustee as follows:

(a) The Authority is a nonprofit corporation duly incorporated and in good standing under the laws of the State and is duly qualified to transact business in the State, is not in violation of any provision of its Articles of Incorporation or its Bylaws, has the corporate power and authority to enter into this Master Lease and has duly authorized and approved the execution and delivery of this Master Lease by proper corporate action.

(b) The Authority agrees that, so long as this Master Lease has not been terminated, it will maintain its corporate existence, will continue to be a corporation in good standing under the laws of the State, will not

dissolve or otherwise dispose of all or substantially all of its assets, except as provided in this Master Lease (or similar leases), and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it.

(c) The Authority will lease the Project to the District as hereinafter provided. It is understood by the parties hereto that the Authority shall have all rights, title and interest in the Project, subject to Permitted Encumbrances.

(d) The Authority will not pledge the Base Rentals, the Additional Rentals, Purchase Option Price or any of its other rights under this Master Lease and will not assign its interest in or encumber the Project except as provided hereunder or under the Indenture and the Security Documents. All property and moneys received by the Authority from the District will, so long as no Event of Nonappropriation or no Event of Default shall occur, be applied for the benefit of the District, and all property and moneys received by the Authority under this Master Lease with respect to the Project and under the Indenture for the Bondholders of the Bonds will be applied for the proportionate benefit of said Bondholders.

(e) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Authority except Permitted Encumbrances.

(f) Except as otherwise provided in this Master Lease, the Indenture and the Security Documents, the Authority will not assign this Master Lease, its rights to payments from the District or its duties and obligations under this Master Lease to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

(g) The Authority will not use any of the proceeds of the sale of the Series 2021 Bonds in a manner not authorized by the terms of this Master Lease, the Indenture or the exhibits hereto and thereto.

(h) There is no action, suit or proceeding pending or, to the best knowledge of the Authority, threatened, or any basis therefor, before any court or administrative agency which might adversely affect the Authority or the ability of the Authority to perform its obligations under this Master Lease, the Indenture and the Security Documents. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the Authority of this Master Lease, the Indenture, the Security Documents or in connection with the carrying out by the Authority of its obligations under this Master Lease, the Indenture and the Security Documents have been obtained.

(i) The Authority gave notice of its intent to issue the Series 2021 Bonds and no petition meeting the requirements of Section 17D-2-502 of the Building Authority Act was submitted during the 30-day period following publication of such notice. The Authority gave notice of a public hearing and held such public hearing with respect to the issuance of the Series 2021 Bonds all in accordance with the provisions of Section 11-14-318 of the Act.



### ARTICLE III

#### DEMISING CLAUSE

The Authority hereby demises and leases the Project, and the District leases the same from the Authority, subject only to Permitted Encumbrances in accordance with the provisions of this Master Lease, to have and to hold under this Master Lease unless sooner terminated as expressly provided herein. Nothing in this Master Lease shall be construed to require the District to operate the Project other than as the lessee hereunder or to exercise its right to purchase any or all of the Project or any portion thereof as provided in Article XII of this Master Lease.

The Trustee shall be empowered, after an Event of Nonappropriation or an Event of Default and the foreclosure of the security afforded under this Master Lease, the Indenture or the Security Documents, to collect the amount of the Base Rentals and Additional Rentals allocable to any sublease from any and all sublessees, and apply the net amount collected to the Base Rentals and Additional Rentals required herein, but no such collection shall be deemed a waiver of any agreement, term, covenant or condition hereof, or the acceptance of any sublessee as lessee hereunder.

The Authority warrants and covenants that it will acquire the Project for the exclusive use of the District, subject to Permitted Encumbrances. The Authority will cause to be furnished to the Trustee at the time of delivery of the Series 2021 Bonds, a commitment for title insurance policy which meets the requirements of Section 2.4 of the General Indenture.

### ARTICLE IV

#### LEASE TERM

Section 4.1. Commencement of Lease Term. The Lease Term shall commence as of the date of delivery of the Series 2021 Bonds and shall terminate at midnight on \_\_\_\_\_. The Lease Term may be continued, solely at the option of the District, beyond the expiration of the Original Term for an additional one year, (the first "Renewal Term") and for additional Renewal Terms thereafter each of one year in duration (except that the final Renewal Term shall commence \_\_\_\_\_ and end on \_\_\_\_\_), upon the District having adopted a final budget in accordance with applicable law prior to the end of the then-current Original Term or Renewal Term, as the case may be, that appropriates specifically with respect to this Master Lease sufficient District Funds for the payment of Base Rentals and reasonably estimated Additional Rentals to become due during the next following Renewal Term, it being understood that by budgeting and appropriating such amounts, the District shall have elected to continue the Lease Term for the next following Renewal Term and shall have given adequate notice thereof as contemplated by Section 17D-2-402(1)(b) of the Building Authority Act. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Base Rentals shall be as otherwise specified in Exhibit C attached hereto, for each such Renewal Term, as such Schedule may be revised as provided in Section 6.2 hereof. The first appropriation by the District is expected to be made for the Fiscal Year commencing \_\_\_\_\_ and no appropriation is required to extend the term of the lease prior to such date.

Within five (5) days after the adoption of such final budget, the District shall deliver written notice to the Trustee stating that the District has extended the term of this Master Lease for the succeeding Renewal Term, describing in reasonable detail the actions taken by the governing body of the District (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 (as provided in Sections 6.2 and 6.3 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, at least 20 days prior to the last day of each Fiscal Year, make written inquiry of the District as to whether the District has extended the term of this Master Lease and whether the governing body of the District 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 District shall deliver written notice to the Trustee as soon as practicable, but in no event later than the expiration of the Original Term or the then current Renewal Term, stating (as the case may be) that: (i) the governing body of the District has failed or refused to appropriate, specifically with respect to this Master Lease, moneys sufficient to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term and stating what actions the District and its officials propose to take with respect to this Master Lease, the Projects and any budgetary procedures for any Base Rentals and Additional Rentals that may thereafter accrue; or (ii) that the District is precluded from adopting its final budget for the fiscal year in question due to the procedural requirements of State law described below.

In the event the governing body of the District is precluded, solely as a result of notice, hearing or other procedural requirements imposed by State law in connection with the adoption of a final budget, from adopting a final budget on or prior to the last day of any Fiscal Year, no Event of Nonappropriation shall be deemed to have occurred as a result of the failure to so adopt a final budget, provided that: (i) prior to the last day of such Fiscal Year, the governing body of the District shall have adopted a tentative budget which includes a tentative appropriation of District Funds sufficient to pay the Base Rentals and reasonably estimated Additional Rentals to become due during the succeeding Renewal Term; (ii) prior to the last day of such Fiscal Year, the District shall have delivered to the Trustee and any Security Instrument Issuer, a copy of the tentative budget adopted by its governing body and a notice stating that it is the intention of the governing body to renew the Lease Term upon the adoption of the final budget; (iii) any Base Rentals or Additional Rentals described in the preceding paragraph, and provided further that any Rentals which become due and payable pursuant to the terms of this Master Lease prior to the adoption of such final budget shall be paid by the District in accordance with the tentative budget adopted by the governing body of the District; and (iv) the governing body of the District shall adopt a final budget on or before the last date allowable under applicable law that includes the appropriation of District Funds required under this Section 4.1 to renew the Lease Term. The District shall promptly file a copy of the final budget so adopted by its governing body with the Trustee.

Section 4.2. Termination of Lease Term. The Lease Term shall terminate upon the first to occur of the following events:

(a) the exercise by the District of its option to purchase the Authority's interest in all of the Projects, granted under the provisions of this Master Lease;

(b) an Event of Default and the election of the Authority or the Trustee to terminate this Master Lease under Article XIV hereof;

(c) the discharge of the lien of the Indenture under Article VIII thereof;

(d) the expiration or termination of the Lease Term pursuant to an Event of Nonappropriation or Section 10.3 of this Master Lease under the conditions provided therein; or

(e) the last day of the Lease Term of this Master Lease, upon payment of all Base Rentals and Additional Rentals required hereunder.

Section 4.3. Effect on the District of Expiration or Termination of the Term of this Master Lease. The expiration or termination of the term of this Master Lease as to the District's right of possession and use of the Projects pursuant to Section 4.2(b) or (d) hereof shall terminate all obligations of the District under this Master Lease (except to the extent of legally available District Funds from the Project) and shall terminate the District's rights of use, occupancy and operation of the Projects; provided, however, that all other terms of this Master Lease and the Indenture, including all obligations of the Trustee with respect to the Bondholders 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 District to pay any amounts to the Bondholders and the Trustee hereunder shall thereafter be satisfied only as provided in the Indenture. The termination or expiration of the term of this Master Lease as to the District's right of possession and use pursuant to Section 4.2(b) or (d) hereof, in and of itself, shall not discharge the lien of the Indenture.

Section 4.4. Revised Schedule of Base Rentals and Option Price. Upon partial redemption of any Series of Bonds pursuant to the Indenture, or the issuance of Additional Bonds or Refunding Bonds pursuant to the Indenture, the Authority shall provide the District and the Trustee 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 Exhibit C to this Master Lease setting forth the Base Rentals.

## ARTICLE V

### ENJOYMENT OF PROJECTS

The Authority hereby covenants to provide the District during the Lease Term with quiet use and enjoyment of the Projects, and the District shall, by keeping and performing the agreements and covenants on its part contained in this Master Lease, during the Lease Term peaceably and quietly have and hold and enjoy the Projects, without suit, trouble or hindrance from the Authority, the Trustee or the Bondholders, except as expressly set forth herein and in the Indenture and the Security Documents. Neither the Authority, the Trustee nor any Bondholder shall interfere with such quiet use and enjoyment during the Lease Term so long as no Event of Default or Event of Nonappropriation shall have occurred. The Authority shall, at the request of the District and at the cost of the District, join in any legal action in which the District asserts its right to such possession and enjoyment, to the extent that the Authority may lawfully do so. In addition, the District may at its own expense join in any legal action affecting its possession and enjoyment of the Projects and shall be joined as a party in any action affecting its liabilities hereunder.

The Authority and the Trustee and their respective designated representatives shall have the right at all reasonable times during business hours (and in emergencies at all times) to enter into and upon the Projects for the purpose of inspecting the same, for any purpose related to the Authority's obligations or rights under this Master Lease or for any other lawful purpose.

## ARTICLE VI

### PAYMENTS BY THE DISTRICT

Section 6.1. Payments to Constitute Current Expenses of the District. The District and the Authority acknowledge and agree that the obligation of the District to pay Base Rentals and Additional Rentals under this Master Lease constitutes current expenses of the District payable exclusively from District Funds and shall not in any way be construed to be an obligation or indebtedness of the District within the meaning of Sections 3 or 4 of Article XIV of the Utah Constitution, or any other constitutional or statutory limitation or requirement applicable to the District concerning the creation of indebtedness. No provision of this Master Lease shall be construed or interpreted (i) to require the governing body of the District to appropriate any money to pay the Base Rentals, the Additional Rentals or the Purchase Option Price, or (ii) as a lending of the credit of the District within the meaning of Section 29 of Article VI of the Utah Constitution. Neither the District, nor the Authority on its behalf, has pledged the credit of the District to the payment of the Base Rentals, the Additional Rentals, the Purchase Option Price, the Bonds or the interest thereon, and neither this Master Lease, the Indenture nor the Bonds shall directly or contingently obligate the District to apply money, or to levy or pledge any form of taxation, to the payment of the Base Rentals, the Additional Rentals, the Purchase Option Price or the Bonds or any interest thereon except as expressly provided herein. If the District fails to pay any Base Rentals or Additional Rentals due under this Master Lease it shall immediately quit and vacate the Projects and its obligation to pay Base Rentals or Additional Rentals hereunder shall terminate.

#### Section 6.2. Payment of Base Rentals.

(a) The District shall pay Base Rentals exclusively from District Funds. The District shall pay Base Rentals during the Lease Term in such amounts as shall be sufficient to pay principal and interest when due on the Bonds. The Base Rentals shall be payable directly to the Trustee in periodic payments at the times and manner and in the amounts as specified in the schedule of Base Rental payments attached as Exhibit C hereto as shall equal the interest payments falling due on the Bonds on the next succeeding Interest Payment Date and the principal payments falling due on the Bonds either by regularly scheduled maturities or by mandatory sinking fund installment or redemption, on the next succeeding principal payment date, such that there shall be on deposit with the Trustee at least fifteen days prior to each principal and/or interest payment date on the Bonds an amount sufficient to make such payment. At the time of execution of this Master Lease Base Rental payments for each payment date will equal the amounts set forth in Exhibit C hereto. The District understands that the Base Rental Payment Schedule attached as Exhibit C may be revised from time to time based on the redemption of Bonds (other than mandatory sinking fund redemptions) or the issuance of any Additional Bonds or Refunding Bonds allowed under the Indenture. The District hereby agrees to pay the Base Rentals in accordance with the Base Rental Payment Schedule attached hereto as Exhibit C hereto as it may be revised from time to time by such amounts as are necessary to reflect the redemption of the principal of certain Bonds or to pay the principal of the Additional Bonds or Refunding Bonds and interest on such Additional Bonds or Refunding Bonds.

In addition, in the event the market value of the amount on deposit in the Debt Service Reserve Fund is, for any reason, reduced below the Debt Service Reserve Requirement, the District shall, in the event it elects to renew this Master Lease during the following Renewal Term, and as a condition of renewal (but solely from District Funds), pay to the Trustee in two substantially equal semiannual payments additional Base Rentals during the Lease Term, in an amount sufficient to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement. Notwithstanding anything contained herein to the contrary, no payment of Base Rentals or Additional Rentals shall be required to be paid prior to the Completion Date of any one Project with respect to which such Rentals are being paid, provided however, that the District may appropriate any of such Rentals and covenants to consider the appropriation of them in the same manner as other Rentals as described herein.

(b) Reserved.

(c) In the event that less than all of any one Project is initially made available for use, occupancy and operation and the District accepts a portion of any one Project for its use, occupancy and operation pending final completion of the remainder of any one such Project, any Base Rentals paid by the District with respect to any one such Project shall be prorated in a manner so as to reflect the fair rental value of that portion of the Project then available for use, occupancy and operation by the District and so used, occupied and operated.

(d) The amount of the Base Rentals otherwise payable by the District hereunder shall be reduced by an amount equal to (i) any earnings on the investment of the Bond Fund (including the Sinking Fund Account therein), (ii) any moneys transferred to the Bond Fund from the Debt Service Reserve Fund pursuant to the last paragraph of Section 5.10 of the General Indenture (other than from draws on a Reserve Instrument), and (iii) any Direct Payments on deposit with the Trustee in the Bond Fund. In the event that Direct Payments are deposited with the Trustee after the District has made the related payment of Base Rentals, the District may elect to have the Trustee return to the District an amount equal to such Direct Payments (so long as the amount remaining on deposit in the Bond Fund continues to be sufficient to pay principal and interest next due on the Bonds, if such payment is requested prior to the related Interest Payment Date) or to have the Trustee retain the Direct Payments in the Bond Fund and take the credit with respect to the next required Base Rentals payment. Each payment of Base Rentals shall be in consideration for the use of the Projects by the District during the applicable period commencing on the Bond Payment Date next preceding the Bond Payment Date to which such Base Rental payment is attributable and for the option to purchase the Projects granted herein.

(e) The payments of Base Rentals and Additional Rentals under this Master Lease for each Renewal Term during the term of this Master Lease shall constitute the total Rentals which are payable for said Renewal Term and shall be paid by the District for and in consideration of the right of use, occupancy and operation of the Projects and the continued quiet use and enjoyment of the Projects for and during said Renewal Term. The parties hereto agree that such total Rentals will represent the fair rental value of the Projects. In making such determination, the parties will give consideration to the costs of financing the Costs of Acquisition and Construction of the Projects, the uses and purposes of the Projects and the benefits therefrom which will accrue to the parties to this Master Lease and the general public by reason of the Projects.

(f) Notwithstanding the foregoing, the District may not elect to renew this Master Lease in part and in the event it desires to renew this Master Lease must continue to pay District Funds in an amount sufficient to pay Base Rentals attributable to all of the Projects which have been delivered for occupancy (or any portion thereof, in proportion to such available portion).

(g) It is understood and agreed by the District that, subject to the terms of this Master Lease and the Indenture, all Base Rentals payable under this Section 6.2 by the District, as well as the Purchase Option Price, if paid with respect to any or all of the Projects, are assigned by the Authority to the Trustee for the benefit of the Bondholders as set forth in the Indenture. The District assents to such assignment. The Authority hereby directs the District, and the District hereby agrees to pay to the Trustee at its principal office in Salt Lake City, Utah, or such other office as designated by the Trustee, all Base Rentals payable by the District pursuant to this Section 6.2 and, if paid, the Purchase Option Price.

(h) The amount of the Base Rentals and Purchase Option Price otherwise payable shall be reduced as appropriate to reflect any redemption of Bonds and/or the purchase of Bonds and the cancellation thereof in advance of their maturity. If at any time the amounts held by the Trustee in the Bond Fund and the Debt Service Reserve Fund (other than moneys held for the payment of Bonds not deemed Outstanding) shall be sufficient to pay at the times required the principal of and interest and premium, if any, on all of the Bonds then Outstanding, the District shall not be obligated to pay any further Base Rentals hereunder.

Section 6.3. Payment of Additional Rentals with Respect to the Projects. In addition to the Base Rentals and as part of the total consideration for the use of the Projects and the option to purchase any or all of the Projects, and commencing upon the execution and delivery of this Master Lease and continuing throughout the period that the District pays Base Rentals, the District shall pay or shall cause to be paid the following Additional Rentals, exclusively from District Funds, during the Lease Term thereof as hereinafter provided:

(a) the annual fee of the Trustee for the ordinary services of the Trustee rendered and their ordinary expenses incurred under the Indenture;

(b) the reasonable fees and expenses of the Trustee and any paying agent appointed under the Indenture with respect to the Bonds for acting as paying agent as provided in the Indenture;

- (c) the reasonable fees and expenses of the Trustee for extraordinary services rendered by it and extraordinary expenses, including the fees and expenses of its counsel, incurred as Trustee under the Indenture;
- (d) the reasonable out-of-pocket expenses of the Authority relating to the Projects not otherwise required to be paid by the District under the terms of this Master Lease;
- (e) the costs of maintenance and repair of the Projects as required under Section 9.1 hereof;
- (f) the costs of taxes, governmental charges, utility charges, management and operations expenses, liens and encumbrances with respect to the Projects as required under Section 9.3 hereof;
- (g) the costs of casualty, public liability and property damage and worker's compensation insurance with respect to the Projects as required under Sections 9.4, 9.5 and 9.6 hereof;
- (h) the amount of any tax or excise on the Base Rentals, Additional Rentals, Purchase Option Price or any other tax, however described, levied, assessed or imposed by the United States Government, the State or any political subdivision or any taxing authority thereof against the Authority;
- (i) 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 upon the Base Rentals, Additional Rentals or the Purchase Option Price payable by the District pursuant to this Master Lease;
- (j) any amounts required to be deposited to the Rebate Fund established with respect to a Series of Bonds;
- (k) Security Instrument Costs, Security Instrument Repayment Obligations, Reserve Instrument Costs and Reserve Instrument Repayment Obligations; and
- (l) during the Original Term or any Renewal Term in which there is an insufficiency of Net Proceeds as described in Section 10.2 hereof, an amount equal to the insufficiency of Net Proceeds required to repair, replace, restore or modify the affected Project or Projects.

The Additional Rentals specified in subsections (a), (b), (c) and (k) shall be payable to the Trustee and shall be due and payable within ten days after notice in writing from said Trustee to the District stating the amount of Additional Rentals then due and payable and the purpose thereof. Except as otherwise provided herein or in the Indenture, the Additional Rentals specified in subsections (d), (e), (f), (g), (h), and (i), shall be payable to the Authority or directly to the person or entity with respect to which such costs or fees were incurred and shall be due and payable at such time as the Authority or such person or entity shall require. Additional Rentals specified in subsection (j) shall be determined by, or at the direction of, the District and deposited with the Trustee as required by Section 148 of the Code.

Section 6.4. Manner of Payment. The Base Rentals, Additional Rentals and, if paid, the Purchase Option Price, shall be paid exclusively from District Funds and in lawful money of the United States of America. The obligation of the District to make payment of the Base Rentals and Additional Rentals required under this Article VI and other sections hereof and to perform and observe the other covenants and agreements contained herein shall be absolute and unconditional in all events except as expressly provided hereunder. Notwithstanding any dispute between the District and the Authority, the Trustee, any Bondholder, any contractor or subcontractor retained with respect to the construction and equipping of a Project, any supplier of labor or materials in connection therewith or any other person, the District shall pay all payments of Base Rentals and Additional Rentals, from and to the extent of available District Funds, when due, and shall not withhold any Base Rentals or Additional Rentals pending final resolution of such dispute, nor shall the District assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. The obligation of the District to pay Base Rentals and Additional Rentals during the Original Term or any Renewal Term shall be absolute and unconditional in all events, except as expressly provided herein, and payment of the Base Rentals and Additional Rentals shall not be abated through accident or unforeseen circumstances.

Section 6.5. Expression of Need for the Project by the District; Determination of Purchase Price.

(a) The District hereby finds as of the date of this Master Lease, that it has an essential need for the Project to carry out and give effect to the public purposes of the District. The District and the Authority hereby agree and determine that the Base Rentals and items of Additional Rentals with respect to the Project are reasonable and that the Purchase Option Price with respect to the Project represents, as of the end of the Lease Term, a reasonable purchase price for the Project. In making such determination the District and the Authority have given consideration to the costs of the Project, the cost of financing the Project, the uses and purposes for which the Project will be employed by the District and the benefit to the citizens of the District by reason of the District's use and occupancy of the Project pursuant to the provisions of this Master Lease.

(b) The District must find that, as of the date of the execution of an Amendment to this Master Lease relating to a Project, the District then has an essential need for such Project which is the subject of the Amendment to Master Lease to carry out and give effect to the public purposes of the District. At the time of execution of such Amendment to Master Lease, the District and the Authority must agree and determine that the Base Rentals and Additional Rentals payable with respect to such Project that is the subject of such Amendment to Master Lease are reasonable and that the Purchase Option Price represents, as of the end of the Lease Term, a reasonable purchase price for such Project. In making such determination the District and the Authority will give consideration to the costs of such Project, the cost of financing such Project, the uses and purposes for which such Project will be employed by the District and the benefit to the citizens of the District by reason of the District's use and occupancy of such Project pursuant to the provisions of this Master Lease.

Section 6.6. Nonappropriation. In the event that sufficient District Funds shall not be budgeted and appropriated by the District, in a final budget adopted within the time permitted by Section 4.1 hereof, for the payment of the (i) Base Rentals becoming due during such Renewal Term, and (ii) such Additional Rentals becoming due during such Renewal Term which can be determined with reasonable accuracy, then an Event of Nonappropriation shall be deemed to have occurred as of the first day of such Renewal Term and the District 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 preceding such Event of Nonappropriation. Subject to the provisions of the next succeeding sentence, once the District has elected to continue this Master Lease for a Renewal Term by budgeting and appropriating sufficient District Funds for the payment of Base Rentals and Additional Rentals hereunder the District shall, as of the first day of such Renewal Term, be obligated to pay such Base Rentals and Additional Rentals during such Renewal Term. If the District fails to pay any Base Rentals or Additional Rentals due under this Master Lease, or upon an Event of Nonappropriation the District shall immediately quit and vacate the Projects and its obligation to pay Base Rentals or Additional Rentals hereunder shall terminate. The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Projects as trustee for the benefit of the Bondholders of the Bonds and the Trustee shall be further entitled to all moneys then on hand and being held in all funds created under the Indenture, less any moneys then due and owing to the Trustee for services performed as trustee thereunder. All property, funds and rights acquired by the Trustee by reason of an Event of Nonappropriation as provided herein shall be held by the Trustee under the Indenture for the benefit of the Bondholders as set forth in said Indenture until the principal of, premium, if any, and interest on the Bonds are paid in full and other amounts payable under the Indenture are paid in full and other amounts payable under the Indenture are paid and any excess shall thereafter be paid to the District.

Section 6.7. Application of Base Rentals, Additional Rentals and Purchase Option Price. All Base Rentals, the Additional Rentals specified in subsections (a), (b), (c), (j) and (k) of Section 6.3 hereof, and, if paid by the District, the Purchase Option Price shall be paid to the Trustee for application in accordance with the Indenture.

Section 6.8. Request for Appropriation. During the Lease Term, the District covenants and agrees as follows:

- (a) to include in its annual tentative budget prepared by the appropriate officials acting on behalf of the District in accordance with applicable law an item for expenditure of an amount necessary (after taking into account any and all District Funds then legally available for such purpose), to pay the Base Rentals and reasonably estimated Additional Rentals (calculated pursuant to Section 6.2 hereof) for the Projects during the next succeeding Renewal Term; and
- (b) 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 District for its consideration seeks an appropriation of District Funds sufficient to pay such Base Rentals and Additional Rentals for each such Renewal Term, including all such actions for such purpose as may be required under State law.

The next inclusion in the District's annual tentative budget shall be made under applicable law prior to the fiscal year commencing \_\_\_\_\_, so that the Base Rentals 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 District shall be made in each fiscal year thereafter so that the Base Rentals and Additional Rentals to be paid during the succeeding Renewal Term will be available for such purposes as long as the governing body of the District determines to approve such amount in the final budget as adopted. To effect the covenants set forth in (a) above, the District hereby directs its budget officer, 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 District, in any year in which this Master Lease is in effect, items for all payments required for the ensuing Renewal Term under this Master Lease. It is hereby expressed as the intention of the District that the decision to renew or not to renew the term of this Master Lease is to be made solely by the governing body of the District at the time it considers for adoption of the final budget for each of its fiscal years and corresponding Renewal Terms hereunder, and not by any official of the District, acting in his or her individual capacity as such. In this connection, the District 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 Base Rentals or Additional Rentals without the express prior approval of the governing body of the District.

## ARTICLE VII

### ACQUISITION AND CONSTRUCTION OF PROJECTS

Section 7.1. Agreement to Acquire and Construct the Projects. The District and the Authority agree that the Authority shall cause the Projects to be acquired and constructed as herein provided, all of which construction, shall be made in accordance with the plans and specifications for such Projects as approved by the District. The District hereby agrees that in order to effectuate the purposes of this Master Lease, it authorizes the Authority Representative or the District Representative on behalf of the Authority, to make, execute, acknowledge and transmit any other 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 the carrying out and furtherance of the acquisition and construction of the Projects.

The Authority agrees to carry out or to cause to be carried out the acquisition, construction and equipping of any Project through the application of moneys to be disbursed from the Construction Fund by the Trustee utilizing a requisition request complying with the requirements of Section 7.3 herein.

The Authority agrees to cause all Projects to be constructed with all reasonable dispatch, subject only to delays caused by Force Majeure excepted.

The District 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, construction and equipping of any Project as herein required, or to make certain design changes in such Projects to the extent necessary to complete the acquisition, construction and equipping of such Projects with moneys then available for such purposes in the Construction Fund.

Section 7.2. Application of Proceeds of Series 2021 Bonds. The proceeds from the sale of the Series 2021 Bonds shall be applied as set forth in the First Supplemental Indenture.

Section 7.3. Disbursements From the Construction Fund. The Authority has, in the Indenture, authorized and directed the Trustee to make payments from the Construction Fund under the Indenture to pay the Costs of Acquisition and Construction of the Projects. So long as the Trustee has not received notice nor is deemed to have received notice pursuant to Section 10.1(h) of the General Indenture that an Event of Nonappropriation or Event of Default has occurred and is continuing, the Trustee is hereby authorized to disburse the amounts on deposit in the Construction Fund, as provided herein.

Other than for payment of capitalized interest on the Bonds, which shall be paid by the Trustee without further direction (as prescribed by supplemental indenture), such payments shall be made upon receipt by the Trustee of a requisition in substantially the form attached hereto as Exhibit D and signed by the District Representative on which requisition the Trustee is entitled to conclusively rely.

Section 7.4. Establishment of Completion Date; Disbursement of Balance of Construction Fund. The Completion Date with respect to any one Project shall be evidenced to the Trustee by a certificate signed by the District Representative and the Authority Representative stating that, except for amounts retained by the Trustee at the direction of the Authority for any Costs of Acquisition and Construction not then due and payable, (i) the acquisition, construction, installation and improvement of such Project has been completed in accordance with the plans and specifications and all labor, services, materials and supplies used in such acquisition, construction, installation and improvement have been paid for; (ii) all other facilities necessary in connection with such Project have been constructed, acquired and installed to their satisfaction; (iii) such Project is suitable and sufficient for its intended purposes; and (iv) all costs and expenses incurred in the acquisition, construction and equipping of such Project have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Upon receipt of such certificate, the Trustee shall retain in the applicable Construction Fund account an aggregate sum equal to the amount estimated by the District Representative and the Authority Representative to be necessary for payment of the Cost of Acquisition and Construction not then due and payable. All moneys then on hand in such Construction Fund account in excess of the amount to be retained shall be transferred by the Trustee, as set forth in a written direction of the Authority and the District, to the Bond Fund to be used by the Trustee as provided in the related Supplemental Indenture.

Section 7.5. Investment of Construction Fund, Bond Fund, Rebate Fund and Debt Service Reserve Fund Moneys. Subject to the provisions of Article VI of the General Indenture, any moneys held as a part of the Construction Fund, the Bond Fund, the Debt Service Reserve Fund or the Rebate Fund or any other fund created under the Indenture shall be invested and reinvested by the Trustee upon the written direction of the Authority in Investment Obligations (as defined in the Indenture) unless otherwise provided by Supplemental Indenture.

The Authority and the District acknowledge that to the extent regulations of the comptroller of the currency or any other regulatory entity grant the Authority and the District the right to receive brokerage confirmations of the security transactions as they occur, the Authority and the District specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Issuer periodic cash transaction statements which include the detail for all investment transactions made by the Trustee hereunder.

Section 7.6. Design Contracts and Construction Contracts.

(a) The District agrees that upon the occurrence of an Event of Nonappropriation or an Event of Default and upon receipt of a written request from the Trustee, it will assign to the Trustee all of its right, title and interest in and to all Design Contracts and other Project documents. The District shall have and keep on file and available for inspection by the Authority and the Trustee copies of the Design Contracts as soon after the commencement of the Lease Term as such Design Contracts shall become available to the District and throughout the Lease Term.

(b) Each Construction Contract executed in connection with a Project must provide that, upon an Event of Nonappropriation or Event of Default, the Construction Contract will be fully and freely assignable to the Trustee without the consent of any other person; and that, if the Construction Contract is assumed by the Trustee, the Contractor will perform the agreements contained in the Construction Contract for the Trustee. Each Construction Contract must also provide that, upon an Event of Nonappropriation, an Event of Default or damage to, or destruction or condemnation of, the Project as described in Section 10.1 hereof, the Trustee may terminate such Contract, and the contractor shall then be entitled to payment only from amounts available therefor in the Construction Fund and only for work done prior to such termination. The District agrees that upon the occurrence of an Event of Nonappropriation or an Event of Default and upon receipt of a written request from the Trustee, it will assign to the Trustee all of its right, title and interest in and to all Construction Contracts and other Project documents. Each Construction Contract shall be for a fixed price and shall require the contractor to provide 100% payment and performance bonds as provided in Section 7.8 hereof. In the event of any change order resulting in the performance of additional work in connection with the construction of the Project, the amount 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 Project. The District shall have and keep on file and available for inspection by the Authority and the Trustee copies of the Project documents as soon after the commencement of the Lease Term as such Project documents shall become available to the District and throughout the Lease Term.

(c) The District may enter into Design Contracts and Construction Contracts on behalf of the Authority and may serve as construction agent for the Authority.

Section 7.7. Defaults Under Design Contracts or Construction Contracts In the event of any material default under any Design Contract or Construction Contract, or in the event of a material breach of warranty thereunder with respect to any materials, workmanship or performance, the District and the Authority shall promptly proceed, either separately or in conjunction with others, to pursue diligently their remedies against the Contractor in default and/or against each surety on any bond securing the performance of such contracts. The Net Proceeds of any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery (including, without limitation, attorneys' fees and costs) and, after reimbursement to the District or the Authority of any amounts theretofore paid by the District or the Authority and not previously reimbursed to the District or the Authority for correcting or remedying the default which gave rise to the proceedings against the contractor or surety, shall be paid into the applicable Construction Fund account if received before the Completion Date, and shall be used for Costs of Acquisition and Construction of the related Project, or, at the direction of the Authority, shall be transferred by the Trustee into the Bond Fund created under the Indenture to pay principal and/or interest next coming due on the related Series of Bonds.

Section 7.8. Contractor's Performance and Payment Bonds. Each Contractor retained by the District or the Authority in connection with a Construction Contract shall be required to furnish a performance bond and a labor and material payment bond on forms acceptable to the District. Such bond shall be made payable to the Trustee and shall be executed by a corporate surety licensed to transact business in the State and shall be in the full amount of the contract price for such contractor's portion of such Project. If, at any time during the construction of a Project, the surety on such bond shall be disqualified from doing business in the State, an alternate surety shall be selected by the Authority.

Section 7.9. Contractor's General Public Liability and Property Damage Insurance. Each Contractor and subcontractor retained by the District or the Authority in connection with a Construction Contract shall be required to procure and maintain comprehensive general public liability and property damage insurance as applicable, at his own cost and expense, in an amount that is consistent with prudent practice during the duration of such Construction Contract. Such policies shall carry loss payable endorsements in favor of the Trustee under the Indenture. Such insurance shall include a provision prohibiting cancellation or amendment without ten (10) days' prior notice by certified mail to the Trustee. Such insurance shall provide protection from all claims for bodily injury, including death, and all claims for destruction of or damage to the respective Project arising out of or in connection with such contractor's performance of his contract, whether such operations be by himself or by any subcontractor under him or anyone directly or indirectly employed by the contractor or such subcontractor. All limitations of liability contained in such insurance policy or policies and set forth on such certificate of insurance, and any exclusions provided therein, shall be approved by the District. The requirements of this Section 7.9 may be met with respect to subcontractors by contractually obligating a Contractor to ensure that the subcontractors it retains comply with such requirements.

Section 7.10. Contractor's Builder's Risk Completed Value Insurance. Unless otherwise obtained by the District or the Authority, each Contractor and subcontractor retained by the District or the Authority in connection with a Construction Contract shall be required to procure and maintain during the term of his contract and until such Project is accepted and insured by the Authority and the District, builder's risk completed value insurance upon the building, facilities or improvements constructed or to be constructed, in whole or in part, by such contractor or subcontractor, insuring against loss or damage caused by fire, malicious mischief, vandalism and such other hazards as may be insured against in the standard extended coverage provisions of such policies used in the State. Such policies may contain deductible amounts of not more than the amount that is then customary for such policies. Such insurance coverage shall be in an amount at least equal to the contract price for such contractor's or subcontractor's work. In the event of any change order resulting in the performance of additional work in connection with a Project, the amount of such insurance shall be increased to include the cost of such additional work, as well as materials and fixtures to be incorporated in such Project.

Such builder's risk completed value insurance policies shall carry loss payable endorsements in favor of the Trustee under the Indenture. No agency or employee of the District or the Authority shall have the power to adjust or settle any loss with respect to a Project without the prior written consent of the Trustee. Such insurance shall contain provisions prohibiting cancellation or amendment without ten (10) days' prior written notice to the Authority and the Trustee.

Section 7.11. Contractor's Worker's Compensation Insurance. Each contractor and subcontractor retained in connection with the a Construction Contract shall be required to procure and maintain worker's compensation insurance during the term of his contract as required by the laws of the State, covering his employees working thereunder, which coverage shall also include occupational disease. Such insurance, if issued by a private carrier, shall contain a provision that such coverage shall not be canceled or amended without ten (10) days' prior written notice to the District. Each Construction Contract shall also provide that each subcontractor of any contractor who is a party to such contract shall be required to furnish similar worker's compensation insurance, including occupational disease coverage. The requirements of this Section 7.11 may be met with respect to subcontractors by contractually obligating a Contractor to ensure that the subcontractors it retains comply with such requirements.

Section 7.12. Proceeds of Certain Insurance Policies and Performance Bonds. The Net Proceeds of any performance or payment bond or insurance policy required by Section 7.8, Section 7.9 and Section 7.10 of this Master Lease shall be deposited with the Trustee and applied as provided in Section 10.2 of this Master Lease and Section 5.16 of the General Indenture.

## ARTICLE VIII

### TITLE TO THE PROJECTS; SECURITY INTEREST

Section 8.1. Title to the Projects. A fee simple interest or leasehold interest, as applicable, in the site of the Projects and title to the Projects and any and all additions, repairs, replacements or modifications thereto, shall be held in the name of the Authority, subject to Permitted Encumbrances, at all times until conveyed to the District as provided in Section 12.1 of this Master Lease. The District shall not have any right, title or interest in a Project or any additions, repairs, replacements, modifications or fixtures thereto except as expressly set forth herein.

Section 8.2. Security Interest. To secure the payment of all of the obligations of the Authority under the Indenture, the Authority shall grant to the Trustee a security interest in the Projects and the Base Rentals received by the Authority under this Master Lease. Upon execution of this Master Lease, the District and the Authority agree that the Authority shall execute the Security Documents and the Indenture. The Authority agrees that the Authority Representative shall, on its behalf, execute such additional documents, including affidavits, notices and similar instruments, in form satisfactory to the Authority or the Trustee, which the Authority or the Trustee reasonably deems necessary or advisable to establish and maintain the security interests to be granted pursuant to this Section 8.2. The Authority, the District and the Trustee, when directed by the Authority in writing, shall execute from time to time such continuation statements as will be necessary to preserve and protect the security interest granted under the provisions in this Section 8.2.

## ARTICLE IX

### MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section 9.1. Maintenance of the Projects by the District. The District shall, at its own expense from available District Funds, operate, manage, keep and maintain the Projects (or cause the Projects to be operated, managed, kept and maintained) in good working order, condition and repair, including replacements of a capital nature when necessary, and including periodic painting as reasonably determined by the Authority and in accordance with all operating and maintenance manuals and all applicable laws, rules, ordinances, orders and regulations as shall be in effect from time to time of: (1) any federal, state, county, municipal, or other governmental or quasi-governmental agencies and bodies having or claiming jurisdiction thereof and all their respective departments, bureaus, and officials; (2) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction thereof; and (3) all insurance companies insuring all or any part of the Projects. The foregoing shall not be construed to prohibit the District from challenging the validity or applicability of such laws, rules, ordinances, orders and regulations and to defer compliance until the challenge has been completed.

It is understood and agreed that in consideration of the payment by the District of the Base Rentals and Additional Rentals herein provided for, the Authority is only obligated to provide the Projects in the manner, at the times and to the extent herein provided, and neither the Authority, 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 Projects during the term of this Master Lease.

Without limiting the generality of the foregoing, the District shall, as if the District were the absolute owner thereof, assume all responsibility for the Projects (including all surfaces of the buildings and entrances thereto, foundations, ceilings, roof, all glass and show window moldings and all partitions, doors, fixtures, equipment, and appurtenances thereto, including lighting and plumbing systems and fixtures, sewage facilities, electric motors and heating, ventilating and air-conditioning systems, and all landscaping, parking lots, driveways, fences and signs located on the sites where the Projects are located and all sidewalks and parkways located adjacent to the sites where the Projects are located) and pay all costs or cause the payment of all costs of any kind (including operating costs and costs of repair, whether of a capital nature or otherwise) associated therewith.

Section 9.2. Modification of the Projects. The District shall have the privilege of remodeling any Project or making substitutions, additions, modifications and improvements thereto, at its own cost and expense, and the same shall be subject to this Master Lease, the Indenture and the Security Documents, and shall also be included under the terms hereof and thereof; provided, however, that such remodeling, substitutions, additions, modifications and improvements shall not in any way damage such Project or cause it to be used for purposes other than those authorized under the provisions of this Master Lease, and the Constitution and laws of the State; and provided, however, that such Project, as remodeled, improved or altered upon completion of such remodeling, substitutions, additions, modifications and improvements made pursuant to this Article IX shall be of a fair rental value not less than the fair rental value of such Project immediately prior to the remodeling or the making of substitutions, additions, modifications and improvements. The District shall not permit any mechanic's or other lien to be established or remain against the Projects for labor or materials furnished in connection with any remodeling, substitutions, additions, modifications, improvements, repairs, renewals or replacements so made by the District; provided, however, that if the District shall first notify the Trustee of the intention of the District so to do, the District may in good faith contest any mechanic's or other lien filed or established against the Projects, 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 the Trustee shall notify the District that, in the opinion of Independent Counsel, by nonpayment of any such items the security afforded pursuant to the terms hereof and pursuant to the Indenture and the Security Documents will be materially endangered or the Projects or any part thereof will be subject to loss or forfeiture, in which event the District shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Trustee will cooperate fully with the District in any such contest, upon the request and at the expense of the District. Any property for which a substitution or replacement is made pursuant to this Section 9.2 may be disposed of by the District in any manner and in the sole discretion of the District.

Section 9.3. Taxes, Other Governmental Charges and Utility Charges. In the event that a Project or any portion thereof 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 such Project, an Additional Rental, from and to the extent of District Funds, shall be paid, or cause to be paid, by the District 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 District shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during that period that the District is obligated to pay Base Rentals. The District shall not allow any liens for taxes, assessments or governmental charges to exist (including, without limitation, any taxes levied which, if not paid, will become a charge on the rentals and receipts 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 Authority) on the rentals and revenues derived therefrom or hereunder. The District shall also pay, or shall cause to be paid, as Additional Rentals, from and to the extent of available District Funds, as the same respectively become due, all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Projects.

As long as the District is in possession of the Projects and except as otherwise provided herein, it shall keep it free and clear of all liens, charges and encumbrances (except Permitted Encumbrances and any encumbrances arising through the Authority) and shall have the responsibility for all management, operations, maintenance and repair of the Projects. The District in its discretion may discharge its responsibility hereunder by: (1) using its own employees; or (2) contracting for services; or (3) subleasing all or portions of the Projects, subject to the provisions of this Master Lease and the Indenture; or (4) any combination of such methods. No such contract or sublease shall place a greater burden on the Authority than provided herein, nor infringe upon rights granted to or retained by the Authority hereunder, nor violate or in any way impair the Authority's obligations under the Indenture or any other instrument, if any, securing any debt or borrowings by the Authority, all or substantially all the proceeds of which are to be used to finance Projects.

The District may, at the expense and in the name of the District, in good faith contest any such taxes, assessments, utility 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 provided the District shall first deposit with the Trustee, or in court, a bond or other security satisfactory to the Trustee pursuant to the Security Documents unless the Trustee shall notify the District that, in the opinion of Independent Counsel, by nonpayment of any such items the security afforded pursuant to the terms hereof and pursuant to the Indenture and the Security Documents will be materially endangered or the Projects or any portion thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid forthwith. In the event that the District shall fail to pay any of the foregoing items required by this Section 9.3 to be paid by the District, the Trustee may (but shall be under no obligation to) pay the same, which amounts, together with interest thereon at a rate per annum equal to the Base Rate, the District agrees to pay from and to the extent of available District Funds.

**Section 9.4. Provisions Respecting Insurance.** The District agrees to insure or cause to be insured the Projects against loss or damage of the kinds usually insured against by public bodies similarly situated, including, without limitation, policies of casualty and property damage, by means of policies issued by reputable insurance companies duly qualified to do such business in the State with a uniform standard coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at that time in use in the State, in amounts that are not less than full insurable value of the Projects. The term "full insurable value" as used herein shall mean the actual replacement value, or at the option of the District any lesser amount which is equal to or greater than the principal amount of all of the Bonds then Outstanding of the Series which financed said Project (or applicable portions thereof in case said Series of Bonds financed more than one Project). Alternatively, the District may insure or cause to be insured under a blanket insurance policy or policies which cover not only the Projects but other properties in the amounts required by the previous sentence.

Any insurance policy issued pursuant to the preceding paragraph of this Section 9.4 shall be so written or endorsed as to make losses, if any, payable to the Trustee. The Net Proceeds of the insurance required in this Section 9.4 shall be applied as provided in Section 10.2 hereof or, at the option of the District, Section 10.3 hereof. Each insurance policy provided for in Section 9.4 hereof shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the District, the Authority or the Trustee without first giving written notice thereof to the District, the Authority and the Trustee at least thirty days in advance of such cancellation or modification. Certificates evidencing all insurance policies issued pursuant to this Section 9.4 or Section 9.5 hereof shall be deposited with Trustee. The Trustee shall have no obligation to review the sufficiency or form of any insurance required hereunder.

**Section 9.5. Public Liability Insurance.** The District agrees to carry or cause to be carried public liability insurance with one or more reputable insurance companies in amounts that are typically carried by governmental entities of the same size as the District for property damage for any occurrence. In the event that the limits on governmental liability

established by Title 63G, Chapter 7, Utah Code Annotated 1953, as amended, are increased, the amounts required by this Section 9.5 shall be deemed to be increased to such higher amounts. If self-insurance is not utilized, the Authority and the Trustee shall be made additional insureds under such policies. The insurance required by this Section 9.5 may be by blanket insurance policy or policies or self-insurance meeting the following requirements: (i) such program must provide for disbursements therefrom without action (other than a ministerial action) of the governing body of the District and (ii) such program shall be reviewed at least annually by an actuarial consultant (including professional staff of the District), to insure that the reserves established are sufficient for the risks intended to be covered by such program. If self-insurance is not utilized, the policies may have a deductible clause in such amount as shall be approved by the Authority. The District may not self insure for property/casualty insurance without the prior consent of any Security Instrument Issuer.

**Section 9.6. Worker's Compensation Coverage.** At all times from the date hereof until the end of the Lease Term, the District shall, either by a policy of insurance or by self-insurance, maintain or cause to be maintained worker's compensation coverage with respect to officers, agents and employees of the District working in, on or about the Projects, including coverage for occupational diseases.

**Section 9.7. Advances.** In the event the District shall fail to maintain the full insurance coverage required by this Master Lease or to keep the Projects in good repair and operating condition, the Trustee may take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; which amounts, together with interest thereon at a rate per annum equal to the Base Rate, the District agrees to pay, from and to the extent of available District Funds.

**Section 9.8. Failure to Provide Insurance.** In the event the Authority is required under Security Documents to reimburse the Trustee for any insurance policies required by this Article, the District will promptly pay directly to the Trustee all premiums for said insurance, and until payment is made by the District therefor, the amount of all such premiums which have been paid by the Trustee shall bear interest at the Base Rate. The District shall, upon the Authority's reasonable request, deposit with the Trustee on the first of each month, monthly installments each in an amount equal to one-twelfth of the estimated aggregate annual insurance premiums on all policies of insurance required by this Article. The District further agrees, upon the Authority's request, to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to the Trustee. If at any time and for any reason the funds deposited with the Trustee are or will be insufficient to pay such amounts as may then or subsequently be due, the Authority shall notify the District and the District shall immediately deposit an amount equal to such deficiency with the Trustee. The District shall pay to the Trustee, all reasonable fees for extraordinary services rendered by the Trustee pursuant to this Section.

**Section 9.9. Evidence and Notice Regarding Insurance.** Evidence of the insurance required by Sections 9.4, 9.5 and 9.6 hereof shall be provided by the District to the Trustee annually on or before the anniversary date of issuance of the Series of Bonds which financed the applicable Project. Unless self-insurance is provided, policies providing said insurance shall require that notice of cancellation of any said insurance must be furnished to the Trustee by the insurance carrier thirty (30) days in advance of cancellation.



## ARTICLE X

### DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 10.1. Damage, Destruction and Condemnation. If, prior to the termination of the Lease Term and the payment in full of the Bonds (or the making of provisions for the payment thereof in accordance with the Indenture) (i) the Projects or any material portion thereof shall be destroyed (in whole or in part), or damaged by fire or other casualty; or (ii) title to, or the temporary or permanent use of the Projects or any material portion thereof or the Projects or any material 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 a Project shall become apparent; or (iv) title to or the use of all or any material portion of the Projects shall be lost by reason of a defect in title thereto, the District shall be obligated, from and to the extent of District Funds and subject to the provisions of Section 10.3 of this Master Lease, to continue to pay the amounts specified in Sections 10.2, 6.2 and 6.3 of this Master Lease regardless of whether said Project or Projects shall have been accepted.

Section 10.2. Obligation of the District to Repair and Replace a Project or Projects. Subject to the provisions of Section 10.3 of this Master Lease, the District, the Authority, and the Trustee shall cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards with respect to a Project or Projects to be deposited in the applicable Construction Fund account(s) if received before the Completion Date and in a separate trust fund under the Indenture if received thereafter. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification or improvement of said Project or Projects by the District upon receipt of a requisition acceptable to the Trustee signed by the District Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the person, firm or corporation to whom payment is due; (iii) the amount to be paid; (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the applicable Construction Fund account(s) or separate trust fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation; and (v) such other documents and information as the Trustee requires. The balance of any such Net Proceeds remaining after such repair, restoration, modification or improvement has been completed shall be transferred to the Bond Fund to be applied to the payment of the principal of, premium, if any, and interest on the applicable Series of Bonds, or if said Bonds shall have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), any balance remaining in such Construction Fund account(s) or separate trust fund shall be paid to the District. If the Net Proceeds shall be insufficient to pay in full the cost of any repair, restoration, modification or improvement, the District shall, from and to the extent of available District Funds, complete the work and pay any cost in excess of the amount of the Net Proceeds. The District agrees that, if by reason of any such insufficiency of the Net Proceeds, the District shall make any payments pursuant to the provisions of this Section 10.2, the District shall not be entitled to any reimbursement therefor from the Authority, the Trustee or the Bondholders of the Bonds nor shall the District be entitled to any diminution of the Base Rentals and Additional Rentals payable under Section 6.2 and Section 6.3 of this Master Lease. The District further agrees that any repair, restoration, modification or improvement paid for in whole or in part from such Net Proceeds shall be subject to the security afforded by the Indenture, this Master Lease and the Security Documents, and shall be included under the terms hereof.

Section 10.3. Covenant to Seek Appropriation of Insufficiency of Net Proceeds; Discharge of the Obligation of the District to Repair and Replace the Projects. In the event that the Net Proceeds of any insurance policy, performance bond or condemnation award shall be insufficient to pay in full the cost of any repair, restoration, or modification of a Project or Projects required under Section 10.2 of this Master Lease, the appropriate budget officers of the District shall, within 30 days of notice of such insufficiency, seek an appropriation from the District for an amount equal to any such insufficiency. In the event that the District shall fail to appropriate, by the first day of the next Renewal Term following such request for an appropriation, an amount at least equal to such insufficiency for such purpose, the obligation to repair and replace said Project or Projects under Section 10.2 of this Master Lease may be discharged by depositing the Net Proceeds of the insurance policies, performance bonds or condemnation awards made available by reason of such occurrence into the Bond Fund. Upon the deposit of such Net Proceeds in said Bond Fund, the District shall have no further obligation for the payment of Base Rentals and Additional Rentals hereunder with respect to said Project or Projects, and possession of said Project or Projects as well as all rights created pursuant to this Master Lease and the interest of the District and the Authority therein and in any funds or accounts created under the Indenture with respect to said Project or Projects (except for moneys held in the Rebate Fund and for the payment of Bonds not then deemed Outstanding), shall be surrendered to the Trustee, as trustee

for the Bondholders of the applicable Series of Bonds. Thereafter, the Authority's interest in said Project or Projects may be liquidated pursuant to the provisions of and subject to the limitations set forth in the Indenture, Security Documents and the proceeds of such liquidation and the Net Proceeds of any insurance policy, performance bond or condemnation award 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 or Projects (except moneys held in the Rebate Fund or for the payment of Bonds not then deemed Outstanding), shall be applied to the redemption of the applicable Series of Bonds on the next succeeding redemption date. Such redemption of the applicable Series of Bonds shall be made upon full or partial payment of the principal amount of said Bonds then Outstanding and accrued interest thereon all in accordance with the Indenture.

Section 10.4. Cooperation of the Authority and the Trustee. The Authority and the Trustee shall cooperate fully with the District at the expense of the District in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 10.1 of this Master Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to a Project or Projects or any portion thereof or any property of the District in connection with which a Project or Projects is used and will, to the extent it may lawfully do so, and shall permit the District to litigate in any proceeding resulting therefrom in the name and behalf of the Authority and the Trustee. In no event will the Authority or the Trustee voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding or any part thereof without the written consent of the District Representative.

Section 10.5. Condemnation of Property Owned by the District. The District shall be entitled to the Net Proceeds of any condemnation award or portion thereof made for destruction of, damage to or taking of its property not included in the Projects.

## ARTICLE XI

### DISCLAIMER OF WARRANTIES; COMPLIANCE WITH LAWS AND RULES; OTHER COVENANTS

Section 11.1. Disclaimer of Warranties. NEITHER THE AUTHORITY NOR THE TRUSTEE MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECTS OR ANY OF THE EQUIPMENT OR FIXTURES THEREIN OR ANY OTHER REPRESENTATION OR WARRANTY. In no event shall the Authority or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Master Lease or the existence, furnishing, functioning or the use by the District of any item, product or service provided for herein.

Section 11.2. Further Assurances and Corrective Instruments. The District and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Projects hereby leased or intended so to be or for carrying out the intention hereof.

Section 11.3. District and Authority Representatives. Whenever under the provisions hereof the approval of the District or the Authority is required, or the District or the Authority is required to take some action at the request of the other, such approval or such request shall be given for the District by the District Representative and for the Authority by the Authority Representative, and any party hereto and the Trustee shall be authorized to act on any such approval or request.

Section 11.4. Requirements of Law. During the Lease Term, the District and the Authority shall observe and comply promptly with all current and future laws, ordinances, orders, rules and regulations as the same become effective, of the federal, state, county and city governments and of all courts or other governmental authorities having jurisdiction over the Projects or any portion thereof and of all their respective departments, bureaus and officials, and of the insurance regulatory agencies having jurisdiction over the Projects, or any portion thereof, or any other body exercising similar functions, and of all insurance companies writing policies covering the Projects or any portion thereof, whether the same are in force at the commencement of the Lease Term or may in the future be passed, enacted or directed.

Section 11.5. Inspection of the Projects. The District and the Authority agree that the Trustee and their duly authorized agents shall have the right at all reasonable times to enter upon the Projects and to examine and inspect the same. The Trustee and their duly authorized agents shall also be permitted, at all reasonable times, to examine the books, records, reports and other papers of the District and the Authority with respect to the Projects.

Section 11.6. Granting of Easements and Releases. As long as no Event of Default with respect to the Projects shall have happened and be continuing, the District may at any time or times grant easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to any property or rights included in this Master Lease and the Indenture, free from the security interest afforded by or under this Master Lease, the Indenture and the Security Document or the District may release portions of the sites on which a Project or Projects is located or existing easements, licenses, rights of way and other rights and privileges with or without consideration, and the Authority agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver, any instrument necessary or appropriate to confirm and grant or release such portion of the Property or any such easement, license, right of way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by the District Representative requesting such instrument and stating that such grant or release will not impair the effective use or interfere with the operation of such Project or Projects or any material portion thereof; and (iii) an opinion of counsel to the District that such grant or release will not materially weaken, diminish or impair the security granted to the Bondholders and contemplated hereby or under this Master Lease, the Indenture or the Security Documents. Notwithstanding anything to the contrary, the District shall have the authority to revise the initial metes and bounds description of a Project to conform the same to the subdivision plat enforceable in law and equity related to the Project (including any easement, license, right of way or other grant or privilege related to the Property or Project) without compliance with the conditions listed immediately above in (ii) or (iii).

Section 11.7. Issuance of Refunding Bonds. Refunding Bonds may be issued by the Authority in accordance with the provisions of Section 2.13 of the General Indenture and with a corresponding effect on the Base Rentals and Additional Rentals due under this Master Lease as provided in Section 4.4 hereof.

Section 11.8. Issuance of Additional Bonds. Additional Bonds may be issued by the Authority in accordance with the provisions of Section 2.14 of the General Indenture and with a corresponding effect on the Base Rentals and Additional Rentals due under this Master Lease as provided in Section 4.4 hereof.

## ARTICLE XII

### CONVEYANCE OF THE PROJECTS

#### Section 12.1. Conveyance of the Projects.

(a) The Authority's right and interest in and to all of the Projects shall be transferred, conveyed and assigned by the Authority to the District:

(i) Upon payment by the District to the Trustee of the then applicable Purchase Option Price and upon giving not less than thirty days prior written notice to the Authority and the Trustee; or

(ii) Upon payment by the District to the Trustee of all Base Rentals and Additional Rentals required to be paid under this Master Lease during the Lease Term; or

(iii) Upon the discharge of the lien of the Indenture under Article VIII thereof.

Under the Indenture, the Trustee shall agree to execute such documents and instruments as shall be necessary to effect a release of the security interest granted by said Indenture or the Security Documents upon the payment in full of all of the Bonds.

(b) The District understands that the Purchase Option Price may be revised from time to time based on certain redemptions of Bonds (other than mandatory sinking fund redemptions) or the issuance of any Additional Bonds or Refunding Bonds authorized under the Indenture. In the event the District so elects to purchase all of the Projects as provided herein, the District hereby agrees to pay such applicable Purchase Option Price (together with the other amounts constituting the purchase price for the Projects as provided herein) as it may be revised from time to time by such amounts as are necessary to reflect the redemption of the Bonds or the issuance of Additional Bonds or Refunding Bonds. Nothing herein shall be construed to create any obligation of the District to purchase the Projects.

Section 12.2. Release of a Project Upon Payment of Related Series of Bonds. In addition to the purchase option set forth above, the District is hereby granted the option of purchasing a Project in advance of the final maturity of the related Series of Bonds. So long as no Event of Default shall have occurred and be continuing under the Indenture and so long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing under this Master Lease and the Security Instrument Issuer for the related Series of Bonds shall have consented thereto (which consent shall not be unreasonably withheld) unless the related Series of Bonds have been legally defeased or refunded, a Project may be released from the lien created with respect to the Bonds and the Indenture and this Master Lease and transferred to the District (subject to Permitted Encumbrances and liens and encumbrances resulting from the failure of the District to perform or observe the agreements on its part contained in this Master Lease or otherwise consented to by the District), if (i) the District shall deposit with the Trustee the Purchase Option Price for such Project; and (ii) there shall have been delivered to the Trustee an opinion of nationally recognized bond counsel to the effect that the release of such Project will not adversely affect the excludability of interest on the Bonds from federal gross income of the owners thereof or the status of the Bonds as Tax Credit Bonds, if applicable. The District shall be obligated to pay all costs of the Trustee and the Authority in providing for the transfer and release of any Project or portion thereof.

Section 12.3. Conveyance on Purchase of Projects. At the closing of any purchase of any or all of the Projects pursuant to the option to purchase granted in this Master Lease, the Authority shall, upon receipt by the Trustee of the Purchase Option Price, or upon the payment by the District of all Base Rentals and Additional Rentals required, or upon discharge of the lien of the Indenture as the case may be, deliver to the District the following:

(a) If necessary, a release by the Trustee of the lien under the Indenture and Security Documents, together with any other instrument necessary or appropriate to release any security interest granted by this Master Lease with respect to the Project or Projects to be released, the Indenture and the Security Documents.

(b) All necessary documents conveying to the District good and marketable title to the Project or Projects to be released as it then exists subject to the following: (i) the right, title and interest of the District in such Project or Projects; (ii) those liens and encumbrances created by the District or to the creation or suffering of which the District consented; (iii) those liens and encumbrances resulting from the failure of the District to perform or observe any of the agreements on its part contained in this Master Lease; and (iv) Permitted Encumbrances, other than the Indenture, this Master Lease, the Security Documents and any financing statements filed by the Authority pursuant to this Master Lease with respect to the Project or Projects to be released or the Indenture.

Section 12.4. Relative Position of Option and Indenture. The purchase option granted to the District in Section 12.1 hereof with respect to all of the Projects shall be and remain prior and superior to the Indenture and may be exercised whether or not an Event of Nonappropriation or Event of Default shall have occurred and be continuing hereunder or under the Indenture; provided, however, that such option must be exercised before the later of (i) ninety days after notification in writing by the Trustee to the District of the occurrence of an Event of Default under the Indenture, or (ii) the ultimate disposition of the Project or Projects upon exercise of any available foreclosure remedy, and further provided that, as a condition of the exercise of such option, the District must pay, in addition to the Purchase Option Price, any interest payment deficiencies accruing from the date of the Event of Default and all Security Instrument Costs, Security Repayment Obligations, Reserve Instrument Costs and Reserve Instrument Repayment Obligations.

## ARTICLE XIII

### ASSIGNMENT, SUBLEASING, INDEMNIFICATION AND SELLING

Section 13.1. The Authority to Grant Security Interest to Trustee. The parties hereto agree that pursuant to the Indenture, the Authority shall assign to the Trustee, in order to secure payment of the Bonds, all of the Authority's right, title and interest in the Master Lease, except the Authority's rights to compensation from the District for expenses of the Authority under Section 6.3(d) of this Master Lease, the Authority's rights to indemnification from the District under Section 13.3 of this Master Lease and the obligation of the District to pay any attorneys' fees and expenses incurred by the Authority under Section 14.5 of this Master Lease.

Section 13.2. Assignment and Subleasing by the District. This Master Lease may not be assigned by the District for any reason. All or portions of a Project may be subleased by the District without the necessity of obtaining the consent of the Authority or any Bondholder; subject, however, to each of the following conditions:

(a) a Project may only be subleased to a municipality, school district, agency or other political subdivision of the District or the State, or to a private party if the Authority or the District intends to own such Project through the useful life of such Project, and the Authority or the District determines that such ownership of such Project furthers a legitimate public purpose;

(b) this Master Lease and the obligations of the District to make payment of Base Rentals and Additional Rentals under this Master Lease shall at all times during the Lease Term remain obligations of the District notwithstanding any sublease;

(c) the District shall, prior to the execution of a sublease, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of each sublease;

(d) any such sublease shall be expressly subordinate to the rights of the Trustee and the Bondholders under the Indenture, this Master Lease and the Security Documents;

(e) receipt by the Trustee of an opinion of bond counsel to the effect that such sublease will not in and of itself cause interest on the Tax-Exempt Bonds (if any) issued to finance such Project to be included in gross income of the owners thereof (if such bonds were issued as Tax-Exempt Bonds), and if such bonds were issued as Tax Credit Bonds that such sublease will not adversely affect the status of the Bonds; and

(f) receipt by the District of the Trustee's and the Security Instrument Issuer's written consent to such sublease, which consent shall not be unreasonably withheld.

After an Event of Default or an Event of Nonappropriation and the foreclosure of the security afforded under this Master Lease, the Indenture or the Security Documents, the Trustee may collect the amount of the Base Rentals and Additional Rentals allocable to any sublease from any and all sublessees.

Section 13.3. Release and Indemnification Covenants. To the extent of the Net Proceeds of the insurance coverage of the District, the District shall and hereby agrees to indemnify and save the Authority and the Trustee harmless against and from all claims, by or on behalf of any person, firm, corporation or other legal entity arising from any work or thing done on, the Projects during the Lease Term from: (i) any condition of the Projects; and (ii) any act or negligence of the District or of any of its agents, contractors or employees or any violation of law or the breach of any covenant or warranty hereunder. The District shall indemnify and save the Authority and the Trustee harmless, from and to the extent of available moneys as set forth above, from any such claim arising as aforesaid from (i) or (ii) above, or in connection with any action or proceeding brought thereon and, upon notice from the Authority or the Trustee, shall defend them or either of them in any action or proceeding.

In exchange for the District's agreement to indemnify the Trustee and the Authority as provided in this Section 13.3, the Authority and Trustee hereby agree to cooperate with the District in asserting any cause of action that they might individually or as a group have against any third parties with respect to the Project. Furthermore, in no event will the Authority or Trustee voluntarily settle or consent to the settlement of any proceeding arising out of any claim applicable to the Projects without the written consent of the District Representative and any Security Instrument Issuer, which consent shall not be unreasonably withheld.

Section 13.4. References to Bonds Ineffective After Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of Trustee, all references in this Master Lease to said Bonds and Trustee shall be ineffective and neither the Trustee nor the Bondholders shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested.

Section 13.5. Installation of the Furnishings and Machinery of the District. The District, or any sublessee of the District may, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in a Project or Projects. All such machinery, equipment and other tangible property, except any machinery, equipment and other tangible property substituted for machinery, equipment and tangible property purchased with proceeds of the Bonds as provided in Section 13.6 hereof, shall remain the sole property of the District or sublessee of the District, as applicable, in which neither the Authority nor the Trustee shall have any interest and may be removed by the District or sublessee of the District, as applicable, at any time; provided, however, that the District or sublessee of the District, as applicable, shall be obligated to repair any damage to the Project or Projects, at its own cost and expense, resulting from any such removal.

Section 13.6. Equipment Purchased with Proceeds of the Bonds. Any item of equipment shall be labeled, to the extent practicable, to indicate that it is owned by the Authority, subject to the Indenture, the Security Documents and this Master Lease. Equipment financed with proceeds of the Bonds may not be relocated by the District from the Projects. Any item of such equipment which shall be determined by the District to be no longer usable in connection with the operation of the Projects may be sold by the District after written notice to the Trustee and upon (i) substitution of equipment of comparable or greater value or (ii) deposit of the proceeds thereof in the Bond Fund. Upon any such sale, the equipment so sold shall be released from the Indenture, this Master Lease, the Security Documents and the security interest created thereunder and hereunder. The parties hereto recognize a \$25,000 aggregate de minimis exception to this Section 13.6 for equipment making up a portion of the Project.

## ARTICLE XIV

### EVENTS OF DEFAULT AND REMEDIES

Section 14.1. Events of Default Defined. Any one of the following shall be an "Event of Default" under this Master Lease:

(a) Failure by the District to pay any Base Rentals or Additional Rentals required to be paid under Sections 6.2 and 6.3 of this Master Lease at the time specified therein, in the absence of an Event of Nonappropriation; or

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in (a), for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, given to the District 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 shall not unreasonably withhold their consent to an extension of such time if corrective action shall be instituted by the District within the applicable period and diligently pursued until the default is corrected; or

(c) The District shall abandon any material portion of a Project; or

(d) The District's interest in this Master Lease or any part thereof shall be assigned or transferred without the written consent of the Authority, either voluntarily or by operation of law, except as permitted hereunder; or

(e) The District shall file any petition or institute any proceedings wherein or whereby the District seeks to be adjudicated a bankrupt, or to be discharged from any and all of its debts or obligations, or offers to the District's creditors to effect a composition or extension of time to pay the District's debts, or seeks a reorganization or a readjustment of the District's debts, or for any other similar release, or any such petition or any such proceedings of the same or similar kind or character shall be filed, or instituted or taken against the District and the same shall not have been dismissed or otherwise resolved in favor of the District within sixty days from the filing or institution thereof.

The foregoing provisions of this Section 14.1 are subject to the following limitations: (i) the obligations of the District to make payments of the Base Rentals and Additional Rentals as provided in Section 6.2 and Section 6.3 of this Master Lease shall be subject to the occurrence of an Event of Nonappropriation; and (ii) if, by reason of Force Majeure, the District shall be unable, in whole or in part, to carry out any agreement on its part herein contained, other than the obligations on the part of the District contained in Article VI hereof, the District shall not be deemed in default during the continuance of such inability. The District agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the District from carrying out its agreement; provided, however, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the District, and the District shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the District, unfavorable to the District.

Section 14.2. Remedies on Default. Whenever any Event of Default referred to in Section 14.1 of this Master Lease shall have happened and be continuing, subject to the limitations contained in the Indenture and the rights of any Security Instrument Issuer (so long as the Security Instrument Issuer is not in default under its Security Instrument), the Trustee or the Authority with the written consent of the Trustee, shall have the right, at their or its option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) Immediately reenter and take possession of the Projects;

(b) Exercise any rights or remedies as the Trustee may have under the Security Documents; or

(c) Take whatever action at law or in equity may appear necessary or desirable to enforce their or its rights in and to the Projects, including, without limitation, the right to terminate the Lease Term.

Upon the occurrence of an Event of Default, the District shall immediately quit and vacate the Projects and its obligation to pay Base Rentals or Additional Rentals hereunder shall terminate. Any moneys collected pursuant to action taken under this Section 14.2 shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Section 14.3. Limitations on Remedies. No judgment requiring a payment of money may be entered against the District by reason of an Event of Default under this Master Lease, except as expressly provided herein. In the event the security interest created under the Indenture, this Master Lease or the Security Documents shall be foreclosed subsequent to the occurrence of an Event of Default, no deficiency judgment may be entered against the District or the Authority.

Section 14.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority and the Trustee is intended to be exclusive, and every 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. No delay or omission to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority and the Trustee to exercise any remedy reserved in this Article XIV, it shall not be necessary to give any notice, other than such notice as may be required in this Article XIV.

Section 14.5. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall default under any of the provisions hereof and the nondefaulting party shall employ attorneys or incur other expenses for the collection of Base Rentals and Additional Rentals, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party, to the extent that such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the obligation of the District under this Section 14.5 shall be subject to the availability of District Funds and the obligation of the Authority shall be limited to amounts legally available therefor.

Section 14.6. No Additional Waiver Implied by One Waiver. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## ARTICLE XV

### MISCELLANEOUS

Section 15.1. Lease Term. This Master Lease shall remain in effect from the date hereof until the termination of the Lease Term as provided in Section 4.2 of this Master Lease.

Section 15.2. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed as follows: if to the Authority, the Local Building Authority of North Davis Fire District, Utah, 381 North 3150 West, West Point City, Utah, 84015, Attention: President; if to the District, North Davis Fire District, 381 North 3150 West, West Point City, Utah, 84015, Attention: Chairman; if to the Trustee, Zions Bancorporation, National Association, One South Main Street, 12<sup>th</sup> Floor, Salt Lake City, Utah, 84133, Attention: Corporate Trust Department. A duplicate copy of each notice, certificate or other communication given hereunder by the Authority and the District shall also be given to the Trustee. The Authority, the District and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 15.3. Binding Effect. This Master Lease shall inure to the benefit of and shall be binding upon the Authority, the District and their respective successors and assigns, subject, however, to the limitations contained in Sections 2.2(f) and 13.2 of this Master Lease.

Section 15.4. Severability. In the event any provision of this Master Lease (other than the obligation of the District to pay Base Rentals or Additional Rentals) shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and in the event any provision of this Master Lease were to invalidate the Bonds, such provision shall be rendered invalid and unenforceable, but shall not invalidate or render unenforceable any other provision hereof.

Section 15.5. Amounts Remaining in the Bond Fund and Debt Service Reserve Fund; Dissolution. It is agreed by the parties hereto that any amounts remaining in the Bond Fund and the Debt Service Reserve Fund upon expiration or sooner termination of the Lease Term, as provided in this Master Lease, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees and expenses of Trustee and any paying agents in accordance with the Indenture and all other amounts due under the Indenture and payment of all Security Instrument Costs, Security Instrument Repayment Obligations, Reserve Instrument Costs and Reserve Instrument Repayment Obligations, shall belong to and be paid to the District by the Trustee as an overpayment of Base Rentals and Additional Rentals. Upon dissolution of the Authority, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and payment in full of other obligations of the Authority, Security Instrument Costs, Security Instrument Repayment Obligations, Reserve Instrument Costs and Reserve Instrument Repayment Obligations any assets and net earnings of the Authority shall be paid to the District in accordance with the Building Authority Act.

Section 15.6. Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Master Lease may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee and any Security Instrument Issuer in accordance with provisions of the Indenture.

Section 15.7. Execution in Counterparts. This Master Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.8. Net Lease. This Master Lease shall be deemed and construed to be a "net lease," and the District shall pay absolutely net during the Lease Term the Base Rentals, Additional Rentals and all other payments required hereunder, free of any deductions, and without abatement, deduction or setoff, other than those herein expressly provided.

Section 15.9. Applicable Law. This Master Lease shall be governed by and construed in accordance with the laws of the State.

Section 15.10. Captions. The captions or headings in this Master Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Master Lease.

Section 15.11. No Personal Liability. No person executing this Master Lease or any of the Bonds, the Indenture or the Security Documents shall be subject to personal liability or accountability by reason of such action or the issuance of the Bonds.

Section 15.12. Governmental Entity Provisions The parties hereto acknowledge and agree that the District and the Authority are governmental entities under the Governmental Immunity Act of Utah, Section 63G-7-101, et seq., Utah Code Annotated 1953, as amended (the "Immunity Act"). Nothing in this Master Lease shall be construed as a waiver by the District or the Authority of any protections, rights, or defenses applicable to the District or the Authority under the Immunity Act, including without limitation, the provisions of Section 63G-7-604 regarding limitation of judgments. It is not the intent of the District or the Authority to incur by contract any liability for the operations, acts, or omissions of any third-party and nothing in this Master Lease shall be so interpreted or construed. Without limiting the generality of the foregoing, and notwithstanding any provisions to the contrary in this Master Lease, any indemnity obligations of the District or the Authority contained in this Master Lease are subject to the Immunity Act and are further limited only to claims that arise directly and solely from the negligent acts or omissions of the District or the Authority.

IN WITNESS WHEREOF, the Authority has caused this Master Lease to be executed in its corporate name with its corporate seal hereunto affixed and attested by a duly authorized officer. The District has executed this Master Lease in its name with its seal hereunto affixed and attested by a duly authorized officer. All of the above occurred as of the date first above written.

LOCAL BUILDING AUTHORITY OF NORTH  
DAVIS FIRE DISTRICT, UTAH

(SEAL)

By \_\_\_\_\_  
President

ATTEST AND COUNTERSIGN:

By \_\_\_\_\_  
Secretary-Treasurer

NORTH DAVIS FIRE DISTRICT, UTAH

(SEAL)

By \_\_\_\_\_  
Chairman

ATTEST AND COUNTERSIGN:

By \_\_\_\_\_  
District Clerk

STATE OF UTAH                    )  
  :ss.  
COUNTY OF DAVIS                )

The foregoing instrument was acknowledged before me this October \_\_\_, 2021, by Tim Roper and Misty Rogers, respectively the President and Secretary-Treasurer of the Local Building Authority of North Davis Fire District, Utah.

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF UTAH                    )  
  :ss.  
COUNTY OF DAVIS                )

The foregoing instrument was acknowledged before me this October \_\_\_, 2021, by Tim Roper and Misty Rogers, respectively the Chairman and District Clerk of North Davis Fire District, Utah.

\_\_\_\_\_  
NOTARY PUBLIC

EXHIBIT A

PROJECT DESCRIPTION

The Authority and the District desire to finance the costs of construction of all or a portion of the costs of the replacement and construction of a new Fire Station 42 located at 88 East Center Street in Clearfield, Utah, and related improvements (collectively, the "Project").

EXHIBIT B

## PROPERTY

All real property located or the land located in Davis County, Utah, described as follows:

PARCEL 1 (TAX ID NO. 14-325-0002):

LOT 2, WEST POINT TOWNE CENTER COMMERCIAL SUBDIVISION, ACCORDING TO THE OFFICIAL PLAT THEREOF, AS RECORDED IN THE OFFICE OF THE DAVIS COUNTY RECORDER, STATE OF UTAH.

TOGETHER WITH AND SUBJECT TO, AND LESS AND EXCEPTING ANY LAND CONVEYED BY THAT CERTAIN BOUNDARY LINE AGREEMENT, RECORDED NOVEMBER 17, 2014 AS ENTRY NO. 2834035.

PARCEL 2 (TAX ID NO. 12-756-0002):

LOT 2, CLEARFIELD CITY MUNICIPAL CAMPUS SUBDIVISION, ACCORDING TO THE OFFICIAL PLAT THEREOF AS RECORDED IN THE OFFICE OF THE DAVIS COUNTY RECORDER, STATE OF UTAH.

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EXHIBIT C

## BASE RENTAL PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
03/15/2022	\$ 180,000	\$140,757.19	\$320,757.19
09/15/2022		152,796.88	152,796.88
03/15/2023	180,000	152,796.88	332,796.88
09/15/2023		149,196.88	149,196.88
03/15/2024	230,000	149,196.88	379,196.88
09/15/2024		144,596.88	144,596.88
03/15/2025	235,000	144,596.88	379,596.88
09/15/2025		139,896.88	139,896.88
03/15/2026	245,000	139,896.88	384,896.88
09/15/2026		134,996.88	134,996.88
03/15/2027	255,000	134,996.88	389,996.88
09/15/2027		129,896.88	129,896.88
03/15/2028	265,000	129,896.88	394,896.88
09/15/2028		124,596.88	124,596.88
03/15/2029	280,000	124,596.88	404,596.88
09/15/2029		118,996.88	118,996.88
03/15/2030	290,000	118,996.88	408,996.88
09/15/2030		113,196.88	113,196.88
03/15/2031	300,000	113,196.88	413,196.88
09/15/2031		107,196.88	107,196.88
03/15/2032	310,000	107,196.88	417,196.88
09/15/2032		100,996.88	100,996.88
03/15/2033	325,000	100,996.88	425,996.88
09/15/2033		96,121.88	96,121.88
03/15/2034	335,000	96,121.88	431,121.88
09/15/2034		91,096.88	91,096.88
03/15/2035	345,000	91,096.88	436,096.88
09/15/2035		85,921.88	85,921.88
03/15/2036	355,000	85,921.88	440,921.88
09/15/2036		80,596.88	80,596.88
03/15/2037	365,000	80,596.88	445,596.88
09/15/2037		75,121.88	75,121.88
03/15/2038	375,000	75,121.88	450,121.88
09/15/2038		71,137.50	71,137.50
03/15/2039	385,000	71,137.50	456,137.50
09/15/2039		66,806.25	66,806.25
03/15/2040	395,000	66,806.25	461,806.25
09/15/2040		62,362.50	62,362.50
03/15/2041	400,000	62,362.50	462,362.50
09/15/2041		57,862.50	57,862.50
03/15/2042	410,000	57,862.50	467,862.50
09/15/2042		53,250.00	53,250.00
03/15/2043	420,000	53,250.00	473,250.00
09/15/2043		48,000.00	48,000.00
03/15/2044	430,000	48,000.00	478,000.00

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09/15/2044		42,625.00	42,625.00
03/15/2045	440,000	42,625.00	482,625.00
09/15/2045		37,125.00	37,125.00
03/15/2046	455,000	37,125.00	492,125.00
09/15/2046		31,437.50	31,437.50
03/15/2047	465,000	31,437.50	496,437.50
09/15/2047		25,625.00	25,625.00
03/15/2048	475,000	25,625.00	500,625.00
09/15/2048		19,687.50	19,687.50
03/15/2049	485,000	19,687.50	504,687.50
09/15/2049		13,321.88	13,321.88
03/15/2050	500,000	13,321.88	513,321.88
09/15/2050		6,759.38	6,759.38
03/15/2051	515,000	6,759.38	521,759.38

# EXHIBIT D

## FORM OF REQUISITION

RE: The Local Building Authority of North Davis Fire District, Utah Lease Revenue [Refunding]  
Bonds, Series \_\_\_\_ in the sum of \$ \_\_\_\_\_

Zions Bancorporation, National Association  
Corporate Trust Department  
One South Main Street, 12<sup>th</sup> Floor  
Salt Lake City, Utah 84133

You are hereby authorized to disburse from the Series \_\_\_\_ Construction Fund Account with regard to the above-referenced bond issue the following:

REQUISITION NUMBER: \_\_\_\_\_

NAME AND ADDRESS OF PAYEE: \_\_\_\_\_

AMOUNT: \$ \_\_\_\_\_

PURPOSE FOR WHICH EXPENSE HAS BEEN INCURRED (bill or statement of account or summary of expenses to be reimbursed to District attached; partial release from all contractors, subcontractors and suppliers who have provided services or materials to the Series \_\_\_\_ Project on file with the District ):

Each obligation, item of cost, or expense mentioned herein has been properly incurred, is a proper charge against [the \_\_\_\_\_ Subaccount of] the Series \_\_\_\_ Construction Fund Account, has not been the basis for a previous withdrawal, constitutes a Cost of Acquisition and Construction of the Series \_\_\_\_ Project and will be used to acquire, purchase, construct, install or improve the Series \_\_\_\_ Project.

There has not been filed or served upon the Authority or the District, notice of any lien, right to lien, attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in this Requisition, which has not been released or will not be released simultaneously with such payment, other than materialmen's or mechanics' liens accruing by operation of law which will not be released until final payment is made.

Performance, labor, materials and other bonds as required in the Master Lease have been obtained by each contractor or subcontractor to whom payment is to be made pursuant to this Requisition.

DATED \_\_\_\_\_

LOCAL BUILDING AUTHORITY OF NORTH  
DAVIS FIRE DISTRICT, UTAH

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

Its: \_\_\_\_\_

EXHIBIT E

PROVISIONS RELATING TO BOND INSURANCE

1. So long as the Policy is in effect and BAM is not in default in respect of its payment obligations thereunder, BAM shall be (i) deemed to be the sole and exclusive Owner of the Series 2021 Bonds for purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies and (ii) entitled to direct and control the enforcement of all remedies granted under the Master Lease and Ground Lease.
2. Any amendment, modification or supplement to the Master Lease shall be subject to the prior written consent of BAM.
3. BAM shall be recognized as being a third-party beneficiary under the Master Lease and may enforce any right, remedy or claim conferred upon, given or granted hereunder.
4. No sublease, release, sale, disposition or substitution of any property (the "Property") subject to (i) the Ground Lease or Master Lease or (ii) any mortgage, deed of trust or other document evidencing a security interest in, or otherwise pledged, directly or indirectly, to secure the Series 2021 Bonds, shall occur without the prior written consent of BAM. Without limiting the generality of the foregoing, no portion of the Property may be released following the partial prepayment of lease payments or rentals, the partial redemption of the Series 2021 Bonds, or the exercise of a purchase option or similar right, unless in each case BAM shall have provided its prior written consent to such release.
5. The Property shall be covered at all times by property and casualty insurance in an amount equal to the greater of the replacement value of the property or the principal amount of the Series 2021 Bonds. Self insurance and pooled insurance programs shall be subject to the prior written consent of BAM. Any blanket or umbrella insurance policies for property and casualty insurance shall not be permitted unless BAM otherwise consents. The Trustee shall be the beneficiary under such policy.
6. The Authority shall, prior to or simultaneously with the issuance of the Series 2021 Bonds, furnish a title insurance policy, in form and substance acceptable to BAM, from a title insurance company acceptable to BAM. The face amount of the title insurance policy shall not be less than the principal amount of the Series 2021 Bonds. The Trustee shall be the beneficiary under such policy.
7. If insurance or condemnation proceeds with respect to the Property are received, such proceeds shall be applied to replacement or restoration of the affected property or to redemption of Series 2021 Bonds; provided, however, that unless all outstanding Series 2021 Bonds are to be redeemed from such amount, the prior written consent of BAM shall be required for any such redemption.
8. The Authority shall be obligated to pay, as an additional lease or rental payment, to the Trustee for deposit to the debt service reserve fund an amount equal to the debt service reserve fund replenishment requirement under the Indenture, including all amounts required to repay draws and policy costs under or related to the reserve account credit instrument.
9. Except for the Series 2021 Bonds, the Authority shall not issue or incur, directly or indirectly, any additional certificates, notes, bonds or other indebtedness that are (i) payable from or secured by the lease payments or rentals payable under the Master Lease or (ii) secured by, or granted a lien on, the Property.
10. The security for the Series 2021 Bonds shall include a pledge and assignment of the Master Lease and Ground Lease and a default under the Master Lease shall constitute an event of default under the Indenture.

11. Upon the occurrence of an event of default under the Master Lease, BAM shall have the right, with or without terminating the Master Lease, to re-enter and take possession of the Property, and to sell its interest in the Master Lease or sublease or assign the Property or any part thereof. There shall be no provisions restricting use of the Property after termination of or default under the Master Lease, including restrictions related to the tax-exempt status of the Series 2021 Bonds.
12. The Authority covenants and agrees to comply in all material respects with all laws applicable to the Property or any portion thereof, including without limitation all local, State and federal environmental and Hazardous Substances laws, rules and regulations, and with any order of any jurisdiction over the Property. For purposes of this paragraph, "Hazardous Substances" means any substances, pollutants, wastes and contaminants now or hereafter included in such (or any similar) term under any federal, state or local ordinance, code or regulation now existing or hereafter enacted or amended.
13. The foregoing insurer provisions shall control and supersede any conflicting or inconsistent provisions in the Master Lease.

## **APPENDIX B**

### **FINANCIAL REPORT OF NORTH DAVIS FIRE DISTRICT, UTAH FOR FISCAL YEAR 2020**

The financial report for Fiscal Year 2020 is contained herein. *The District's financial report for Fiscal Year 2021 must be completed under State law by December 31, 2021.*

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**NORTH DAVIS FIRE DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2020**

# North Davis Fire District

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
North Davis Fire District  
West Point, Utah

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Davis Fire District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the 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 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 the District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension related schedules, as listed in the table of contents, 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020, 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 solely 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 the effectiveness of the District's 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.



Ogden, Utah  
December 2, 2020



**North Davis Fire District**  
**Management's Discussion and Analysis (Unaudited)**  
Fiscal Year Ended June 30, 2020

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## **INTRODUCTION**

The following is a discussion and analysis of North Davis Fire District's financial performance and activities for the year ended June 30, 2020. Please read it in conjunction with the financial statements that follow.

## **HIGHLIGHTS**

### **Government-wide**

- Total net position increased \$10,955 or 0.3 percent from the prior year.
- The District added a new truck, a garage door, and some defibrillators to capital assets.

### **Fund Level**

- Fund balances in the District's combined governmental funds decreased \$240,262 or 8.6 percent from the prior year. The decrease was substantially due to the decrease of revenue from Sunset City as it was annexed into the District in January and did not pay a contract amount to the District for six months.
- The Debt Service Fund paid \$229,080 in principal and interest payments towards the Series 2008 Revenue Bonds. Of the amount paid, \$175,000 was applied toward outstanding principal, leaving an outstanding balance of \$1,425,000. Debt Service Fund balance is \$58,557 at year end.
- The fund balance in the General Fund decreased by \$197,140, a decrease of 10.7 percent. A budgeted transfer was made to the Capital Projects Fund of \$75,000. There was also a transfer from the General Fund to the Debt Service Fund in the amount of \$227,854. General fund balance is \$1,653,871 at year end.
- The Capital Projects fund balance decreased \$43,904 or 13.0 percent over the year. Capital Projects fund balance is \$831,455 at year end.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is an introduction to the District's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains other supplementary information concerning budgetary comparisons.

### **Government-wide Statements - Reporting the District as a Whole**

The Statement of Net Position and the Statement of Activities comprise the government-wide financial statements. These statements provide a broad overview with a long-term focus of the District's finances as a whole and are prepared using the full-accrual basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the District's net position - the difference between total assets and total liabilities, and how they have changed from the prior year. Over time, increases and decreases in net position measure whether the District's overall financial condition is getting better or worse. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the District's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

**North Davis Fire District**  
**Management's Discussion and Analysis (Unaudited)**  
Fiscal Year Ended June 30, 2020

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The government-wide statements distinguish the programs of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). North Davis Fire District's governmental activities include fire administration, fire operations, and interest on long-term debt.

**Fund Financial Statements - Reporting the Fire District's Most Significant Funds**

The fund financial statements provide detailed information about individual major funds, and not the District as a whole. A fund is a group of related accounts that the District uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity.

The District's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide statements. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This short-term view of the District's financial position helps determine whether the District has sufficient resources to cover expenditures for its basic services in the near future.

**Reconciliation Between Government-wide and Fund Statements**

The financial statements include schedules that reconcile the amounts reported for governmental activities on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual accounting, short-term focus). Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements, but are expenditures on the governmental fund statements.
- Long-term debt proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.

**Notes to the Financial Statements**

The notes provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

**Required Supplementary Information**

North Davis Fire District adopts an annual budget for all of its governmental funds. A budgetary comparison schedule for the District's General Fund is included.

**North Davis Fire District**  
**Management's Discussion and Analysis (Unaudited)**  
Fiscal Year Ended June 30, 2020

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position**

Investments in capital assets (land, buildings, construction-in-progress, and equipment) less all outstanding debt that was issued to buy or build those assets, represent 30.0 percent of the District's net position. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

The majority of the District's net position, 62.3 percent, is unrestricted and may be used at the District's discretion to meet its ongoing obligations to citizens and creditors. The remaining 7.7 percent is restricted net position which includes funds for debt service and impact fees.

A summary of the net position and related revenues and expenses of the District is shown below:

<b>North Davis Fire District Net Position June 30, 2020</b>			<b>Governmental Activities</b>	
			<b>2020</b>	<b>2019</b>
Current and other assets	\$	5,739,545	\$	5,454,753
Noncurrent assets		3,434,733		3,255,662
Deferred outflows of resources relating to pensions		310,057		548,913
<b>Total assets and deferred outflows of resources</b>		<u>9,484,335</u>		<u>9,259,328</u>
Current and other liabilities		235,011		234,306
Long-term liabilities		2,256,805		2,780,284
<b>Total liabilities</b>		<u>2,491,816</u>		<u>3,014,590</u>
Deferred inflow of resources relating to property taxes		2,987,691		2,466,214
Deferred inflow of resources relating to pensions		323,787		108,438
<b>Total liabilities and deferred inflows of resources</b>		<u>5,803,294</u>		<u>5,589,242</u>
Net position:				
Net investment in capital assets		1,103,729		1,099,336
Restricted net position		282,308		436,270
Unrestricted		2,295,004		2,134,480
<b>Total net position</b>	\$	<u><u>3,681,041</u></u>	\$	<u><u>3,670,086</u></u>
Percentage change from prior year		0.3%		-1.0%

**North Davis Fire District**  
**Management's Discussion and Analysis (Unaudited)**  
Fiscal Year Ended June 30, 2020

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**Governmental Activities**

Total revenues increased an overall \$296,206, or 6.3 percent during 2020, consisting of a 3.4 percent increase, or \$102,356 in property tax revenues and an increase of \$330,728 or 406.2 percent in non-employer contributions relating to pensions. Investment earnings were \$46,619 for the year. The District sold equipment for a gain of \$20,298.

Total expenses increased by 5.3 percent or \$248,896 for the year due to increased administrative and operations costs. Interest on long-term debt decreased by \$9,480 or 12.0 percent.

**North Davis Fire District**  
**Changes in Net Position**  
Fiscal Year Ended June 30, 2020

	<b>Governmental Activities</b>		<b>Total Percentage Change 2019-2020</b>
	<b>2020</b>	<b>2019</b>	
<b>Revenues</b>			
General revenues:			
Taxes	\$ 3,121,139	\$ 3,018,783	3.4%
Other general revenues/(expenses)	114,612	103,450	10.8%
Non-employer contributions relating to pensions	330,728	65,341	406.2%
Program revenues:			
Charges for services	1,407,048	1,489,747	-5.6%
<b>Total revenues</b>	<u>4,973,527</u>	<u>4,677,321</u>	<u>6.3%</u>
<b>Expenses</b>			
Administration	566,534	369,179	53.5%
Operations	4,326,798	4,265,777	1.4%
Interest on long-term debt	69,240	78,720	-12.0%
<b>Total expenses</b>	<u>4,962,572</u>	<u>4,713,676</u>	<u>5.3%</u>
<b>Change in net position</b>	10,955	(36,355)	-130.1%
Net position - beginning	3,670,086	3,706,441	-1.0%
<b>Net position - ending</b>	<u>\$ 3,681,041</u>	<u>\$ 3,670,086</u>	<u>0.3%</u>

**North Davis Fire District**  
**Management's Discussion and Analysis (Unaudited)**  
Fiscal Year Ended June 30, 2020

The table below shows to what extent the District's governmental activities relied on taxes and other general revenue to cover all their costs. For fiscal year 2020, these programs generated \$1,407,048 or 32.5 percent, of total expenses through charges for services and grants. Taxes and other general revenues covered the remaining 67.5 percent of expenses.

**North Davis Fire District**  
**Net Cost of Government Activities**  
**Fiscal Year Ended June 30, 2020**

	<b>Total program expenses</b>	<b>Total program revenues</b>	<b>Net program costs</b>		<b>Program revenues as a percentage of total expenses</b>	
			<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Activities:</b>						
Administration	\$ 566,534	\$ -	\$ 566,534	\$ 369,179	-	-
Operations	4,326,798	1,407,048	2,919,750	2,776,030	32.5%	34.9%
Interest on long-term debt	69,240	-	69,240	78,720	-	-
Total governmental activities	\$ <u>4,962,572</u>	\$ <u>1,407,048</u>	\$ <u>3,555,524</u>	\$ <u>3,223,929</u>	<u>28.4%</u>	<u>30.8%</u>

**CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION**

**Capital Assets**

North Davis Fire District added \$289,795 in new capital assets. This includes a new garage door, a truck and five defibrillators. The District also disposed of one older truck and five older defibrillators that were traded in as part of the purchase of the new ones for gain on the sale of \$20,298.

More information about capital assets is included in Note 4 of the financial statements.

**Long-term Debt**

In 2008, the District issued \$3,100,000 in revenue bonds, refinanced in fiscal year 2013. Principal and interest paid on the bonds totaled \$229,080 in fiscal year 2020. The outstanding bond payable balance is \$1,425,000, which will be paid over the remaining 7 years of the bond repayment schedule. In November, 2011, the District contracted a capital lease for the purchase of a new aerial engine. During the year, interest and principal in the amount of \$69,991 were paid. The remaining balance of \$133,944 will be paid in 2 annual payments of \$69,991. The District entered into a lease agreement with Oshkosh Capital in October 2014 for the purchase of a new rescue engine. The remaining balance of \$303,444 will be paid in 5 annual payments of \$66,979, ending in 2024. The District entered into a purchase agreement for five defibrillators. During the year, \$30,678 was paid. The remaining \$122,713 will be paid in 4 annual installments of \$30,678.

**North Davis Fire District**  
**Long-term Liabilities**  
**June 30, 2020**

	<b>Governmental activities</b>
Revenue bonds	\$ 1,425,000
Capital leases	437,388
Purchase financing	122,713
Compensated absences	<u>222,784</u>
<b>Total</b>	\$ <u>2,207,885</u>

**North Davis Fire District**  
**Management's Discussion and Analysis (Unaudited)**  
Fiscal Year Ended June 30, 2020

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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Fund Balances**

At June 30, 2020 North Davis Fire District's governmental funds reported combined fund balances of \$2,543,883. Restricted fund balances include \$223,751 for unspent impact fees and \$58,557 for debt service payments. Non-spendable fund balance includes \$16,655 for prepaid expenses. There was one vehicle purchase in the current year, leaving \$138,237 left in a committed fund for vehicle replacement. Assigned fund balance is \$693,218 and is for future capital projects. The remaining balance of \$1,413,465 remains unassigned and is available for future spending. The following chart presents the District's 2020 ending fund balances.

**North Davis Fire District**  
**Governmental Fund Balances**  
Fiscal Year Ended June 30, 2020

	General	Debt Service	Capital Projects	Total
<b>Fund Balance</b>				
Restricted for:				
Impact fees	\$ 223,751	\$ -	\$ -	\$ 223,751
Debt service	-	58,557	-	58,557
Committed	-	-	138,237	138,237
Non-spendable	16,655	-	-	16,655
Assigned for capital projects	-	-	693,218	693,218
Unassigned reported in:				
General Fund	1,413,465	-	-	1,413,465
<b>Total fund balance</b>	<b>\$ 1,653,871</b>	<b>\$ 58,557</b>	<b>\$ 831,455</b>	<b>\$ 2,543,883</b>

**General Fund**

During 2020, the fund balance in the General Fund decreased \$197,140 or 10.7 percent due primarily to a reduction in contract revenue from the annexation of Sunset City in January 2020 and increase in expenditures in the General Fund due to settlement. Total revenues decreased \$46,408 or 1.02 percent from the prior year, due primarily to the annexation of Sunset City in January 2020 as well as a decrease in ambulance receipts of \$106,036. Impact Fee revenues decreased by \$153,458, or 200 percent. Total General Fund expenditures increased \$339,745 or 8.29 percent, due primarily to an increase in salaries and benefits. The General Fund transferred \$302,854 to other funds, down from \$307,380 transferred in 2019. \$402,472 was recorded as the contribution to the Clearfield RDA compared to \$352,496 in 2019 and \$204,382 in 2018.

**General Fund Budgetary Highlights**

North Davis Fire District prepares its budget according to state statutes. The most significant budgeted fund is the General Fund. The District amended the General Fund budget during the year.

Actual General Fund revenues were \$4,528,187, which is 1.02 percent below and 0.2 percent below the original budget and the final budget respectively. Actual expenditures were \$4,096,253 or 1.5 percent above and 1.4 percent below the original and final budgets respectively. With an end-of-the-year transfer of \$75,000 from the General Fund to the Capital Projects Fund to cover capital asset expenditures, and a transfer of \$227,854 to the Debt Service Fund to cover debt service obligations, the General Fund decreased \$197,140 to a balance of \$ 1,851,011 as of June 30, 2020.

**North Davis Fire District**  
**Management's Discussion and Analysis (Unaudited)**  
Fiscal Year Ended June 30, 2020

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**Debt Service Fund**

The Debt Service Fund is primarily used to account for the collection of funds and repayment of debt related to the revenue bonds. In fiscal year 2020, \$227,854 was transferred from the General Fund to the Debt Service Fund to cover current principal and interest obligations relating to the revenue bonds. After principal and interest payments of \$229,080, the Debt Service Fund showed a slight decrease due to a timing difference in the amount transferred from the General Fund. Fund balance was \$58,557 at June 30, 2020.

**Capital Projects Fund**

During the current year, the Capital Projects Fund accounts for certain purchases of capital assets. During 2020, the Capital Projects fund balance decreased \$43,904, or 5.0 percent to a balance of \$831,455. A transfer in from the General Fund of \$75,000 was made for the budgeted increase in the committed fleet reserve. There were capital expenditures totaling \$289,795 for a truck, garage door and five defibrillators. Proceeds of \$32,517 on the sale of one truck and five older defibrillators were received.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the North Davis Fire District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the District's finances should be addressed to the North Davis Fire District, 381 North 3150 West, West Point City, Utah 84015.

**North Davis Fire District  
Statement of Net Position  
June 30, 2020**

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<b>Assets and deferred outflows of resources</b>	
<b><i>Current assets</i></b>	
Cash and cash equivalents	\$ 1,886,575
Accounts receivable	259,589
Prepaid expenses	16,655
Due from other government unit	3,294,418
<b><i>Total current assets</i></b>	<u>5,457,237</u>
<b><i>Noncurrent assets</i></b>	
Restricted cash	282,308
Land	200,110
Buildings	3,048,495
Vehicles	2,793,330
Equipment	866,097
Accumulated depreciation	(3,819,202)
Net pension asset	345,903
<b><i>Total noncurrent assets</i></b>	<u>3,717,041</u>
<b><i>Deferred outflows of resources relating to pensions</i></b>	310,057
<b>Total assets and deferred outflows of resources</b>	<u>9,484,335</u>
<b>Liabilities and deferred inflows of resources</b>	
<b><i>Current liabilities</i></b>	
Accounts payable	33,373
Payroll liabilities	174,598
Accrued interest payable	27,040
<b><i>Total current liabilities</i></b>	<u>235,011</u>
<b><i>Noncurrent liabilities</i></b>	
Noncurrent liabilities due in less than one year	338,386
Noncurrent liabilities due in more than one year	1,646,715
Compensated absences	222,784
Net pension liability	48,920
<b><i>Total noncurrent liabilities</i></b>	<u>2,256,805</u>
<b><i>Deferred inflows of resources relating to property taxes</i></b>	2,987,691
<b><i>Deferred inflows of resources relating to pensions</i></b>	<u>323,787</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>5,803,294</u>
<b>Net position</b>	
Net investment in capital assets	1,103,729
<b><i>Restricted for:</i></b>	
Restricted for debt service	58,557
Restricted for impact fees	223,751
<b><i>Unrestricted</i></b>	<u>2,295,004</u>
<b>Total net position</b>	<u>\$ 3,681,041</u>

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



North Davis Fire District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
<b>Primary government</b>							
<b>Governmental activities:</b>							
Administration	\$ 566,534	\$ -	\$ -	\$ -	\$ (566,534)	\$ -	\$ (566,534)
Operations	4,326,798	1,407,048	-	-	(2,919,750)	-	(2,919,750)
Interest on long-term debt	69,240	-	-	-	(69,240)	-	(69,240)
<b>Total governmental activities</b>	<b>\$ 4,962,572</b>	<b>\$ 1,407,048</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(3,555,524)</b>	<b>-</b>	<b>(3,555,524)</b>
<b>General purpose revenues and transfers:</b>							
<b>Revenues</b>							
Property taxes					3,121,139	-	3,121,139
Unrestricted investment earnings					46,619	-	46,619
Gain on sale of assets					20,298	-	20,298
Cares Act funding					47,695	-	47,695
Nonemployer contributions relating to pensions					330,728	-	330,728
<b>Total general revenues and transfers</b>					<b>3,566,479</b>	<b>-</b>	<b>3,566,479</b>
<b>Change in net position</b>					<b>10,955</b>	<b>-</b>	<b>10,955</b>
<b>Net position beginning of period</b>					<b>3,670,086</b>	<b>-</b>	<b>3,670,086</b>
<b>Net position end of period</b>					<b>\$ 3,681,041</b>	<b>\$ -</b>	<b>\$ 3,681,041</b>

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

**North Davis Fire District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash	\$ 1,055,120	\$ -	\$ 831,455	\$ 1,886,575
Accounts receivable (net of allowance)	259,589	-	-	259,589
Prepaid expenses	16,655	-	-	16,655
Intergovernmental receivables	3,294,418	-	-	3,294,418
Restricted cash	223,751	58,557	-	282,308
<b>Total assets</b>	<b>\$ 4,849,533</b>	<b>\$ 58,557</b>	<b>\$ 831,455</b>	<b>\$ 5,739,545</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 33,373	\$ -	\$ -	\$ 33,373
Accrued liabilities	174,598	-	-	174,598
<b>Total liabilities</b>	207,971	-	-	207,971
<b>Deferred inflows of resources</b>	2,987,691	-	-	2,987,691
<b>Total liabilities and deferred inflows of resources</b>	3,195,662	-	-	3,195,662
<b>Fund Balances</b>				
Restricted for:				
Impact fees	223,751	-	-	223,751
Debt service	-	58,557	-	58,557
Committed	-	-	138,237	138,237
Non-spendable	16,655	-	-	16,655
Assigned for capital projects	-	-	693,218	693,218
Unassigned	1,413,465	-	-	1,413,465
<b>Total fund balance</b>	1,653,871	58,557	831,455	2,543,883
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,849,533</b>	<b>\$ 58,557</b>	<b>\$ 831,455</b>	<b>\$ 5,739,545</b>

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

**North Davis Fire District**  
**Reconciliation of the Governmental Funds Balance Sheet to**  
**The Government-wide Statement of Net Position**  
**For the Year Ended June 30, 2020**

**Total governmental fund balances .....** \$ 2,543,883

Amounts reported for governmental activities in the government-wide  
Statement of Net Position are different because:

Capital assets and other non-current assets and outflows in governmental activities are not  
financial resources and therefore are not reported in governmental funds, but they are  
reported in the Statement of Net Position. These assets and deferred outflows of  
resources consist of the following:

Land.....	200,110	
Buildings.....	3,048,495	
Vehicles.....	2,793,330	
Equipment.....	866,097	
Construction in progress.....	-	
Accumulated depreciation.....	<u>(3,819,202)</u>	3,088,830
Net pension asset.....	345,903	
Deferred outflows of resources relating to pensions...	<u>310,057</u>	655,960

Some liabilities and other inflows are not due and payable in the current year and therefore  
are not reported in governmental funds, but they are reported in the Statement of  
Net Position. These liabilities and deferred inflows of resources consist of the following:

Accrued interest payable.....	(27,040)	
Capital leases and bonds payable.....	(1,985,101)	
Compensated absences.....	<u>(222,784)</u>	(2,234,925)
Net pension liability.....	(48,920)	
Deferred inflows of resources relating to pensions...	<u>(323,787)</u>	(372,707)

<b>Net position of governmental activities.....</b>	<b><u>\$ 3,681,041</u></b>
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The notes to the financial statements are an integral part of this statement.

**North Davis Fire District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2020**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Property taxes	\$ 3,121,139	\$ -	\$ -	\$ 3,121,139
Ambulance	1,137,662	-	-	1,137,662
Contract services	120,880	-	-	120,880
Incident recovery	50,873			50,873
Impact fees	76,903	-	-	76,903
Other income	20,730	-	-	20,730
<b>Total revenues</b>	<u>4,528,187</u>	<u>-</u>	<u>-</u>	<u>4,528,187</u>
<b>Expenditures</b>				
Salaries and benefits	3,087,543	-	-	3,087,543
Emergency services	871,740	-	393	872,133
Debt service-principal	118,938	175,000	30,678	324,616
Debt service-interest	18,032	54,080	-	72,112
Capital outlay	-	-	289,795	289,795
<b>Total expenditures</b>	<u>4,096,253</u>	<u>229,080</u>	<u>320,866</u>	<u>4,646,199</u>
<b>Excess of revenues over (under) expenditures</b>	<u>431,934</u>	<u>(229,080)</u>	<u>(320,866)</u>	<u>(118,012)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	227,854	75,000	302,854
Interest income	28,557	2,008	16,054	46,619
Lease revenue proceeds	-	-	153,391	153,391
Proceeds from sale of assets	-	-	32,517	32,517
CARES Act funding	47,695	-	-	47,695
Contributions to other governments	(402,472)	-	-	(402,472)
Transfers out	(302,854)	-	-	(302,854)
<b>Net other financing sources (uses)</b>	<u>(629,074)</u>	<u>229,862</u>	<u>276,962</u>	<u>(122,250)</u>
<b>Net change in fund balance</b>	<u>(197,140)</u>	<u>782</u>	<u>(43,904)</u>	<u>(240,262)</u>
<b>Fund balance at beginning of period</b>	<u>1,851,011</u>	<u>57,775</u>	<u>875,359</u>	<u>2,784,145</u>
<b>Fund balance at end of period</b>	<u>\$ 1,653,871</u>	<u>\$ 58,557</u>	<u>\$ 831,455</u>	<u>\$ 2,543,883</u>

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

**North Davis Fire District**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Government-wide Statement of Activities**  
**For the Year Ended June 30, 2020**

**Net change in fund balances - total governmental funds.....** \$ (240,262)

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

Capital outlays are reported as expenditures in governmental funds.  
However, in the Statement of Activities, the cost of capital assets is  
allocated over their estimated useful lives as depreciation expense.  
In the current year, these amounts were as follows:

Capital outlay.....	289,795	
Depreciation expense.....	(444,408)	(154,613)

The disposal of capital assets isn't reported as revenue in governmental  
funds. However, in the Statement of Activities, the gain on the sale  
of those assets is reported. In the current year, these amounts were  
as follows:

Proceeds from sale of assets.....	(32,517)	
Gain on sale of assets.....	20,298	(12,219)

The issuance of long-term debt (e.g., bonds, leases) provides current financial  
resources to governmental funds, while the repayment of the principal of long-term  
debt consumes the current financial resources of governmental funds. Neither  
transaction however, has any effect on net position. This amount is the net effect  
of these differences in the treatment of long-term debt and related items as follows:

Issuance of debt	(153,391)	
Repayment of bond and lease principal	324,616	171,225

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 governmental funds. In the current year, such an amounts were:

Pension benefit/(expense).....	(78,083)	
Accrued interest.....	2,872	
Increase in compensated absences.....	(8,693)	(83,904)

Revenues in the Statement of Activities that do not provide current financial  
resources are not reported as revenues/expenses in the funds:

Nonemployer contributions relating to pensions.....	330,728
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<b>Change in net position of governmental activities.....</b>	<b>\$ 10,955</b>
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The notes to the financial statements are an integral part of this statement.

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the North Davis Fire District conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The District has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the more significant policies and is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

**A. Reporting Entity**

North Davis Fire District is an independent special service district created in 2004 by Clearfield City to provide fire protection services to Clearfield City and West Point City. Sunset City was annexed into the District as of January 1, 2020.

The criteria set forth by generally accepted accounting principles (GAAP) was used to determine which entities to include in this report. GASB Concepts Statement-1 (Objectives of Financial Reporting) concludes that the basic foundation for governmental financial reporting is accountability. The Concepts Statement asserts that accountability requires governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used. In turn, the concept of accountability becomes the basis for defining the financial reporting entity. Under GASB-61 (The Financial Reporting Entity) the financial reporting entity consists of the following:

- A. The primary government
- B. Organizations that are fiscally dependent on the primary government
- C. Other organizations that, because of the nature and significance of their relationship with the primary government, exclusion from the reporting entity would render the financial statements misleading.

**B. Government-wide and Fund Financial Statements**

The District's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the District as a whole, while the fund statements focus on individual funds.

***Government-wide Financial Statements***

The government-wide statements present information on all non-fiduciary activities of the primary government. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The *Statement of Net Position* presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The District does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Financial Statements***

The financial transactions of the District are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A statement is provided for *governmental funds*. For governmental and proprietary funds, the emphasis is on *major funds*, with each displayed in a separate column. The District does not have proprietary funds.

The District reports the following major governmental funds:

- **General Fund** - This fund is the principal operating fund of the District. It is used to account for all financial resources not required to be accounted for in another fund.
- **Capital Projects Fund** - This fund accounts for financial resources to be used for the construction of major capital projects.
- **Debt Service Fund** - This fund accounts for the accumulation of resources for payment of principal, interest, and related costs of Revenue Bonds in the amount of \$3,100,000 issued on January 9, 2008 for the construction of a new fire station in West Point City.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

**D. Assets, Liabilities, and Fund Balances/Net Position**

The following are the District's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

***Pooled Cash and Temporary Investments***

Unrestricted and restricted cash balances of all three funds are combined to form a pool of cash which is managed by the Fire District Chief and District Treasurer. Utah State Statutes allow for investments in the Utah Public Treasurer's Investment Fund and Utah Money Management Act (UMMA) approved financial institutions. The UMMA provides for a committee to evaluate financial institutions and provide a list of those qualified as depositories for public funds, including the amount they are authorized to maintain over and above insured amounts. The District Chief and District Treasurer invest unrestricted and restricted cash with the Utah Public Treasurer's Investment Fund and with local financial institutions. Investments in the pooled cash fund consist primarily of certificates of deposit, repurchase agreements, and time deposits and are carried at cost which approximates market value. Interest income earned as a result of pooling is distributed to the appropriate funds based on month end balances of cash. The District considers all highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

***Inventories***

No significant inventories are maintained by the District. Therefore, none are reflected in these statements.

***Restricted Assets***

Certain resources set aside as reserves in accordance with state statutes and bond covenants are classified as restricted assets on the balance sheet because their use is limited. Impact fees that remain unused at year end and District cash held due to bond requirements are presented as a restricted asset.

***Capital Assets***

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds. Capital assets are reported in the governmental column in the government-wide financial statements. All purchased capital assets are valued at cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Individual assets with a cost greater than \$5,000 are capitalized.

Infrastructure capital assets which are newly constructed are capitalized. The District currently has no infrastructure assets recorded.

Capital assets are depreciated. Depreciation of buildings, improvements, infrastructure, and equipment is computed using the straight-line method.

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives. The estimated useful lives are as follows:

Equipment.....	5-15 years
Buildings.....	40 years
Vehicles.....	5 years

***Net Position/Fund Balances***

The difference between assets and liabilities is *Net Position* on the government-wide statements, and *Fund Balance* on the governmental fund statements.



**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Governmental Funds**

In February, 2009, the Governmental Accounting Standards Board issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

*Non-spendable* – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

*Restricted fund balance* – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors, or contributors. Debt service funds and impact fees are examples of restricted funds and represent the excess of funds received over the amount spent.

*Committed fund balance* – Fund balances are reported as committed when the Board formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the Board likewise formally changes the use. Currently, there are committed funds for vehicle replacement.

*Assigned fund balance* – Fund balances are reported as assigned when the Board or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in the Capital Project Fund are, by their nature, assigned to the purpose of that respective fund.

*Unassigned fund balance* – Fund balances in the General Fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

In the Statement of Net Position, net position is displayed in three components:

*Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations or other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – All other net position that does not meet the definition of “restricted” or net investment in capital assets.

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as non-operating transfers.

**E. Revenues and Expenditures**

The following are the District's significant policies related to recognition and reporting of certain revenues, expenditures, and interfund activity.

***Revenue Availability***

Under the modified accrual basis of accounting, revenues are considered to be "available" when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. North Davis Fire District considers property tax revenues to be available if they are collected within 60 days after the end of the current year. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues are considered to be available if they are collected within 90 days after year-end.

***Expenditure Recognition***

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District generally uses restricted resources first, then unrestricted resources.

**F. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at the fiscal year end. Project-length financial plans are adopted for capital projects funds.

**Summary of the District Budget Procedures and Calendar**

1. The District Board can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance.
2. Budgets are required by the State of Utah for the General, Debt Service, and Capital Projects Funds.
3. Each year the District publishes a separate budget document prepared according to this legal level of control.
4. The District's budget is a financial plan of all estimated revenues and all appropriations for expenditures. Revenues and expenditures must balance for the funds required by the State Code as indicated in item 2 above.

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. A tentative budget is presented by the Board by the first regularly scheduled board meeting in May. The tentative budget is reviewed and tentatively adopted by the Board at that time.
6. The tentative budget is a public record and is available for inspection at the District offices for at least ten days prior to adoption of the final budget.
7. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing.
8. The public hearing on the tentatively adopted budget is held prior to the adoption of the final budget. Final adjustments are made to the tentative budget by the Board after the public hearing.
9. Occasionally the Board will exercise their option to open the budget to indicate additional financing sources that become available.
10. The final budget is adopted by ordinance before June 22 and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.
11. In connection with budget adoption:
  - a. An annual tax ordinance establishing the property tax rate is adopted before June 22.
  - b. The Board is to certify the property tax rate to the County Auditor before June 22.
12. Budgets for the General, Debt Service, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**Summary of Action Required for Budget Changes:**

The Board may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.

Fund budgets may be increased by resolution after a public hearing.

**G. Pensions**

For purposes of measuring the net pension liability, 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 Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**H. Deferred Outflows of Resources**

In addition to assets, the statement of financial position 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 or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category. It is the deferred contributions and differences between projected and actual earnings on its pension plan assets.

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports 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 the future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item reported under this category. The District participates in the Utah Retirement Systems and has deferred inflows of resources associated with differences between expected and actual experience and changes in assumptions.

**NOTE 2. DEPOSITS AND INVESTMENTS**

Deposits and investments for North Davis Fire District are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, “the Act”) and by rules of the Utah Money Management Council (“the Council”). Following are discussions of the District’s exposure to various risks related to its cash management activities.

**A. Custodial Credit Risk**

*Deposits.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be recovered. The District’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of District funds to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The District’s deposits in the bank in excess of the insured amount are uninsured and are not collateralized. State statutes do not require them to be collateralized. The District’s deposits at June 30, 2020 were \$262,393, all but \$12,393 of which was insured under the FDIC.

*Investments.* Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk of investments.

**B. Credit Risk**

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The District’s policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated “A” or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

The District is also authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF) managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on a fair value basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

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**NOTE 2. DEPOSITS AND INVESTMENTS (Continued)**

Following are the District's investments at June 30, 2020:

Investment Type		Fair Value	Maturity	Quality Ratings
PTIF Investments	\$	1,946,625	less than 1 year	not rated
Zion's (PTIF)		<u>58,557</u>	less than 1 year	not rated
Total	\$	<u><u>2,005,182</u></u>		

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Maturities of the District's investments are noted in the previous table.

**D. 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 to limit this risk is to adhere to the rules of the Money Management Council.

**E. Fair Value of Investments**

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

At June 30, 2020, the District had \$1,946,625, in the Utah State Public Treasurers' Investment Fund. These investments were valued by applying the June 30, 2020 fair value factor, as calculated by the Utah State Treasurer, to the District's average daily balance in the Fund. Such valuation is considered a *Level 2* valuation for GASB 72 purposes.

Total cash and investments owned by the District are illustrated below with a reconciliation to the statement of net position:

Cash on hand and on deposit:	
Cash on deposit	\$ 163,701
Zion's PTIF	58,557
PTIF investment	<u>1,946,625</u>
Total cash and investments	<u><u>\$ 2,168,883</u></u>

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

**NOTE 2. DEPOSITS AND INVESTMENTS (Continued)**

Cash and investments are included in the accompanying combined statement of net position as follows:

Cash	\$ 1,886,575
Restricted cash	282,308
Total cash and investments	<u>\$ 2,168,883</u>

**NOTE 3. INTERFUND TRANSFERS/LOANS**

The District transferred \$227,854 from the General Fund to the Debt Service Fund during the year to cover principal and interest payments on the 2008 issued revenue bonds. A General Fund transfer of \$75,000 was made to the Capital Projects Fund to cover capital outlay in the current year as planned.

**NOTE 4. DISAGGREGATED RECEIVABLES/DUE FROM OTHER GOVERNMENTS**

Accounts receivable for the District, including the applicable allowance for uncollectible accounts at June 30, 2020, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital</u>	<u>Total</u>
User fee receivables	\$ 1,002,875	\$ -	\$ -	\$ 1,002,875
Other receivables	11,433	-	-	11,433
Interfund receivable	-	-	-	-
Intergovernmental:				
Property taxes	270,718	-	-	270,718
Deferred property taxes	2,987,691	-	-	2,987,691
Impact fees	29,067	-	-	29,067
CARES Act Funding	36,009	-	-	36,009
Total intergovernmental	3,323,485	-	-	3,323,485
Gross receivables	4,337,793	-	-	4,337,793
Less: allowance for uncollectibles	(783,786)	-	-	(783,786)
Net total receivables	<u>\$ 3,554,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,554,007</u>
Accounts receivable	\$ 259,589	\$ -	\$ -	\$ 259,589
Due from other governments	3,294,418	-	-	3,294,418
	<u>\$ 3,554,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,554,007</u>

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

**NOTE 5. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2020 was as follows:

North Davis Fire District Fixed Assets at June 30, 2020				
	Balance			Balance
	<u>6/30/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2020</u>
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land	<u>200,110</u>	<u>-</u>	<u>-</u>	<u>200,110</u>
Total capital assets, not being depreciated	<u>200,110</u>	<u>-</u>	<u>-</u>	<u>200,110</u>
Capital assets, being depreciated:				
Buildings	3,006,948	41,547	-	3,048,495
Vehicles	2,720,973	72,357	-	2,793,330
Machinery and equipment	<u>716,389</u>	<u>175,891</u>	<u>26,183</u>	<u>866,097</u>
Capital assets being depreciated	<u>6,444,310</u>	<u>289,795</u>	<u>26,183</u>	<u>6,707,922</u>
Less accumulated depreciation for:				
Buildings and improvements	814,262	76,732	-	890,994
Equipment and vehicles	<u>2,574,496</u>	<u>367,676</u>	<u>13,964</u>	<u>2,928,208</u>
Total accumulated depreciation	<u>3,388,759</u>	<u>444,408</u>	<u>13,964</u>	<u>3,819,202</u>
Total capital assets being depreciated, net	<u>3,055,552</u>	<u>(154,613)</u>	<u>12,219</u>	<u>2,888,720</u>
Governmental activities capital assets, net	<u>\$ 3,255,662</u>	<u>\$ (154,613)</u>	<u>\$ 12,219</u>	<u>\$ 3,088,830</u>

Depreciation expense of governmental activities was charged to functions as follows:

General Administration	\$ 3,161
Operations	\$ <u>441,247</u>
Total	\$ <u>444,408</u>

The District expended \$289,795 on capital assets during the current year, including a truck, a garage door and five defibrillators. One truck was sold and five old defibrillators were traded-in for credit on the new ones for a total of \$32,517.

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

**NOTE 6. LEASE COMMITMENTS**

The District purchased an aerial fire truck on November 21, 2011, financed with a capital lease in the principal amount of \$600,000, with an interest rate of 2.99%, and 10 annual principal and interest payments of \$69,990 starting on September 21, 2012. On October 29, 2014, the District financed Rescue Engine #41 with a capital lease from OshKosh Capital in the amount of \$669,789 with an interest rate of 3.38% and 10 annual principal and interest payments of \$66,979. Leases that in substance are purchases are reported as capital lease obligations. In the government-wide statement, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed. In government fund statements, both the principal and interest portion of capital lease payments are recorded as expenditures. The District made principal and interest payments during the current year in the amount of \$118,938 and \$18,032 respectively.

Future minimum lease payments for capital leases as of June 30, 2020 are as follows:

Fiscal Year	Capital Leases		Total
	Principal	Interest	Principal and Interest
2021	\$ 122,708	\$ 14,261	\$ 136,969
2022	126,598	10,371	136,969
2023	60,622	6,357	66,979
2024	62,671	4,308	66,979
2025	64,789	2,190	66,979
Total	<u>\$ 437,388</u>	<u>\$ 37,487</u>	<u>\$ 474,875</u>

**NOTE 7. LONG-TERM DEBT**

The changes in long-term debt for year ending June 30, 2020 are as follows:

**NORTH DAVIS FIRE DISTRICT**  
**LONG-TERM DEBT SCHEDULE**  
at JUNE 30, 2020

	Interest Rate	Balance 6/30/2019	Additions	Reductions	Balance Outstanding 6/30/2020	Current Portion
Revenue Bonds	3.38%	\$ 1,600,000	\$ -	\$ 175,000	\$ 1,425,000	\$ 185,000
Capital Leases	2.99% - 3.38%	556,326	-	118,938	437,388	122,708
Purchase Financing	0.00%	-	153,390	30,678	122,713	30,678
Compensated Absences		214,091	8,693	-	222,784	-
Total Long-Term Debt		<u>\$ 2,370,417</u>	<u>\$ 162,084</u>	<u>\$ 324,616</u>	<u>\$ 2,207,885</u>	<u>\$ 338,386</u>

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation leave is recorded as an expenditure when used in governmental funds and as an expense in the government-wide statements as compensated absences. A liability for unused vacation, as well as a calculated amount of sick leave unpaid on termination or separation from the District, is recorded in the government-wide Statement of Net Position.



**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

**NOTE 7. LONG-TERM DEBT (Continued)**

***Long-term Obligations***

In the government-wide statements, long-term debt obligations are reported as liabilities. The District issued \$3,100,000 in revenue bonds on January 9, 2008 with an interest rate of 4.63%. Bond proceeds were used to fund the construction of the new fire station and administrative offices in West Point City which were completed in March, 2008. In February of 2015, the District amended the terms of the bonds at a lower 3.38% interest rate adding \$18,000 in bond issuance costs to the bond payable. The transaction resulted in future savings on debt service payments of \$252,192 over the remaining 14 years of the bonds. The District has pledged future revenues to repay these bonds. Principal and interest for the current year was \$229,080. At year end, pledged future revenues totaled \$1,629,828 which was the amount of the remaining principal and interest on the bonds. The bond repayment schedule is shown below:

**North Davis Fire District**  
**\$2,543,000 Revenue Bonds**  
**Series 2008 (As Amended on February 21, 2013)**

<b>Fiscal Year</b>	<b>Revenue Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal and Interest</b>
2021	\$ 185,000	\$ 54,080	\$ 239,080
2022	190,000	41,912	231,912
2023	195,000	35,490	230,490
2024	205,000	28,899	233,899
2025	210,000	21,970	231,970
2026-2027	440,000	22,477	462,477
Total	<u>\$ 1,425,000</u>	<u>\$ 204,828</u>	<u>\$ 1,629,828</u>

***Purchase Financing***

In the government-wide statements, long-term debt obligations are reported as liabilities. The District purchase five defibrillator units for a total cost of \$175,891. The District traded in five older defibrillators for a total credit of \$22,500. The purchase agreement required 20% of the remaining balance of \$153,791 to be paid each year for five years at a 0% interest rate. Principal for the current year was \$30,678. At year end, pledged future revenues totaled \$122,712 which was the amount of the remaining principal payments on the financing. The bond repayment schedule is shown below:

<b>Fiscal Year</b>	<b>Purchase Financing</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal and Interest</b>
2021	\$ 30,678	\$ -	\$ 30,678
2022	30,678	-	30,678
2023	30,678	-	30,678
2024	30,679	-	30,679
Total	<u>\$ 122,713</u>	<u>\$ -</u>	<u>\$ 122,713</u>

**NOTE 8. RISK MANAGEMENT**

North Davis Fire District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include vehicle, general liability, property bond (employee dishonesty), treasurer, and officers, excess liability, and workman's compensation.

As of June 30, 2020, there is no anticipation of unpaid claims. Therefore, a liability is not accrued. A settlement caused the District to pay \$89,303 out in fiscal year 2020.

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

**NOTE 9. RETIREMENT**

**Pension Plans**

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System).
- Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, retirement systems.
- And the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employees retirement systems.

The Tier 2 Public Employees System 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 Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

Benefits provided: URS provides retirement, disability, and death benefit. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Firefighter system	Highest 3 years	20 years, any age 10 years, age 60 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Safety and Firefighter system	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all year to June 2020 2.00% per year July 2020 to present	Up to 2.5%

\*Actuarial reductions are applied.

\*\*All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

**NOTE 9. RETIREMENT (Continued)**

***Contribution Rate Summary***

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS 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. Contribution rates as of June 30, 2020 are as follows:

	Employee	Employer	Employer Rate for 401(k) Plan
Contributory System			
111 - Local Government Division Tier 2	N/A	15.66%	1.03%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.47%	N/A
Firefighters System			
31 - Other Division A	15.05%	4.61%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	11.38%	0.70%
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
232 – Firefighters	N/A	0.08%	12.00%

\*\*\*Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2020, the employee contributions to the Systems were as follows:

	Employer Contributions	Employee Contributions
Noncontributory System	\$ 12,100	N/A
Firefighters System	43,719	142,728
Tier 2 Public Safety and Firefighter System	57,068	-
Tier 2 DC Public Safety and Firefighter System	42	N/A
Total Contributions	<u>\$ 112,929</u>	<u>\$ 142,728</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

**NOTE 9. RETIREMENT (Continued)**

***Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions***

At June 30, 2020, we reported a net pension asset of \$345,903 and a net pension liability of \$48,920.

	(Measurement Date): December 31, 2019				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2018	Change (Decrease)
Noncontributory System	\$ -	\$ 24,826	0.0065870%	0.0065856%	0.0000014%
Firefighters System	345,903	-	2.7890911%	2.7279109%	0.0611802%
Tier 2 Public Employees System	-	-	0.0000000%	0.0003799%	(0.0003799%)
Tier 2 Public Safety and Firefighter System	-	24,094	0.2561436%	0.2793127%	(0.0231691%)
Total Net Pension Asset/Liability	<u>\$ 345,903</u>	<u>\$ 48,920</u>			

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2020, we recognized a pension expense of \$(140,399). At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,668	\$ 48,736
Changes in assumptions	155,847	28,198
Net difference between projected and actual earnings on pension plan investments	-	245,010
Changes in proportion and differences between contributions and proportionate share of contributions	17,122	1,843
Contributions subsequent to the measurement date	60,420	-
Total	<u>\$ 310,057</u>	<u>\$ 323,787</u>

\$60,420 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

**NOTE 9. RETIREMENT (Continued)**

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2020	(\$43,976)
2021	(\$33,528)
2022	\$55,426
2023	(\$68,964)
2024	\$5,609
Thereafter	\$11,281

Actuarial assumptions: The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25%-9.75%, average, including inflation
Investment rate of return	6.95%, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, 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.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

The long-term expected rate of return on 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. 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:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term expected Portfolio Real Rate of Return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

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**NOTE 9. RETIREMENT (Continued)**

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.5%, a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95%. 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 from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS 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 does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95%

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

	1% Decrease 5.95%	Discount Rate 6.95%	1% Increase 7.95%
Noncontributory System	\$ 77,539	\$ 24,826	\$ (19,137)
Firefighters System	707,377	(345,903)	(1,200,331)
Tier 2 Public Safety and Firefighter	85,115	24,094	(21,204)
	<u>\$ 870,031</u>	<u>\$ (296,983)</u>	<u>\$ (1,240,672)</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.*

**Defined Contribution Savings Plans**

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

North Davis Fire District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan

**North Davis Fire District**  
**Notes to the Financial Statements**  
Fiscal Year Ended June 30, 2020

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**NOTE 9. RETIREMENT (Continued)**

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	2020	2019	2018
<b>401(k) Plan</b>			
Employer Contributions	\$ 21,215	\$ 10,348	\$ 5,403
Employee Contributions	3,604	7,798	4,282
 <b>457 Plan</b>			
Employer Contributions	-	-	-
Employee Contributions	2,810	5,015	2,835

Voluntary contributions may be made to the Plans subject to the Internal Revenue Service limitations. The District contributes to the 401(k) Plan and employees may contribute to all Plans up to the maximum percentage allowed by IRS regulations. Account balances of the Plans are fully vested to the participants at the time of deposit.

**NOTE 10. SUBSEQUENT EVENTS**

Management has reviewed the financial statements as of the date of this report. The District received \$141,340 in CARES Act funding from the cities within the District. This was to fund additional wages due to the COVID-19 pandemic. The District received \$31,622 from West Point City on August 31, 2020, \$94,010 from Clearfield City on September 11, 2020 and \$15,708 from Sunset City on October 28, 2020. \$36,009 was for additional wages paid prior to June 30, 2020, and was accrued as a receivable in the June 30, 2020 financial statements. The remaining amount will be used in the 2021 fiscal year.

**North Davis Fire District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2020**

	<b>Budgeted Amounts</b>			<b>Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenues</b>				
Property taxes	\$ 3,158,923	\$ 3,208,899	\$ 3,121,139	\$ (87,760)
Ambulance	1,146,480	1,146,480	1,137,662	(8,818)
Contract services	116,650	116,650	120,880	4,230
Incident recovery	50,000	50,000	50,873	873
Impact fees	45,000	45,000	76,903	31,903
Other income	11,200	18,500	20,730	2,230
<b>Total revenues</b>	<b>4,528,253</b>	<b>4,585,529</b>	<b>4,528,187</b>	<b>(57,342)</b>
<b>Expenditures</b>				
Current operating:				
Salaries and wages	2,150,957	2,245,260	2,250,696	(5,436)
Employee taxes and benefits	876,753	854,753	836,847	17,906
Professional fees	202,761	233,761	225,993	7,768
Vehicle maintenance	93,350	113,350	102,996	10,354
Dispatch and radio	88,008	88,008	93,721	(5,713)
Paramedics	80,000	93,000	88,844	4,156
Equipment maintenance and supplies	72,144	87,144	79,199	7,945
Utilities	74,618	68,618	62,629	5,989
Fire and medical supplies	44,750	55,000	51,596	3,404
Insurance	52,173	45,173	51,026	(5,853)
Computer equipment and support	33,040	36,040	31,172	4,868
Training and travel	55,055	33,055	30,557	2,498
Miscellaneous	49,060	44,060	30,067	13,993
Subscriptions, memberships and fees	19,510	16,510	15,608	902
Office expense	8,350	8,350	8,332	18
Debt service - lease principal	118,938	118,938	118,938	-
Debt service - interest and fees	18,032	18,032	18,032	-
<b>Total expenditures</b>	<b>4,037,499</b>	<b>4,159,052</b>	<b>4,096,253</b>	<b>62,799</b>
<b>Other financing sources (uses)</b>				
Interest Earnings	14,000	30,000	28,557	(1,443)
CARES Act funding	-	18,500	47,695	29,195
Contributions to other gots	(352,496)	(402,472)	(402,472)	-
Unappropriated fund balance	151,822	231,575	-	-
Transfers in	-	-	-	-
Transfers out	(304,080)	(304,080)	(302,854)	1,226
<b>Total other financing sources</b>	<b>(490,754)</b>	<b>(426,477)</b>	<b>(629,074)</b>	<b>28,978</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>-</b>	<b>-</b>	<b>(197,140)</b>	<b>34,435</b>
<b>Fund balance at beginning of period</b>	<b>1,851,011</b>	<b>1,851,011</b>	<b>1,851,011</b>	<b>-</b>
<b>Fund balance at end of period</b>	<b>\$ 1,851,011</b>	<b>\$ 1,851,011</b>	<b>\$ 1,653,871</b>	<b>\$ 34,435</b>

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



**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**NORTH DAVIS FIRE DISTRICT**  
**Utah Retirement Systems**  
**June 30, 2020**  
**with a measurement date of December 31, 2019**  
Last 10 fiscal years\*

		Noncontributory Retirement System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)	2020	0.0065870%	2.7890911%	0.0000000%	0.2561436%
	2019	0.0065856%	2.7279109%	0.0003799%	0.2793127%
	2018	0.0061272%	2.6718695%	0.0000000%	0.3043000%
	2017	0.0056958%	2.7514108%	0.0000000%	0.3037219%
	2016	0.0060111%	3.1459623%	0.0000000%	0.2113441%
	2015	0.0060111%	3.1883176%	0.0000000%	0.1877426%
Proportionate share of the net pension liability (asset)	2020	\$ 24,826	\$ (345,903)	\$ -	\$ 24,094
	2019	\$ 48,495	\$ 354,212	\$ 163	\$ 6,998
	2018	\$ 26,845	\$ (166,872)	\$ -	\$ (3,521)
	2017	\$ 38,084	\$ (21,691)	\$ -	\$ (2,636)
	2016	\$ 32,230	\$ (56,980)	\$ -	\$ (3,088)
	2015	\$ 26,102	\$ (181,938)	\$ -	\$ (2,777)
Covered employee payroll	2020	\$ 64,255	\$ 892,988	\$ -	\$ 422,168
	2019	\$ 60,780	\$ 843,244	\$ 4,554	\$ 372,992
	2018	\$ 56,870	\$ 781,687	\$ -	\$ 321,145
	2017	\$ 54,818	\$ 772,316	\$ -	\$ 250,944
	2016	\$ 50,735	\$ 845,191	\$ -	\$ 125,797
	2015	\$ 52,837	\$ 840,587	\$ -	\$ 77,572
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2020	38.64%	-38.74%	0.00%	5.71%
	2019	79.79%	42.01%	3.58%	1.88%
	2018	47.20%	-21.35%	0.00%	-1.10%
	2017	69.47%	-2.81%	0.00%	-1.05%
	2016	63.53%	-6.74%	0.00%	-2.45%
	2015	49.40%	-21.60%	0.00%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	2020	93.70%	105.00%	0.00%	89.60%
	2019	87.00%	94.30%	90.80%	95.60%
	2018	91.90%	103.00%	0.00%	103.00%
	2017	87.30%	100.40%	0.00%	103.60%
	2016	87.80%	101.00%	0.00%	110.70%
	2015	90.20%	103.50%	0.00%	120.50%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the North Davis Fire District will present information for those years for which information is available.

See accompanying notes to required supplementary information

**NORTH DAVIS FIRE DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
**UTAH RETIREMENT SYSTEMS**  
**JUNE 30, 2020**  
**with a measurement date of December 31, 2019**  
Last 10 fiscal years\*\*

	<u>As of fiscal year ended December 31,</u>	<u>Actuarial Determined Contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
Noncontributory System	2010	\$ 4,642	\$ 4,642	\$ -	\$ 39,811	11.66%
	2011	5,468	5,468	-	37,785	14.47%
	2012	6,018	6,018	-	43,700	13.77%
	2013	6,941	6,941	-	43,275	16.04%
	2014	8,728	8,728	-	50,482	17.29%
	2015	10,287	10,287	-	55,697	18.47%
	2016	8,989	8,989	-	48,670	18.47%
	2017	10,325	10,325	-	55,902	18.47%
	2018	10,703	10,703	-	57,946	18.47%
	2019	11,632	11,632	-	62,977	18.47%
	2020	12,100	12,100	-	65,513	18.47%
Firefighters System	2010	\$ -	\$ -	\$ -	\$ 884,731	0.00%
	2011	15,793	15,793	-	848,109	0.00%
	2012	4,925	4,925	-	984,857	1.86%
	2013	24,953	24,953	-	938,120	0.50%
	2014	25,761	25,761	-	870,292	2.66%
	2015	30,992	30,992	-	811,537	2.96%
	2016	33,883	33,883	-	849,193	3.82%
	2017	29,414	29,414	-	756,157	3.99%
	2018	31,256	31,256	-	795,310	3.93%
	2019	41,658	41,658	-	903,634	4.61%
	2020	43,719	43,719	-	1,008,366	4.34%
Tier 2 Public Employees System*	2010	\$ -	\$ -	\$ -	\$ -	0.00%
	2011	-	-	-	-	0.00%
	2012	-	-	-	-	0.00%
	2013	-	-	-	-	0.00%
	2014	-	-	-	-	0.00%

See accompanying notes to required supplementary information

**NORTH DAVIS FIRE DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
UTAH RETIREMENT SYSTEMS  
JUNE 30, 2020  
with a measurement date of December 31, 2019  
Last 10 fiscal years\*\***

Tier 2 Public Employees System* (Continued)	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	688	688	-	4,554	15.11%
	2019	-	-	-	-	0.00%
	2020	-	-	-	-	0.00%
Tier 2 Public Safety and Firefighters System*	2010	\$ -	\$ -	\$ -	\$ -	0.00%
	2011	-	-	-	-	0.00%
	2012	-	-	-	-	0.00%
	2013	-	-	-	-	0.00%
	2014	5,457	5,457	-	49,519	11.02%
	2015	9,785	9,785	-	90,606	10.80%
	2016	18,732	18,732	-	174,251	10.75%
	2017	31,556	31,556	-	293,546	10.75%
	2018	36,849	36,849	-	340,561	10.82%
	2019	46,162	46,162	-	407,074	11.34%
	2020	57,068	57,068	-	501,478	11.38%
Tier 2 Public Employees DC Only System*	2010	\$ -	\$ -	\$ -	\$ -	0.00%
	2011	-	-	-	-	0.00%
	2012	-	-	-	-	0.00%
	2013	-	-	-	-	0.00%
	2014	-	-	-	-	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	7	7	-	8,670	0.08%
	2019	49	49	-	61,131	0.08%
	2020	42	42	-	52,628	0.08%

\*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

\*\*Paragraph 81.b. of GASB 68 requires employees to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

See accompanying notes to required supplementary information

**NORTH DAVIS FIRE DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
UTAH RETIREMENT SYSTEMS  
JUNE 30, 2020**

**Changes in Assumptions:**

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS*

The Board of Directors of  
North Davis Fire District  
West Point, Utah

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Davis Fire District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wink & Associates, P.C.*

Ogden, Utah  
December 2, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE***

The Board of Directors of  
North Davis Fire District  
West Point, Utah

**Report On Compliance**

We have audited North Davis Fire District (the District)'s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on District's for the year ended June 30, 2020.

State compliance requirements were tested for the year ended June 30, 2020 in the following areas:

Budgetary Compliance  
Fund Balance  
Utah Retirement Systems  
Open and Public Meetings Act  
Public Treasurer's Bond  
Fraud Risk Assessment

***Management's Responsibility***

Management is responsible for compliance with the state requirements referred to above.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the District's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the District's compliance with those requirements.

## ***Opinion on Compliance***

In our opinion, North Davis Fire District, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2020.


## **Report On Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

  
Ogden, Utah  
November 12, 2019



## **APPENDIX C**

### **FORM OF OPINION OF BOND COUNSEL**

Upon the delivery of the 2021 Bonds, Gilmore & Bell, P.C., Bond Counsel to the Authority, propose to issue its final approving opinion in substantially the following form:

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15 West South Temple, Suite 1450  
Salt Lake City, Utah 84101-1531

(801) 364-5080 / (801) 364-5032 FAX / gilmorebell.com

October 19, 2021

Local Building Authority of  
North Davis Fire District  
381 North 3150 West  
West Point, UT 84119

Re: \$10,645,000 Local Building Authority of North Davis Fire District, Utah Lease Revenue and Refunding Bonds, Series 2021

We have acted as bond counsel for the Local Building Authority of North Davis Fire District, Utah (the "Authority") in connection with the issuance by the Authority of its \$10,645,000 Lease Revenue and Refunding Bonds, Series 2021 (the "Series 2021 Bonds"). The Series 2021 Bonds are being issued pursuant to (i) the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended (the "Building Authority Act"), the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the "Bonding Act") and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the "Refunding Act" and together with the Bonding Act and the Building Authority Act, the "Act"), and other provisions of state law; (ii) a resolution of the governing body of the Authority adopted on July 15, 2021, and a resolution of the Board of Trustees of North Davis Fire District, Utah (the "District") adopted on July 15, 2021; and (iii) a General Indenture of Trust dated as of October 1, 2021 (the "General Indenture"), as supplemented by a First Supplemental Indenture of Trust dated as of October 1, 2021 (the "First Supplemental Indenture" and, together with the General Indenture, the "Indenture"), each by and between the Authority and Zions Bancorporation, National Association, as trustee. The Series 2021 Bonds are issued for the purpose of (a) financing all or a portion of the costs of the replacement and construction of a new Fire Station and related improvements (collectively, the "Series 2021 Project"), (b) refinancing certain District capital projects and effectively refunding all or a portion of outstanding revenue bonds of the District and (c) paying costs of issuance of the Series 2021 Bonds.

The Series 2021 Project is to be leased by the Authority to the District on an annually renewable basis and with an option to purchase, exercisable by the District, subject to the terms of a Master Lease Agreement dated as of October 1, 2021 (the "Lease"), between the Authority and the District. Payments by the District under the Lease may be made only from funds which are budgeted and appropriated by the District for such purpose. Except to the extent payable from the proceeds of the Series 2021 Bonds and income from the investment thereof, the proceeds of certain insurance policies, condemnation awards and liquidation proceeds, if any, the Series 2021 Bonds are payable solely from, and are secured by a pledge of, rentals derived by the Authority under the Lease. The Indenture provides that the Series 2021 Bonds and the interest thereon (i) are not general obligations, but are special, limited obligations, of the Authority, (ii) do not constitute an indebtedness of the District within the meaning of any constitutional provision or statutory limitation, and (iii) do not constitute or give rise to a pecuniary liability of the District or a charge against the general credit or taxing powers of the District. Neither the District, nor the Authority on its behalf, has pledged the credit of the District to the payment of the Series 2021 Bonds or the interest thereon or rentals under the Lease.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent

investigation. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

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

1. The Lease has been authorized, executed and delivered by the District and the Authority, and constitutes a valid and binding obligation, enforceable against the District and the Authority.

2. The Indenture has been authorized, executed and delivered by the Authority and constitutes a valid and binding obligation, enforceable against the Authority.

3. The Series 2021 Bonds have been authorized by the Authority, executed and delivered by authorized officials of the Authority and are valid and binding special, limited obligations of the Authority, and the Series 2021 Bonds do not constitute a general obligation indebtedness of the Authority or the District within the meaning of any State of Utah constitutional provision or statutory limitation, or a charge against the general credit of the Authority or the District.

4. The interest on the Series 2021 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Authority and the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2021 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the District have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2021 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021 Bonds.

5. The interest on the Series 2021 Bonds is exempt from State of Utah individual income taxes.

We express no opinion herein regarding the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Series 2021 Bonds.

The rights of the holders of the Series 2021 Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

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

Respectfully submitted,

## **APPENDIX D**

### **FORM OF CONTINUING DISCLOSURE UNDERTAKING**

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## CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by the North Davis Fire District, Utah (the “District”) in connection with the issuance of the Local Building Authority of North Davis Fire District, Utah Lease Revenue and Refunding Bonds, Series 2021 in the aggregate principal amount of \$10,645,000 (the “Series 2021 Bonds”). The Series 2021 Bonds are being issued pursuant to a General Indenture of Trust dated as of October, 1, 2021, as supplemented by a First Supplemental Indenture of Trust dated as of October 1, 2021 (together, the “Indenture”) by and between the Local Building Authority of North Davis Fire District, Utah (the “Issuer”) and Zions Bancorporation, National Association, as trustee (the “Trustee”) and a resolution of the Issuer adopted on July 15, 2021, and a resolution of the District adopted on July 15, 2021. The District covenants and agrees, for the benefit of the Beneficial Owners from time to time of the Series 2021 Bonds, as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondholders and Beneficial Owners of the Series 2021 Bonds and in order to assist the Participating Underwriter in complying with the Rule (each as defined below). The District acknowledges that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Undertaking, and has no liability to any person, including any holder or beneficial owner of the Series 2021 Bonds, with respect to any such reports, notices or disclosures. The District represents that it will be the only obligated person with respect to the Series 2021 Bonds at the time the Series 2021 Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after issuance of the Series 2021 Bonds.

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

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

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean, initially, the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

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

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

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

“Official Statement” shall mean the Official Statement of the Issuer dated September 28, 2021 relating to the Series 2021 Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Series 2021 Bonds required to comply with the Rule in connection with the offering of the Series 2021 Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than eight (8) months after the end of each fiscal year of the Issuer (presently June 30) commencing with the fiscal year ending June 30, 2021, provide to the MSRB in electronic format an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than 15 business days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report.

(b) If by five business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the District's Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with subsection (a).

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

(d) The Dissemination Agent shall:

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

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

Section 4. Content of Annual Reports.

(a) The District's Annual Report shall contain or incorporate by reference the following:

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

(ii) An update of the information of the type contained in the Official Statement in the tables under the headings, "LOCAL BUILDING AUTHORITY OF NORTH DAVIS FIRE DISTRICT, UTAH—Debt Issuance of the Authority," "DEBT STRUCTURE OF NORTH DAVIS FIRE DISTRICT, UTAH—Overlapping and Underlying General Obligation Debt of the District," "—Debt Ratios Regarding General Obligation Debt" and "FINANCIAL INFORMATION REGARDING NORTH DAVIS FIRE DISTRICT, UTAH—Five-Year Financial Summaries."

(b) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the District is an "obligated person" (as defined by the Rule), which have been submitted to the public on the Internet website of the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such document incorporated by reference.



Section 5.        Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2021 Bonds in a timely manner not more than 10 business days after the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Series 2021 Bonds;
- (vi) Defeasances;
- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings;
- (ix) Rating changes; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the District shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2021 Bonds in a timely manner not more than 10 business days after the Listed Event, if material:

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- (ii) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent;
- (iii) Non-payment related defaults;
- (iv) Modifications to the rights of the owners of the Series 2021 Bonds;
- (v) Series 2021 Bond calls;
- (vi) Release, substitution or sale of property securing repayment of the Series 2021 Bonds; or
- (vii) Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

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

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

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

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

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate upon the earlier of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Series 2021 Bonds; (ii) the date that the District shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written Agreement are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2021 Bonds.

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

Section 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the District and the Dissemination Agent may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, without the consent of the holders of the Series 2021 Bonds, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver does not, in and of itself, cause the Agreements herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The District will provide notice of such amendment or waiver to the MSRB.

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

Section 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any holder or Beneficial Owner of the Series 2021 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Indenture or the Lease, and the sole remedy under this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2021 Bonds.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the District, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Series 2021 Bonds and shall create no rights in any other person or entity.

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

Date: October 19, 2021.

(SEAL)

NORTH DAVIS FIRE DISTRICT, UTAH

ATTEST:

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Chair

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District Clerk

## APPENDIX E

### BOOK-ENTRY SYSTEM

DTC, the world's largest securities 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 3.6 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 an S&P rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com>.

Purchases of 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2021 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 2021 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 2021 Bonds, except in the event that use of the book-entry system for the 2021 Bonds is discontinued.

To facilitate subsequent transfers, all 2021 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 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021 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 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2021 Bonds may wish to ascertain that the nominee holding the 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2021 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 2021 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 Authority 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 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2021 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 Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2021 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2021 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2021 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 Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.*

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## **APPENDIX F**

### **SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

